

24th March 1941

THE

# LEGISLATIVE ASSEMBLY DEBATES

Official Report

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Volume II, 1941

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THIRTEENTH SESSION  
OF THE  
FIFTH LEGISLATIVE ASSEMBLY,  
1941



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# Legislative Assembly

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# LEGISLATIVE ASSEMBLY.

*Monday, 24th March, 1941.*

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.

## MEMBERS SWORN.

Mr. John Herbert Thomas, M.L.A. (Government of India: Nominated Official); and

Mr. Jamnadas Madhavji Mehta, M.L.A. (Bombay Central Division: Non-Muhammadan Rural).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### CONTROL OF STATION MASTERS AND COMMERCIAL GROUP STUDENTS BY THE GENERAL MANAGER ON NORTH WESTERN RAILWAY.

**473. \*Mr. Lalchand Navalrai:** Will the Honourable Member for Railways be pleased to state:

- (a) whether it is a fact that Commercial group staff drawing salary up to Rs. 90 are controlled by the Divisional Superintendents, North Western Railway, and Station Masters drawing salary up to Rs. 140 also? If so, why are the Station Masters and Commercial Group students getting an initial pay of Rs. 30 controlled by the General Manager and thus final selections made in his office only; and
- (b) on which other State-managed Railways are two selection boards held for recruitment of the persons of the status of Station Masters and commercial staff in the initial grade? If on none, why has the General Manager, North Western Railway, been allowed to take these powers by only a note to paragraph 2 of his Circular 1 of 1927, part (A)?

**The Honourable Sir Andrew Clow:** (a) If by 'control' the Honourable Member refers to the control of recruitment, the answer to the first part is in the negative; the second part does not arise.

(b) None; the General Manager has been empowered to take the action by Note under Rule 74 in Appendix II of the State Railway Establishment Code, Vol. I.

**Mr. Lalchand Navalrai:** May I know if the staff referred to in part (a) of the question is controlled by the General Manager or not?

**The Honourable Sir Andrew Clow:** They are controlled by the headquarters office so far as recruitment is concerned.

**Mr. Lalchand Navalrai:** Why is that anomaly? They can be controlled by the Divisional Office and their appointment is through the General Manager's office?

**The Honourable Sir Andrew Clow:** It is very often the case that it is convenient to have one authority for recruitment and another authority for control.

**Mr. Lalchand Navalrai:** Is it not a fact that the officer who appoints should also dismiss and discharge?

**The Honourable Sir Andrew Clow:** I think that is normally the case, but not invariably.

**Mr. Lalchand Navalrai:** If it is the normal case, why is it that their discharge and dismissal are not in the hands of the General Manager?

**The Honourable Sir Andrew Clow:** I am not aware where the powers regarding dismissal and discharge lie.

#### SCALES OF PAY OF GANG STAFF ON JACOBABAD-KASHMORE SECTION, NORTH WESTERN RAILWAY.

**474. \*Mr. Lalchand Navalrai:** Will the Honourable Member for Railways be pleased to refer to his answer to parts (d) to (h) of starred question No. 180, asked on the 20th November, 1940, in regard to fitting of gang staff on Jacobabad-Kashmore section of the North Western Railway on lower scales of pay and state whether they have been refixed in 'C' scales of pay, which they have drawn since 1920? If not, why not?

**The Honourable Sir Andrew Clow:** The matter is still under examination.

#### RENT OF SHOPS AND STALLS CHARGED IN LUMP SUM FROM CONTRACTORS ON NORTH WESTERN RAILWAY.

**475. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable Member for Railways please state whether it is or it is not a fact that on the North Western Railway and other State Railways the rent of shops and stalls used to be charged monthly, but from 1st August, 1940, the contractors have been called upon by the Agent, North Western Railway, to pay the full amount up to March 1941?

(b) Is it or is it not a fact that each contractor has to deposit cash as security, has to pay cash price for the uniforms for the vendors, and has to pay for the furniture?

(c) Is it or is it not a fact that, in case of buildings rented by Railway Administrations, rent is paid monthly and not in a lump sum in advance?

(d) If the answer to part (a) be in the affirmative, have Government considered the advisability of persuading the Railway authorities to revert to the old system of charging rents monthly instead of a lump sum, and thus give some relief to the contractors?

**The Honourable Sir Andrew Clow:** (a) On the North Western Railway no rent is levied at present on those portions of buildings allotted to vendors

as shops. Rents for stalls continue to be recovered on a monthly basis as in the past. No such order has been issued by the General Manager, North Western Railway. I have no information as to the procedure on other State Railways.

(b) Yes, except that furniture is not supplied by the Railway administration.

(c) I believe this is usually the case.

(d) I understand that from the 1st of April, 1941, charges, which will include rentals, will be recovered by the North Western Railway on a monthly basis.

**Qazi Muhammad Ahmad Kazmi:** There is no foundation for the allegation in part (a) of the question?

**The Honourable Sir Andrew Clow:** I did not say that there was no foundation for it; I said it was incorrect. There are rentals recovered on residential portion, but the question related to shops.

**Qazi Muhammad Ahmad Kazmi:** Are they on a monthly basis or on an annual basis?

**The Honourable Sir Andrew Clow:** I think the practice recently has been to recover yearly on all the divisions except Delhi, but I believe the matter has been under consideration.

**Qazi Muhammad Ahmad Kazmi:** It is not yet finally decided, but the practice up till now was that it was recovered monthly and not annually?

**The Honourable Sir Andrew Clow:** I think that is the practice which is now being resorted to.

**Mr. M. S. Aney:** Is it a fact that except in Delhi no rent is charged for the shop or the stalls used by these men on the N. W. Railway?

**The Honourable Sir Andrew Clow:** That has been the practice, but from the 1st April of this year, in conformity with the general principle of charging economic rent, I believe that charges will be levied.

**Qazi Muhammad Ahmad Kazmi:** But they will be on a monthly basis and not on an annual basis?

**Mr. Lalchand Navalrai:** May I know whether with regard to the stalls also they have to pay monthly, or they have to pay on an yearly basis in advance?

**The Honourable Sir Andrew Clow:** I would refer to my answer to part (d) of the question, in which I said; "I understand that from the 1st of April, 1941, charges, which will include rentals, will be recovered by the N. W. Railway on a monthly basis".

#### DIVERSION OF ROUTE OF THE 57 UP AND 58 DOWN BOMBAY EXPRESSES.

476. **\*Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable Member for Railways please state whether it is or it is not a fact that

57 Up and 58 Down Bombay Expresses previously used to run *via* Saharanpur and have for some time past been diverted to Delhi-Ambala-Kalka route?

(b) Is it or is it not a fact that on the Saharanpur route, a number of business centres, such as, Ghaziabad, Meerut, Muzaffarnagar, Saharanpur and hill stations *via* Saharanpur have far more through traffic from the Great Indian Peninsula Railway than the stations on the Delhi-Ambala-Kalka section?

(c) Is it or is it not a fact that many representations against this diversion have been made by the public?

(d) Have Government considered the advisability of persuading the Railway authorities to prescribe the Saharanpur route for the said Express trains and remove a standing grievance of the public?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) I understand the Honourable Member's statement is substantially correct.

(c) I believe that representations have been received from certain local interests.

(d) Yes; and they have concluded that it is inadvisable.

**Qazi Muhammad Ahmad Kazmi:** Will the train be allowed to run *via* Saharanpur?

**The Honourable Sir Andrew Clow:** I said that we had reached the conclusion that it was inadvisable to make the change.

**Qazi Muhammad Ahmad Kazmi:** When the Honourable Member has admitted that all the allegations are substantially correct, what are the reasons why he does not find it advisable to make the necessary change?

**The Honourable Sir Andrew Clow:** Because we have to consider not merely the stations lying between here and Ambala but important places lying beyond and diversion by the Saharanpur line would add to the time taken to reach a great many places beyond Ambala, and Ambala itself.

**Qazi Muhammad Ahmad Kazmi:** What would be the difference in time if the train is diverted *via* Saharanpur?

**The Honourable Sir Andrew Clow:** I cannot say; it will depend partly on the traffic, but the Honourable Member can compare the mileages by looking at the time tables.

**Qazi Muhammad Ahmad Kazmi:** It may be very little.

**The Honourable Sir Andrew Clow:** It might make quite an appreciable difference.

**Mr. Lalchand Navalrai:** I want to know whether this is the only direct express train from Lahore to Delhi *via* Ambala and Kalka?

**The Honourable Sir Andrew Clow:** I do not think it is, but I would refer the Honourable Member to the time table for exact information.

ISSUE OF CONCESSION TICKETS TO INDIVIDUAL STUDENTS AND, IF BELOW 12 YEARS' AGE, ALSO TO THEIR GUARDIANS.

**477. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable the Railway Member please state whether it is or it is not a fact that on the East Indian Railway concession tickets are given to students only when they are four or more in number?

(b) Is it or is it not a fact that a concession ticket to a guardian is granted only in cases when all the four students applying for a concession are under 12 years of age? If not, what is the rule?

(c) Is it or is it not a fact that some of the students going away from schools and colleges have to travel singly or at the most accompanied by their guardians and as such cannot avail of concession tickets?

(d) Have Government considered the advisability of so amending the concession ticket rules that they may be available to single students, or in case of a student under 12 years of age, to a student and his guardian?

**The Honourable Sir Andrew Clow:** (a) Yes: this is the practice on most railways.

(b) In the case of children under 12 years of age and also in case of girl students of any age, the same concession is allowed to one attendant for every four such children or girl students.

(c) I am prepared to accept the Honourable Member's statement.

(d) Government do not consider that there is any commercial justification for extending the scope of the concession as suggested.

**Qazi Muhammad Ahmad Kazmi:** May I know whether the concessions that are granted to students are on the basis of giving facilities to the student community, or for making profit from the commercial point of view?

**The Honourable Sir Andrew Clow:** We regard it as commercial and encourage parties travelling in this fashion.

**Qazi Muhammad Ahmad Kazmi:** The intention is not to give the student community any benefit of that concession?

**The Honourable Sir Andrew Clow:** It has that advantage, but we are not a philanthropic institution.

**Mr. Lalchand Navalrai:** Why is not that concession given when they cannot secure four people. They may not belong to the same place, and why should not even one or two children, if they belong to one place and are accompanied by a guardian, get this concession?

**The Honourable Sir Andrew Clow:** There is no reason for allowing two persons to travel except at rates which are charged for single persons.

**Mr. Lalchand Navalrai:** It is only a convenience given on account of the children. Then, why is not the concession given?

**The Honourable Sir Andrew Clow:** It is not given for philanthropic reasons. It is based on commercial justification.

## CERTAIN TRAIN CONNECTIONS AT GHAZIABAD RAILWAY STATION.

478. \*Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Railway Member please state whether it is or it is not a fact that formerly there used to be connection between 139 Up East Indian Railway train, and 26 Down North Western Railway train with 165 Up North Western Railway and 140 Down East Indian Railway trains, respectively, at Ghaziabad, but now the two latter trains leave about ten minutes before the arrival of the two former trains, respectively, which causes great inconvenience to the public?

(b) Have Government considered the advisability of establishing proper connections between the above mentioned trains and remove a standing grievance of the public?

The Honourable Sir Andrew Clow: (a) and (b). The facts are as stated by the Honourable Member. I understand that through passengers from stations north of Ghaziabad to the Tundla section of the East Indian Railway, and *vice versa* have the option of travelling by many other trains which give suitable connections at Ghaziabad. The inconvenience is, therefore, confined to those choosing to travel by these particular trains. I am bringing the question to the notice of the General Managers, East Indian and North Western Railways, for such action as they consider necessary.

## RAILWAY FREIGHT CONCESSION FOR AFGHAN GOODS.

479. \*Mr. Govind V. Deshmukh: (a) Will the Honourable the Railway Member please state if railway freight on Afghan goods passing through India has been reduced? If so, to what extent and why?

(b) Was any corresponding concession sought for India by Government when giving this concession of reduced rate to the Afghan goods? If not, why not?

The Honourable Sir Andrew Clow: (a) A rebate of 50 per cent. is granted on Afghan cotton moving to Karachi in order to secure traffic.

(b) No; because the arrangement was regarded as carrying its own justification.

Mr. Govind V. Deshmukh: What were the reasons which justified the Government in arriving at this arrangement?

The Honourable Sir Andrew Clow: I have given the reason so far as the Railway Department for which I am responsible is concerned. If the Honourable Member wishes to know other considerations, he should address the question to the Member concerned.

Mr. Lalchand Navalrai: Does the Honourable Member know that these Afghans who are given concession go to Karachi and create a row there and cause disturbance?

The Honourable Sir Andrew Clow: I am not aware of that.

Mr. Govind V. Deshmukh: Will the Honourable Member consider the cancellation of the reduction of these freights in view of the fact that the Afghans do not show any reciprocal agreement in other matters, for instance, trade?

**The Honourable Sir Andrew Clow:** It is not under consideration at the moment.

**REPRESENTATION CONCERNING INDO-AFGHAN EXCHANGE HUNDI.**

**480. \*Mr. Govind V. Deshmukh:** (a) Will the Foreign Secretary please state if Government received any representation from the Frontier Chamber of Commerce, Peshawar, directly as well as through His Excellency the Governor, North-West Frontier Province, with regard to the Indo-Afghan Exchange Hundi?

(b) What action have Government taken to relieve the Indian traders in Kabul in this respect?

(c) Are Government prepared to take steps to have a permanent solution of this Hundi problem?

**Mr. O. K. Caroe:** (a) Yes.

(b) The Government of India have given careful consideration to the representations made by and on behalf of Indian traders in Afghanistan in respect of their difficulties over rupee exchange, and it is intended that this matter should find place in certain forthcoming discussions with the Afghan Government.

(c) The Government of India are confident that it should not be impossible to find a permanent solution satisfactory to both Governments.

**Mr. Govind V. Deshmukh:** Is there any likelihood of this forthcoming conference being held in the very near future?

**Mr. O. K. Caroe:** I did not say there was going to be a conference. I said "forthcoming discussions".

**Mr. Govind V. Deshmukh:** When do they expect these discussions to take place?

**Mr. O. K. Caroe:** They are being carried on now.

**Mr. Govind V. Deshmukh:** May I know the points which form the subject matter of the discussion?

**Mr. O. K. Caroe:** That does not arise out of the question.

**Mr. Govind V. Deshmukh:** May I know one thing? Will the difficulties of the Indian merchants, in regard to the Indo-Afghan rupee exchange, be removed? At present they are required to pay a higher price for dry fruits in Afghanistan and then sell the same at a lower price in India?

**Mr. O. K. Caroe:** That hardly arises out of this question, and in any case I should ask for notice.

**Mr. Govind V. Deshmukh:** I have raised the question of Indo-Afghan exchange in this question, and I am in order.

**Mr. President (The Honourable Sir Abdur Rahim):** The Honourable Member wants notice.

**Mr. M. S. Aney:** Are these discussions going on by correspondence or between representatives of the two Governments?

**Mr. O. K. Caroe:** By correspondence, and also through His Majesty's Legation in Kabul.

**Mr. Govind V. Deshmukh:** Will that correspondence be laid on the table?

**Mr. O. K. Caroe:** No.

REFUSAL OF LEAVE FOR SAYING *Id* PRAYERS TO THE BOOKING CLERK AT SHIKARPUR RAILWAY STATION.

**481. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Railway Member be pleased to state whether his attention has been drawn to the statement published in the *Zamindar* of Lahore, page 17, dated the 12th November, 1940?

(b) Is it or is it not a fact that the Station Master at Shikarpur rejected the application of the Booking Clerk for leave to say *Id* prayers in spite of the fact that the Chief Booking Clerk wrote on his application that he would manage the work in the applicant's absence?

(c) Is it or is it not a fact that even the request of the said Booking Clerk for a change in the hours of duty was rejected by the Station Master?

(d) Is it or is it not a fact that even the request of the said Booking Clerk for one hour's leave from 10-30 A.M. to 11-30 A.M. during which time no tickets were to be sold, was rejected by the Station Master?

(e) Have Government considered the advisability of taking such steps in the matter as to stop recurrence of such refusals in future?

(f) Is it a fact that the Station Master in question has ever granted leave to any Hindu Booking Clerk or Assistant Station Master or a Ticket Collector during the last three years?

**The Honourable Sir Andrew Clow:** (a) I have seen the article referred to.

(b), (c), (d) and (f). I have no confirmation of the correctness of the statements made, but I am forwarding a copy of the question and this reply to the General Manager, North Western Railway, for such action as he may deem necessary.

(e) Government do not propose to issue instructions. If the actual facts are such as to give any individual grounds for complaint it is open to him to prefer a complaint to the appropriate authority who, if satisfied that there has been unreasonable treatment, can take such action as may be necessary.

**Mr. Lalchand Navalrai:** May I know if there is any rule forcing the hands of the Station Master to give leave?

**The Honourable Sir Andrew Clow:** There is no rule, as far as I know, compelling any authority to give leave in all circumstances.

**NON-EXEMPTION FROM THE STANDARD OF EDUCATIONAL QUALIFICATIONS OF CERTAIN INFERIOR SERVANTS ON NORTH WESTERN RAILWAY.**

**482. \*Bhai Parma Nand:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that inferior servants on the North Western Railway appointed prior to the 1st April, 1926, are exempted from the standard of educational qualifications and age limit prescribed for direct recruitment when recruited in vacancies in the recognised channels of promotion;
- (b) whether it is a fact that the General Manager ordered in September 1938, that staff appointed thereafter shall not be exempted from the standard of educational qualifications when promoted in vacancies in the recognised channels of promotion; and
- (c) the reasons for not exempting the staff appointed between the 1st April, 1926, and 13th September, 1938, from the standard of educational qualifications and why are they not promoted like others?

**The Honourable Sir Andrew Clow:** (a) and (b). Yes.

(c) I would refer the Honourable Member to the reply to part (a) of his question No. 142 asked on 20th November, 1940.

**NON-ALLOTMENT OF GOVERNMENT QUARTERS TO THE STAFF OF THE POSTS AND TELEGRAPHS DEPARTMENT OFFICES LOCATED IN OLD DELHI.**

**483. \*Mr. H. A. Sathar H. Essak Sait** (on behalf of Mr. Muhamimad Azhar Ali): (a) Will the Honourable the Communications Member please state whether it is a fact that the staff of the offices of the Posts and Telegraphs Department located in Old Delhi are neither allotted the departmental quarters in New Delhi, nor are they treated as entitled to the Public Works Department quarters in Old Delhi, where there are no departmental quarters for them?

(b) Is it a fact that the low paid staff of Telegraph Traffic and Engineering Branches get quarters in New Delhi in preference to the staff of Telephone Revenue office who are more highly paid?

(c) Is it a fact that higher type of Posts and Telegraphs quarters are allotted to staff who are not entitled to higher type of accommodation on pay basis under the Public Works Department rules, for instance, D type quarters are allotted to officials getting less than Rs. 75, the limit fixed by the Public Works Department?

(d) Is it a fact that B type quarters of the Central Public Works Department are allotted to officials drawing over Rs. 350 and therefore fetch standard rent?

(e) Is it a fact that in the Posts and Telegraphs Department, this type of quarters are allotted to staff getting much less than Rs. 350? Does not this result in any loss of revenue to the Department?

(f) Is the Honourable Member prepared to take action so that the Posts and Telegraphs Department offices located in Old Delhi are treated in the same way as the offices located in New Delhi in the matter of allotment of

quarters in New Delhi, or to treat those offices as eligible for allotment of quarters like other subordinate offices of other departments and local Government?

**The Honourable Sir Andrew Clow:** (a) The staff working in Old Delhi, except the Postmasters, are entitled neither to departmental quarters in New Delhi, nor to Central Public Works Department quarters in Old Delhi; but a certain number of Central Public Works Department quarters have been allotted for their use.

(b) The question of preference in allotments does not arise as the staff of the Telephone Revenue Accounts office in Old Delhi is not entitled to quarters in New Delhi.

(c) Yes, because originally 'E' type classification did not exist and 'D' type quarters were allotted without discrimination. It has since been decided not to allot in future 'D' type quarters to officials entitled to 'E' type quarters.

(d) Yes, except in the case of Unorthodox 'B' type quarters which fetch standard rent in case of officers drawing a pay of over Rs. 434 a month.

(e) Yes, because some junior officials happen to be stationed in New Delhi, but this does not result in any loss as they are entitled to a house rent allowance varying from Rs. 35 to Rs. 50 per month.

(f) No.

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#### UNSTARRED QUESTIONS AND ANSWERS.

##### CUTTINGS FROM MAGAZINES OF SERVICE ORGANISATIONS TAKEN IN THE OFFICES OF THE POSTMASTERS GENERAL.

**163. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether it is a fact that cuttings from magazines of service organisations in the Posts and Telegraphs Department are taken in the offices of the Postmasters General?

(b) Is it a fact that the editors of such magazines are not informed of the results of enquiry and action in respect of irregularities complained therein? If not, why not?

(c) Is it a fact that no notice is taken of these writings? If not, why not?

**The Honourable Sir Andrew Clow:** (a) Extracts or cuttings from magazines of service organisations are taken when Postmasters General consider it necessary to make enquiries regarding the subject matter.

(b) and (c). The results of such enquiries are not communicated to the Editors except when, for any special reason, the Postmaster General considers this necessary. Government provide regular channels and procedure for the submission of service complaints and cannot agree to regard periodicals, even when these are run by service organizations, as constituting an alternative channel of approach.

## ROTATION OF CLERKS IN CALCUTTA CENTRAL TELEGRAPH OFFICE.

**164. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please refer to the reply to parts (d) and (f) of my starred question No. 628, dated the 20th September, 1937 regarding Central Telegraph Office, Calcutta and state if the Postmaster General, Bengal and Assam Circle since had any discussion with representatives of the staff?

(b) Is it a fact that he refused to discuss the matter with the service organisations? If so, why?

(c) If not, are Government prepared to issue instructions to the Postmaster General, Bengal and Assam Circle to discuss the matter "with representatives of the staff"? If not, why not?

**Sir Gurunath Bewoor:** (a) No.

(b) The reply to the first part is in the negative. The latter part does not arise.

(c) Government do not propose to issue any such instructions as the present arrangements are working well and the matter is within the discretion of the Postmaster General.

## IRREGULARITIES IN ROTATION OF CLERKS IN CENTRAL TELEGRAPH OFFICES.

**165. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether it is a fact that various irregularities in rotation of clerks in the Central Telegraph Offices have been pointed out by service organisations and in appeals and representations of staff in Madras, Bombay and Calcutta?

(b) Do Government propose to invite suggestions from service organisations for revision of rotation order to remove all irregularities? If not, why not?

**Sir Gurunath Bewoor:** (a) and (b). Some representations were received from Service Associations and members of the staff alleging certain irregularities but in each case the Postmaster General concerned after due enquiry was satisfied that the general principles of rotation were being duly followed. Government do not consider that any revision of the existing orders is called for and do not propose to invite suggestions from Service Organisations for that purpose.

## TECHNICAL ADVISER AT BOMBAY AND MADRAS CENTRAL TELEGRAPH OFFICES.

**166. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications state if there is any Technical Adviser at the Bombay and Madras Central Telegraph Offices?

(b) Is it a fact that a Morse Telegraphist has been appointed in Bombay Telegraph Office on non-operative technical post as technical adviser?

**Sir Gurunath Bewoor:** (a) and (b). No.

## TECHNICAL PERSONAL ASSISTANT TO THE ASSISTANT SUPERINTENDENT, INSTRUMENT ROOM, IN BOMBAY AND MADRAS CENTRAL TELEGRAPH OFFICES.

**167. Pandit Nilakantha Das:** Will the Honourable Member for Communications please state whether there is any Technical Personal Assistant

to the Assistant Superintendent, Instrument Room, in Bombay and Madras Central Telegraph Offices?

**Sir Gurunath Bewoor:** No.

**TECHNICAL PERSONAL ASSISTANT TO THE ASSISTANT SUPERINTENDENT,  
INSTRUMENT ROOM, IN CALCUTTA CENTRAL TELEGRAPH OFFICE.**

**168. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether it is a fact that there is a Technical Personal Assistant to the Assistant Superintendent, Instrument Room in the Central Telegraph Office, Calcutta? If so, what are his main duties?

(b) Is it a fact that incremental tests are conducted in the Central Telegraph Office, Calcutta, by the instructor of the training class?

(c) Is it a fact that the technical Personal Assistant to the Assistant Superintendent, Instrument Room attends to technical complaints in the Central Telegraph Office, Calcutta?

(d) Is it a fact that recently a technical adviser has been sanctioned for complaint section of the Central Telegraph Office, Calcutta? If so, what are his duties?

**Sir Gurunath Bewoor:** (a) Yes. His main duties are:

Attending to irregularities in the eight hours Morning Report; making up circuits (in consultation with the Assistant Superintendent on duty); attending to cases received from distant stations regarding technical matters demanding immediate attention; daily check of Hourly Outturn Statements and maintenance of fault sheets of Telegraphists; dealing with irregularities in pie money cases and local complaints against the operative staff.

(b) and (c). No.

(d) Yes; the duties are:

- (1) Scrutiny of all complaint cases of a technical nature and drafting replies thereto after enquiry.
- (2) Scrutiny of monthly service messages and necessary enquiry relating thereto.
- (3) Attending to cases received from outstations relating to operative work.
- (4) Compilation of reports on the working conditions of lines etc. in connection with the Tablet Check and Half Yearly Returns.
- (5) Miscellaneous assistance of a technical nature in connection with mutilations, statistics, reports, etc., requiring technical knowledge.

**TECHNICAL PERSONAL ASSISTANT TO THE ASSISTANT SUPERINTENDENT,  
INSTRUMENT ROOM, IN BOMBAY AND MADRAS CENTRAL TELEGRAPH OFFICES.**

**169. Pandit Nilakantha Das:** Will the Honourable Member for Communications please state whether Government propose to sanction technical

Personal Assistant to Assistant Superintendent, Instrument Room in Bombay and Madras Central Telegraph Offices? If not, why not?

**Sir Gurunath Bewoor:** No, as it is not considered necessary.

**APPOINTMENT OF A BAUDOT TELEGRAPHIST AS TECHNICAL ADVISER IN CALCUTTA CENTRAL TELEGRAPH OFFICE.**

**170. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether it is a fact that the post of technical adviser recently sanctioned for the Central Telegraph Office, Calcutta, has been offered to a Baudot Telegraphist, whereas in Bombay a Morse Telegraphist holds the post?

(b) Will Government state how long this particular Baudot Telegraphist has been holding day duty posts?

(c) Is it a fact that this Telegraphist was attached to the statistics section on clerical work? If so, for how long?

(d) Is it a fact that Morse Telegraphists cannot work on Baudot, whereas Baudot Telegraphists can work on Morse?

(e) Is it a fact that Bombay office has appointed a Morse Telegraphist to the post of technical adviser? Is no Morse Telegraphist available in Central Telegraph Office, Calcutta?

(f) Do Government propose to place a senior Morse hand in the post in the Central Telegraph Office, Calcutta, and introduce rotation of incumbents in turn? If not, why not?

**Sir Gurunath Bewoor:** (a) The facts are as stated so far as the Calcutta Central Telegraph Office is concerned. There is no such appointment in the Bombay Central Telegraph Office.

(b) Since March, 1940.

(c) No. The latter part does not arise.

(d) Yes.

(e) As stated in the reply to part (a) of the question there is no post of technical adviser in the Bombay Central Telegraph Office. Morse Telegraphists are available in the Calcutta Central Telegraph Office.

(f) No, as knowledge of Baudot working is necessary for the duties of the post.

**LATEST ORDERS re ROTATION OF CLERKS IN TELEGRAPH OFFICES.**

**171. Pandit Nilakantha Das:** Will the Honourable Member for Communications please state the latest orders under which rotation of clerks is effected in Telegraph offices?

**Sir Gurunath Bewoor:** The orders are contained in the Director General's letter No. 943-ES. A./32, dated the 8th September, 1933, a copy of which will be found in the Library of the House.

DISCONTINUANCE OF SELECTION GRADE EXAMINATION IN POST AND TELEGRAPH OFFICES.

**172. Pandit Nilakantha Das:** Will the Honourable Member for Communications please state whether it is a fact that selection grade examination has been discontinued in Posts and Telegraph Offices? If so, do Government propose to revive it? If not, why not?

**The Honourable Sir Andrew Clow:** The reply to the first part is in the affirmative.

The Government do not propose to revive the Lower Selection Grade Examination as they consider that it did not give satisfactory results.

ROTATION OF CLERKS IN CENTRAL TELEGRAPH OFFICES.

**173. Pandit Nilakantha Das:** Will the Honourable Member for Communications please state whether it is a fact that the object of a regular and compulsory rotation of all clerks in Central Telegraph Offices was to give respite to clerks in irregular duty sections and acquaint all with the working system of all points in all sections in turn?

**Sir Gurunath Bewoor:** The present orders do not provide for a regular and compulsory rotation of all clerks. The objects underlying the system are indicated in the Director General's letter No. 943-Es. A./32, dated the 8th September, 1933, a copy of which is in the Library of the House.

ROTATION OF CLERKS IN CALCUTTA CENTRAL TELEGRAPH OFFICE.

**174. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether it is a fact that in the Central Telegraph Office, Calcutta, rotation is confined to volunteers only from irregular duty sections and clerks working in regular duty sections?

(b) Are Government aware that a sufficient number of clerks do not volunteer for want of uniform flow of rotation at regular intervals? What is the total number of clerks in the Central Telegraph Office, Calcutta, and the number in irregular duties and how the number of volunteers in waiting list upto 28th February, 1941? When was the last volunteer called? Can any one volunteer at any time?

(c) Is it a fact that according to orders a clerk should not be retained in a post for more than a maximum period of one year?

(d) Is it a fact that Postmasters General can extend the period of retention of officials in exceptional cases? If so, is there any limit for it? If so, what?

(e) How many clerks got such special treatment in the Central Telegraph Office, Calcutta, during the last three years, and why? When are they likely to be rotated?

**Sir Gurunath Bewoor:** (a) Yes.

(b) The information in my possession shows that there has been an adequate number of volunteers and that rotation is arranged at regular intervals as far as exigencies of service permit. The total number of clerks in the Central Telegraph Office, Calcutta, is 243; the number in irregular duties is 166; the number of volunteers on the waiting list on

February 28th was six. The last volunteer was called in June-July, 1938. The reply to the last part of the question is in the affirmative.

(c) and (d). The Honourable Member is referred to the orders contained in the Director General's letter No. 943-Es. A./32, dated the 8th September, 1933, a copy of which will be found in the Library of the House.

(e) Three clerks have been retained in their present posts for more than a year as a special case in the interests of the service. Their duties will be changed when other clerks who are learning the work have acquired sufficient knowledge.

#### PROPOSAL FOR ABOLITION OF ROTATION SYSTEM IN CENTRAL TELEGRAPH OFFICES.

**175. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications please state whether Government propose to abolish rotation system in Central Telegraph Offices? If so, why?

(b) Is it a fact that a scheme is under consideration of Government to revive the old system of placing clerks in responsible and regular day duty posts according to seniority? If so, do Government propose to obtain the views of the service organisations in the matter? If not, why not?

**Sir Gurunath Bewoor:** (a) The reply to the first part is in the negative. The second part does not arise.

(b) The reply to the first part is in the negative. The latter parts do not arise.

#### OVERTIME REQUIRED FOR SIGNALLING STAFF IN CALCUTTA CENTRAL TELEGRAPH OFFICE SINCE THE WAR BEGAN.

**176. Pandit Nilakantha Das:** (a) Will the Honourable Member for Communications state the total amount of overtime required for signalling staff in the Central Telegraph Office, Calcutta, since the war—year by year? What was the amount in 1938?

(b) Is it a fact that overtime is mostly required on Baudot and Murray circuits?

(c) How many Baudot Telegraphists are employed on non-operative duties in the Central Telegraph Office, Calcutta, and why?

(d) Can they not be replaced by Morse hands?

(e) Do Government propose to utilise all Baudot Telegraphists on operative work to minimise overtime? If not, why not?

(f) Do Government propose to increase the permanent staff of the Central Telegraph Office, Calcutta, operative and supervisory, to counteract the increased expenditure on overtime? If not, why not?

**The Honourable Sir Andrew Glow:** (a) The amount of overtime allowance paid during the financial year 1938-39 was Rs. 3,761-0-0; during the period of eighteen months since the outbreak of war from September, 1939 to February, 1941, it was Rs. 24,262-2-0.

(b) Yes

(c) Eleven Baudot telegraphists are so employed either because of their technical knowledge or because of their seniority and experience which are necessary in the posts in which they are employed.

(d) Yes, if suitable men are available.

(e) Yes, if those Baudot telegraphists now employed on non-operative duties could be relieved on suitable non-Baudot telegraphists becoming available. The matter is under the consideration of the Postmaster General.

(f) There is no justification for increasing the permanent strength to meet comparatively temporary increases in traffic which can be met by the temporary employment of non-departmental telegraphists and postal signallers or by overtime employment.

#### GAZETTED AND NON-GAZETTED STAFF ON STATE RAILWAYS AND THEIR DUTIES.

**177. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay on the table a statement showing the posts, and their scales of pay, of the gazetted and non-gazetted staff, separately, on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways, performing similar duty but differently designated, and also state the reasons for such differentiation?

**The Honourable Sir Andrew Clow:** The different designations used for gazetted staff by the four State-managed Railways and the scales of pay will be found in the Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways, corrected up to the 31st December, 1939, a copy of which is in the Library of the House. Information available with Government concerning non-gazetted staff is contained in the "Classified Lists of subordinate staff of all Departments on pay of Rs. 250 and above or on scales of pay rising to Rs. 250 and above", of the four State-managed Railways and the Establishment Rolls of the East Indian and Great Indian Peninsula Railways, copies of which are in the Library of the House. As regards the latter part, the designations have been in use for many years and no practical advantage would result from making them uniform even if this was possible having regard to differences in organisation.

#### POLICY CONCERNING ALTERATION OF DATE OF BIRTH ON EAST INDIAN RAILWAY.

**178. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways please state whether it is a fact that the Deputy General Manager (P), East Indian Railway, Calcutta has informed the staff that the policy laid down by the Railway Board regarding the alteration in the recorded date of birth is directly contrary to the policy laid down by the General Manager? If so, how is it contrary and what is the policy of the Railway Board and the General Manager, respectively? If not, what is the real fact?

(b) Is it a fact that the Railway Board has advised the General Manager that the age of a railway servant as recorded at the time of his entry into service should not be altered? If so, what is the date from which the advice shall have effect?

(c) Is it a fact that the alteration in the recorded date of birth of the non-gazetted staff is within the competence of the General Manager and that no appeal against the order of the General Manager lies either to

the Railway Board or to the Government of India? If so, why is the right of appeal not given in the case of alteration of the recorded date of birth?

(d) Do Government now propose to implement their instructions to the General Managers of the State-managed Railways with the direction that in each and every case where the General Manager refused the alteration, the employee should be given the permission to obtain the injunction from a court of law in support of his correct date of birth? If not, why not?

**The Honourable Sir Andrew Clow:** (a) I have called for information and a further reply will be laid on the table of the House.

(b) Yes; except under certain circumstances: from 26th January, 1939.

(c) The answer to the first part is in the affirmative; Government consider it neither necessary nor desirable that in such matters of detailed administration an appeal should lie beyond the General Manager.

(d) No; because Government see no reason why a literate employee should not be held to the age he declared at the time of entry into service.

#### RECORDS OF LEAVE ACCOUNT PRESERVED ON STATE RAILWAYS.

**179. Mr. Muhammad Azhar Ali:** With reference to the reply given to unstarred question No. 50, asked in the Legislative Assembly on the 16th November, 1940, regarding maintenance of leave accounts on State Railways, will the Honourable Member for Railways please lay on the table a statement showing the period up to which the records are preserved after a person ceased to be in service on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways?

**The Honourable Sir Andrew Clow:** Enquiries are being made and a reply will be laid on the table in due course.

#### DATE OF MAKING PAYMENT TO AN OFFICER OF GOVERNMENT ENTITLED TO RECEIVE PAYMENTS ON BEHALF OF GOVERNMENT.

**180. Mr. Muhammad Azhar Ali:** With reference to the reply given to unstarred question No. 115, asked in the Legislative Assembly on the 20th November, 1940, regarding date of making payment by cheques sent by post, will the Honourable Member for Railways please state the date for the receipt of the money remitted by money order in payment of Railway dues and the reasons for not accepting the date on which the money is tendered with the money order to the Post Office?

**The Honourable Sir Andrew Clow:** The practice on State-managed Railways is that the date on which the amount remitted by postal money order is actually received by the Railway is deemed to be the date of payment by the party concerned. I have not been able to trace the reason which led to the practice originally, but presume that it was because the money is not available to the railway until it has been received.

CHECKING OF DINING CARS AND REFRESHMENT ROOMS FOR UNPAID FOR PASSENGERS AND GOODS ON EAST INDIAN RAILWAY.

181. **Mr. Muhammad Azhar Ali:** Does the Honourable Member for Railways propose to ask the East Indian Railway to check dining cars and refreshment rooms for passengers and goods which may not have been paid for to the railways, and to take serious criminal action against the offending managers and contractors?

**The Honourable Sir Andrew Clow:** No, but I shall bring the question to the notice of the East Indian Railway Administration for such action as they may consider desirable.

FAILURE TO USE PURE *Ghee* FOR INDIAN MEALS BY BALLABHDAS ESWARDAS.

182. **Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state:

- (a) if Ballabhdas Eswardas have agreed to use pure ghee in the preparation of Indian meals;
- (b) if it is a fact that Ballabhdas Eswardas were prosecuted by the Howrah Municipality for adulteration and were convicted by a court in Howrah;
- (c) if it is a fact that this conviction for adulteration was upheld on appeal;
- (d) whether Government propose to cancel forthwith their contract over the Indian Railways and put them on Black List; if not, why not?

**The Honourable Sir Andrew Clow:** (a) I understand there is a stipulation to this effect in the firm's agreement with the North Western Railway but I am not aware of a similar stipulation in the agreements with other railways.

(b) and (c). No such prosecution has come to the notice of Government; but I am inquiring if there has been any such prosecution in connection with the supply of food on the East Indian Railway.

(d) No: the contracts are between the firm and Railway Administrations

INTRODUCTION OF NEW COMPLAINT BOOKS ON RAILWAYS.

183. **Mr. Muhammad Azhar Ali:** Is the Railway Member aware that passengers recording a complaint against bad food in the complaint books have no proof of having done so, and is the Honourable Member prepared to instruct individual railways to introduce new sorts of complaint books in which there should be three copies of one complaint out of which the original should remain in the book, the second copy be forwarded by managers to the railways and the third copy be retained by the railway passenger recording the complaint?

**The Honourable Sir Andrew Clow:** The answer to the first part is that so far as documentary proof is concerned, the complaint book itself constitutes the only evidence; the answer to the second part is in the negative.

**FAILURE TO USE PURE Ghee FOR INDIAN MEALS BY BALLABHDAS ESWARDAS.**

**184. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state if it is a fact that Messrs. Ballabhdas Eswardas, the catering contractors over the East Indian and the North Western Railways, have agreed to use pure ghee in the preparation of Indian meals?

(b) Are the rate list in their dining cars and refreshment rooms and rates for puris, sweets and other eatables fixed by these railway administrations on the undertaking that pure ghee is to be used in all such meals and preparations?

(c) Is the Honourable Member aware that these contractors are using vegetable oils in preparations?

(d) If the reply to part (c) be in the negative, will the Honourable Member be pleased to make enquiries and state what stuff is being used by Messrs. Ballabhdas Eswardas in the preparation of such Indian meals?

(e) With reference to part (c), will the Honourable Member please state if Agmark ghee is being used? If not, is he prepared to ask the railway administrations to compel these catering contractors to use only Agmark ghee in their preparations?

**The Honourable Sir Andrew Olow:** (a) I would refer the Honourable Member to the reply given today to part (a) of his unstarred question No. 182.

(b) This is presumably so on the North Western Railway.

(c) No.

(d) and (e). I am informed that at Delhi the contractors use either graded or Government sealed *ghee* or such *ghee* as has been certified pure by a competent analyst. I am making enquiries as to what is used by the firm on the East Indian and Great Indian Peninsula Railways. The reply to the last part of (e) is in the negative.

**EXAMINATION OF MEALS SOLD TO RAILWAY PASSENGERS ON EAST INDIAN RAILWAY AND AT DELHI RAILWAY STATION.**

**185. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state the number of occasions in the Moradabad, Lucknow, Allahabad, Dinapore, Asansol and Howrah Divisions of the East Indian Railway and at Delhi station over the North Western Railway on which during one calendar year, surprise visits were paid by railway doctors for inspection and examination of meals sold to railway passengers?

(b) If no surprise visits were paid by railway doctors, will the Honourable Member please state the number of occasions on which the divisional officers and officers from the headquarter offices of these railways inspected the food sold to passengers?

**The Honourable Sir Andrew Olow:** (a) and (b). I have not the information required and understand that no register of such visits is maintained. But I understand that food stuffs are regularly inspected by the Divisional and Medical officials, who do not send prior warning of inspections. In conformity with the Central Advisory Council for Railways' recommendations, Railways have been instructed to place the reports by Medical Officers and Catering Inspectors from time to time before their Local Advisory Committees.

**MISUSE OF RAILWAY PASSES OVER EAST INDIAN RAILWAY BY BALLABHDAS  
ESWARDAS.**

**186. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to the *Musafir*, dated the 24th November, 1940, 12th January, 1941, and 16th February, 1941, under the caption, "Railway Catering" and "Railway Refreshments" on the misuse of railway passes over the East Indian Railway and state:

- (a) if it is a fact that railway passes have been misued by Ballabhdas Eswardas;
- (b) if the East Indian Railway checking staff have ever made complaints either to their Divisional Superintendents or to the General Manager against specific misuse of railway passes by these contractors;
- (c) if these contractors and their staff are allowed to use these passes only on business connected with the supervision of catering, or they are allowed the use of these passes from any station to any station on their private business also;
- (d) if the card passes issued to these contractors and their staff are transferable; and
- (e) if these passes are allowed only for *bona fide* use, what action the East Indian Railway authorities took in cases where misuse was reported?

**The Honourable Sir Andrew Clow:** I have called for the information and a reply will be laid on the table of the House in due course.

**CARD PASSES TO CONTRACTORS ON CERTAIN STATE RAILWAYS.**

**187. Mr. Muhammad Azhar Ali:** Is the Honourable Member for Railways prepared to advise the Great Indian Peninsula, East Indian and North Western Railways to discontinue the issue of card passes to railway contractors and introduce a system of seasonal passes which may have to be endorsed by the railway staff at starting and detraining stations? If not, why not?

**The Honourable Sir Andrew Clow:** No: it is considered that the issue of card passes is a reasonable facility.

**DIFFERENT CLASS PASSES TO REFRESHMENT ROOM CONTRACTORS ON NORTH  
WESTERN AND EAST INDIAN RAILWAYS.**

**188. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways be pleased to state:

- (a) if it is a fact that the railway refreshment room contractors over the North Western Railway have been granted second class railway passes for supervising the service of meals;
- (b) if it is a fact that first class card passes have been allowed over the East Indian Railway to such contractors;
- (c) if it is a fact that intermediate class railway passes have been given by the North Western Railway to inspectors of such contractors to facilitate supervision;

- (d) if it is a fact that second class card passes have been granted by the East Indian Railway to such inspectors; and
- (e) in view of the fact that both these Railways are State-managed, what the reasons for this difference in the classes of passes to these contractors and their staff are and whether Government now propose to advise the East Indian Railway to revise their policy in accordance with the practice on the North Western Railway; if not, why not?

**The Honourable Sir Andrew Clow:** (a), (b), (c) and (d). I understand that the statements are correct in so far as they relate to the issue of passes to Indian contractors running both refreshment rooms and dining or restaurant cars.

(e) The difference would appear to be connected with differences in the scale of the contracts. It is not proposed to issue instructions to the East Indian Railway, as these are matters of detail which must be left to the discretion of the individual administrations; but a copy of this question and answer will be sent to the General Manager of that railway.

#### SELECTION POSTS OR SELECTION GRADES ON STATE RAILWAYS.

**189. Bhai Parma Nand:** Will the Honourable Member for Railways please refer to the information given on the 5th November, 1940, in reply to unstarred question No. 11, asked in this House on the 6th February, 1940, *viz.*, "Selection posts or selection grades on the State-managed Railways" and state:

- (a) whether the posts or grades are interchangeable; and
- (b) whether the staff in one post or grade is transferable to another post or grade?

**The Honourable Sir Andrew Clow:** (a) and (b). General Managers have powers to make such transfers when the interests of the Administration will be served thereby.

#### INSTRUCTION TO EAST INDIAN AND NORTH WESTERN RAILWAYS TO OBTAIN SUPPLY OF ELECTRODES FROM THE INDIAN FIRM.

**190. Bhai Parma Nand:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that the North Western Railway, Mechanical Workshops, Moghalpura, in June 1938, did receive Electrodes from Messrs. L. and H. Dignum (Calcutta) 5, Clive Row, Calcutta, for trial and test reports;
- (b) whether it is a fact that till September 1940, the trial and test was not completed by the Superintendent, Mechanical Workshop;
- (c) if the replies to parts (a) and (b) be in the affirmative, the reason for the delay in carrying out the trial and test of the Electrodes; and what period of time is necessary for the trial and test;
- (d) whether it is a fact that the Chief Mechanical Engineer, East Indian Railway, Calcutta, did receive the Electrodes on the

28th October, 1940, for trial and test, the result of which was communicated on the 29th October, 1940; and

- (e) whether Government now propose to instruct the East Indian and the North Western Railways to have their supply in Electrodes from the firm in India; if not, why not?

**The Honourable Sir Andrew Clow:** The information is being obtained and will be laid on the table of the House in due course

#### PROCEDURE FOR HOSPITAL LEAVE ON STATE RAILWAYS.

**191. Bhai Parma Nand:** Will the Honourable Member for Railways please state the procedure prescribed for obtaining and granting the Hospital Leave [Fundamental Rule 101 (b) and Subsidiary Rules 269 to 273] on the East Indian, Eastern Bengal, Great Indian Peninsula and the North Western Railways?

**The Honourable Sir Andrew Clow:** The grant of hospital leave under subsidiary rules 269 to 273 is dependent on the production of a medical certificate. The rules governing the issue of certificates will be found in Appendix VI, Vol. I of State Railway Establishment Code, a copy of which is in the Library of the House.

#### DATES FOR APPLICATION OF RULES IN THE STATE RAILWAY CODES.

**192. Bhai Parma Nand:** Will the Honourable Member for Railways please state the dates from which the rules in the State Railway Codes are applicable?

**The Honourable Sir Andrew Clow:** The bulk of the rules and orders contained in the new State Railway Codes existed, in some form or other, prior to their inclusion in these Codes, and have been in force since they were originally issued. Some orders relating particularly to procedure were new, and in regard to them the following dates of effect have been prescribed:

- 1st April, 1940, for the State Railway Code for the Stores Department.
- 1st April, 1940, for the State Railway Code for the Engineering Department.
- 1st April, 1941, for the State Railway Code for the Traffic Department.
- 1st April, 1942, for the State Railway Code for the Mechanical Department (Workshops).

#### NON-GAZETTED SERVANTS ELIGIBLE FOR PROMOTION TO LOWER GAZETTED SERVICES ON EAST INDIAN RAILWAY.

**193. Bhai Parma Nand:** Will the Honourable Member for Railways please refer to the reply given to part (b) of unstarred question No. 70, asked in this House on the 16th November, 1940, viz., "Yes, among

others" and state the particulars of "others" eligible for vacancies in the lower gazetted services on the East Indian Railway?

**The Honourable Sir Andrew Clow:** Subordinates considered suitable by the Administration may be drawn from any class, but would not ordinarily be chosen unless they had reached the highest non-gazetted grade in their own channel of promotion.

#### PROCEDURE FOR DEPARTMENTAL ENQUIRY AGAINST NON-GAZETTED STAFF ON STATE RAILWAYS.

**194. Bhai Parma Nand:** Will the Honourable Member for Railways please state the particulars of the rule prescribing the procedure for holding and conducting the proceedings of a departmental enquiry on the conduct of a non-Gazetted Staff by an officer or by a committee of officers on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways?

**The Honourable Sir Andrew Clow:** The general rules applicable will be found in paragraph 1707 of the State Railway Establishment Code, Vol. I. These are subsidiary rules issued by railway administrations but I understand that these introduce no substantial variation.

#### POLICY OF NOT RECOGNIZING SMALL RAILWAY UNIONS.

**195. Bhai Parma Nand:** Will the Honourable Member for Railways please refer to the reply given to unstarred question No. 117, asked in this House on the 20th November, 1940, viz: "It is not the policy of the administration or of Government to recognise small unions whose memberships is restricted to certain categories of staff", and state:

- (a) the date on which the policy was adopted by the administration or by Government; and
- (b) whether the policy is embodied in the rules made by Government for the recognition of trade Unions by the Railway administrations in 1937; if not, the reasons for not discussing the policy in a meeting of the Central Advisory Council for Railways before it was adopted?

**The Honourable Sir Andrew Clow:** (a) Neither Government nor the Administration has ever adopted the policy of recognizing small sectional unions.

(b) In consequence it was not embodied in the rules on any occasion and Government have not felt the need for securing the advice of the Central Advisory Council for Railways on the point.

#### PUBLICATION OF CERTAIN LEGISLATIVE BILLS IN RAILWAY GAZETTES.

**196. Bhai Parma Nand:** Will the Honourable Member for Railways please refer to the reply given to part (ii) of unstarred question No. 130, asked in this House on the 20th November, 1940, viz: "Besides the various media open to the public such as newspapers are also available to the Railway Staff" and state the particulars of the newspapers in which

the Legislative Assembly Bills No. 28 and No. 47 of 1940 are reproduced? If they are not reproduced, do Government now propose to order their reproduction in the Railway Gazettes? If not, why not?

**The Honourable Sir Andrew Clow:** As regards the first part of the question, Government have no information. As regards the second and third parts, Government see no ground for giving publicity to such measures prior to the House approving their circulation.

#### STATEMENT OF BUSINESS.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): As the House is aware, the only other day fixed during this week for the transaction of official business is Friday. No sitting has been fixed for Wednesday on account of a local holiday which is described as "Budho Mata": It looks as if official business will not be concluded on Friday, if the House sits to transact it only today and on Friday, and, therefore, it will be necessary to ask for further sittings for the transaction of official business. For the present I shall confine myself to requesting you to fix either Wednesday or Saturday in this week for the transaction of official business whichever you may find it more convenient or, if you so please, whichever the House may find it more convenient to do.

**Mr. President** (The Honourable Sir Abdur Rahim): At present there is no sitting on Wednesday?

**The Honourable Sir Muhammad Zafrullah Khan:** Wednesday is a non-working day, but I understand that not much interest is taken in that holiday.

**Mr. President** (The Honourable Sir Abdur Rahim): If that suits Honourable Members, the Chair will order that there may be a sitting on next Wednesday and not on Saturday. . . .

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): The present arrangements should continue.

**Syed Ghulam Bhik Nairang** (East Punjab: Muhammadan): We suggest that Saturday may be fixed for official business instead of on Wednesday.

**Mr. T. Chapman-Mortimer** (Bengal: European): I think, Sir, that Saturday would be convenient to our Group also rather than Wednesday.

**Mr. President** (The Honourable Sir Abdur Rahim): Very well. In that case there will be no meeting on Wednesday but a meeting on Saturday.

#### THE PROTECTIVE DUTIES CONTINUATION BILL.

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume the discussion on the motion moved by the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar on the 22nd March last, *viz.*:—

"That the Bill to extend the date up to which certain duties characterized as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect, be taken into consideration."

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I beg to move:

“That the Bill be referred to a Select Committee consisting of the Honourable Sir Muhammad Zafrullah Khan, the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. T. S. S. Pillay, Mr. Ramsay Scott, Seth Haji Sir Abdoola Haroon, Sir Muhammad Yamin Khan, Dr. P. N. Banerjee, Mr. Husenbhai Abdullahbhai Laljee and the Mover with instructions to report by the 1st April, 1941, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better go on with his speech, as there is no other similar motion; the Chair has not received notice of any other dilatory motion.

**Dr. Sir Ziauddin Ahmad**: I will speak later on, Sir, on the main motion and amendment together; I should like to take the opportunity to speak on the debate later on.

**Mr. President** (The Honourable Sir Abdur Rahim): As there is no other motion, the Honourable Member can go on with his speech, if he wishes to speak.

**Dr. Sir Ziauddin Ahmad**: Can I speak later on?

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

**Dr. Sir Ziauddin Ahmad**: Sir, when such an amendment is moved, then . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The practice is quite well settled, if there is only one amendment like that, the Mover of the amendment ought to make his speech in support of his amendment, and, of course, he will speak on the original motion also.

**Dr. Sir Ziauddin Ahmad**: Sir, it is rather unfair to the Opposition to bring forward an omnibus Bill at the fag end of the Session and press it for a division without even a reference to a Select Committee and without giving the public any opportunity to express an opinion. The Mover said nothing in support of the Bill and he did not give any hint whatsoever as to the way in which this protection is working. We are now to discuss not one Bill really,—not only sugar, but sugar, iron and steel and silver thread. So these are the three very important items which are tagged together in one particular Bill, and for this reason I call it an omnibus Bill, and it is incorporated in such a manner that it can only be deciphered if we put the Indian Tariff Act before us, and probably people making only a cursory reading will not be able to understand or appreciate the points involved in this Bill. This Bill, Sir, ought to have been published about a month ago and the public ought to have been informed of the contemplated measure. We expected that the Honourable the Commerce Member would outline the purposes of this Bill and then would explain to us in what way the protection has been working in the case of sugar and the iron and steel industry and give us an opportunity to examine the whole case. Sir, about iron and steel, since we passed the Bill in 1934 there:

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has been no discussion in the House about the manner in which it has been working. In 1934, I drew attention to the fact that the duty would be for an indefinite period. I suggested in one of the speeches on the third reading of the Bill and in support of that I would just quote the Fiscal Commission's Report, which has now practically been carried out by the Honourable the Commerce Member. I would just draw his attention to page 68 of the Fiscal Commission's Report in which they said :

"We think that the only method by which the State can satisfactorily maintain its control over protected industries is that the Tariff Board should be charged with the duty of watching the effect of the protective duties imposed and making from time to time such recommendations as it may think fit."

Now, this was a duty imposed on the Government of India when we accepted the Tariff Bill of 1934. They neglected their duty for seven years, and suddenly, after the lapse of seven years, without giving any indication, without laying before us any report as to the manner in which this duty has been working, they come forward and say that this duty ought to be extended for one year more, and it is very reasonable to expect that something tangible ought to have been given about the present situation which necessitated the extension of the period of protection but the Honourable Member refused not only the consideration by the Tariff Board, not only the consideration by a Select Committee of the House, but he goes further and does not mention on the floor of the House his own arguments and his own reasoning on account of which he is compelled to move this particular Bill. Sir, I remind the Commerce Member of what was said on page 67 of Fiscal Commission Report :

"No one who has studied the history of a protectionist country can be blind to the fact that it is far easier to impose a protective duty than to reduce or abolish it. As the industry grows economically, its political influence also grows and it is in a position to exert considerable pressure on the body that has the power to modify the duty. It may be accepted as a general experience that protective duties are continued for too long a period and at unnecessarily high rates . . . ."

Now, these words were written about twenty years ago and they appear to be prophetic; it has actually been carried out by the Government of India, the Fiscal Commission prophesied about it about 20 years ago, and I said very clearly in 1934, when we levied a duty on iron and steel: "for goodness sake, do take it for granted that this protective duty is permanent." No Commerce Member will dare to oppose and remove this particular duty, and I think my Honourable friend, who was then on the Opposition side, shared the same opinion with us, in 1934. I draw his attention to one more in the Fiscal Commission's Report. On page 55 they said :

"But we cannot shut our eyes to the fact that in protectionist countries considerable difficulty is experienced in reducing and removing duties even when they are no longer required and it is probable that such an industry will impose on the whole a greater burden on the consumer than its conditions really require."

We were warned about these things 20 years ago, and I think the time has come to consider very carefully whether these duties are required today when the conditions of the world have so much changed. My complaint is that, according to the conditions laid down by the Fiscal Commission, any kind of change in the duty can only be done on the advice of the Tariff Board. Now, in this particular case, there has been no Tariff Board. If, however, my Honourable friend had thought that on account of war conditions it was not advisable to have a Tariff Board, he

ought to have appointed a Departmental Committee of Inquiry, and, by means of that Committee, he could have found out the facts of the case. But my Honourable friend has not done even that. Even if he has inquired into the matter departmentally, that report has not been laid before us and that is very unfair. If he did not have a Departmental Committee of Inquiry, at least he ought to have been convinced in his own mind that it was necessary. If he has failed in appointing a Tariff Board, if he has failed in appointing a Departmental Committee of Inquiry, if he has failed in giving us the arguments which actuated him to move this Bill, at least he should give us an opportunity to discuss this matter with him in the Select Committee. Even to this, he says "No." If he tries to gag us and if he wants us to support him blind-folded without giving any reasons whatsoever, then the only reply I can give him is that he is suffering from what I once called the fourth intoxication. Some time ago. I explained the different types of intoxication. When a man is suffering from the intoxication of wine, he talks a good deal. If he is suffering from the intoxication of opium, he sleeps. If he is suffering from the intoxication of *ganja*, he flies in the air. But if he is suffering from the intoxication of having majority of votes in his pocket, he becomes dumb to every argument that is brought forward from the Opposition side. He is not open to reason, because his mind is already made up.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadian Urban): How do you know these different kinds of intoxication?

**Sir H. P. Mody** (Bombay Millowners' Association: Indian Commerce): Because he is suffering from all the intoxications.

**Dr. Sir Ziauddin Ahmad**: My next complaint is that he has put two very important matters in one and the same Bill. You cannot combine iron and steel and sugar in one and the same Bill, simply because the word "protective" is there. Both of them are protective duties. That is the only common thing. In fact, he could have one Bill to alter the whole of his tariff list simply by saying that all of them occur in one particular Act. There ought to be some kind of correlation between these two objects. There is no connection between iron and steel and sugar. He ought to have brought before us two Bills, so that we could have discussed both these subjects separately. It is not fair on his part to ask us to discuss both these things simultaneously. Then, there is another difficulty which we feel because of the combination of these two matters. We hold different views with regard to sugar and iron and steel. In one case we have got one opinion, and, in the other case, we have got another opinion. Because of this combination, we can either reject the whole thing or accept the whole thing. The two cannot be separated. It is just like putting the cat round the neck of the camel, which my friends must have known. The story is that a man lost his camel. Then, he took the vow that if the camel be discovered, he will sell it for one rupee. When the camel was found, he put a cat round his neck and said that the price of the cat is Rs. 100 and that of the camel is one rupee, but he cannot separate the one from the other. This is what he has done in this case also. He has put sugar and iron and steel together, and I see no affinity between the two. He could have added another item to it about wheat and wheat

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flour. I really wonder why he has not done that. But if he could separate the wheat and the wheat flour from this Bill, why did he not separate the iron and steel from the sugar? Perhaps his intention was that we may not be able to discuss these two different things properly. If there had been two different Bills, then our criticisms would have been split up into two parts and we would have had better opportunities to give our views. I know my friend is in a great hurry and he will probably move a closure very soon.

Now, Sir, out of these two items, I take sugar first. If time permitted, I shall take up iron and steel afterwards. With regard to sugar, I do not want to go into its early history. Like the philosopher, I would not begin the history of philosophy by discussing whether Adam was or was not a philosopher. I will start from the time when the protection duty was first levied on sugar. We know that in the year 1929-30 we had a duty of Rs. 4-8-0 on sugar for revenue purposes, and it yielded an income of about 11 crores. But in 1930 the duty was raised by Rs. 1-8-0 and it became Rs. 6 just before the Tariff Board was appointed. Then came the Tariff Board which recommended a duty of Rs. 7-4-0 per cwt., that is Rs. 5-5-0 per maund. The first mistake that the Government of India made, I think this is the beginning of the troubles, was to raise the duty by 25 per cent. The duty was calculated after careful consideration of various aspects of the problem by the Tariff Board. This protective duty was raised from Rs. 7-4-0 to Rs. 9-1-0 by the second Finance Bill. When the second Finance Bill was under discussion in 1931, I pointed out that you could not apply the principle of 25 per cent. increase to protective and non-protective duties. There are certain duties which are for revenue purposes and which may be increased by 25 per cent, but the law of diminishing returns may be applicable to one or two, but still it is justifiable to do so, but in the case of combining it to protective duties, it was very unfair and it may lead to serious troubles. What was the result? The result was that a large number of factories sprung up, they began to build factories right and left, and the number increased indefinitely. Now, with this indefinite increase in number and the enormous profits they were making at that time, the position became very complicated. We pointed out in 1933-34 on the floor of the House that this protective duty on sugar was not working satisfactorily, and we drew the attention of the then Government that this ought to be looked into very carefully. We said that these sugar manufacturers were drawing profits from 60 per cent to cent per cent of the money they have invested, and within the space of one or two years. They have drawn back the entire capital. Then we drew the attention of the Government to this. It was their duty, as recommended by the Fiscal Commission, to look into this matter. The sugar manufacturers were responsible for three *zulums*. I use the word "*zulums*" advisedly. They did not pay the sugarcane growers the price recommended by the Tariff Board, they did not pay them five to eight annas as mentioned there, but they paid only from two annas to three annas which was not justifiable. This was the first *zulum* or abuse. The second *zulum* was that the maund was not eight times *pansera*, sometimes it was sixteen times *pansera* and sometimes it was twelve times *pansera*. Practically the manufacturers took away 1½ maunds or even two maunds, and they called it one maund. The third *zulum* was that the sugarcane was allowed

to wait at the gate for a long time, with the result that the juice became dried up. The sugarcane growers sold them practically at no price, in fact they could not even cover the cartage. We brought to the notice of the Government all these three defects. We pointed out on the floor of the House that the manufacturers were making enormous profits, the Government found that their revenue from sugar was diminishing very rapidly. I shall give the figures later on in my speech. The Government were compelled to bring forward in 1934 an excise duty. I have read the book of Lord Northcliffe how to conduct a propaganda. I think the sugar manufacturers are greater experts in propaganda than even Lord Northcliffe, because, while Lord Northcliffe said that you can carry on propaganda on something, the sugar manufacturers carried on propaganda on nothing. They beat the theory of Lord Northcliffe about propaganda. In 1934, when the Government brought forward a Bill, there was a great hue and cry and there was a fierce propaganda carried on against the excise duty. A number of dinners were given and Members' lives were not worth living in those days on account of the interviews sought by the sugar manufacturers both morning, evening and night to place the troubles and difficulties of sugar manufacturers. They said that the industry was going down on account of the excise duty which was imposed. Not only this. These gentlemen also tried to kill the poor people. The Government did not try to impose any duty on *khandsari* sugar. I have got two Bills before me, they are the Bills originally moved by the Government of India at that time when there was no excise duty. Then the Bill went to the Select Committee, and, through the propaganda of those people, *khandsari* sugar was added and a duty of ten annas was recommended by the Select Committee on *khandsari* sugar, while they knew perfectly well that the produce of *khandsari* was only from 60 to 65 compared with 90 to 95 in the case of mills. In spite of such loss in the extraction of the juice, the Government did not have the courage at that time to meet the propaganda of sugar manufacturers and they had levied at that time a duty of ten annas on *khandsari* sugar. When this Bill was under discussion, I gave certain quotations from the Tariff Board report:

"It is, of course, impossible to estimate on the available data the assurance required on this account but, allowing for the factors referred to above, a reasonable estimate of the price at factory required to cover the expenses of the cultivator including the labour of himself and his family is seven annas a maund."

This is the price which they fixed for sugarcane. Later on the Tariff Board say:

"Allowing for the fact that cane occupies a definite and important place in the agricultural system of the country and also that it is, on the whole, less liable to damage than other crops, it appears to us that in normal times to ensure that the cultivator retains a sufficient area under cane, a profit of at least one anna per maund is required. A fair price for cane would thus be about eight annas per maund delivered at factory."

This was the recommendation of the Tariff Board, but it was not carried out. Not only did they interfere in the price of cane, but they also reduced the fair selling price and tampered with it. They discovered the formula  $\frac{S \times P}{200}$  and applied this formula for determining fair selling price. Fair selling price was taken by the Tariff Board after careful calculation, but the manufacturers carried their own formula which I have just read out. There can be no proof for the establishment of this formula. Therefore, the determination of the selling price by means of an arbitrary formula which cannot be proved, which cannot be substantiated, in place of the

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fair selling price calculated by the Tariff Board was really a great mistake. Our income practically fell continuously on account of this imposition of the duty, and I will give some figures here. As I said in 1937:

"This protection is really a burden upon the taxpayer. In the year 1930-31 Government collected 10·78 crores on the sugar import duty. As soon as this protective duty was imposed the amount fell to 8 crores in 1931-32, then 6·64 crores in 1932-33, 4·72 crores in 1933-34 and 3·81 crores in 1934-35 and in the present year it has fallen to 54 lakhs . . . . Therefore, including the excise and the import, we got 4·70 in the year 1934-35, 4·82 in the year 1935-36, and in the present year, taking the figure for the last 11 months and adding one-eleventh to it, we get 3 crores."

Sir, the capitalists have been shouting at the top of their voices that they have invested so much money. But they entirely forget the contributions by the Finance Member and the contributions by the consumers. I have got the accurate figures of the contribution made by the Finance Member to this particular industry which comes to about 50 crores. And as regards contributions made by the consumers that also will come to about 200 crores. This amount should not be forgotten, and I always consider this amount to be a loan which we ought to get back some time or other. I hope when we will have persons in the Government, later on, who will represent the consumers more than the capitalists, the time will then come when the consumers' view point will also be taken into consideration. My Honourable friend there represents consumers as Labour Member and he represents capitalists as Commerce Member, and so he is really between two pulls. On the one side is the capitalist pull and on the other side is the labour pull, and I think the pull of the capitalists always prevails. I read on one occasion a very voluminous book in which it was said that these capitalists of Bombay have got two Members in their pockets,—in the right pocket the Finance Member, and in the left pocket the Commerce Member, and I think a person requires sufficient courage and skill to cut off the pocket. . . .

**An Honourable Member:** And who is the pickpocket?

**Dr. Sir Ziauddin Ahmad:** I will give the exact amount of the contribution that the Finance Member has made to this particular industry. I take 10·79 to be a kind of standard collection by this commodity as it was in 1930-31.

Year.	Collection from import duty.	Collection from excise duty.	Total Income.	Contribution by Finance Department.
1931-32 . . . . .	7·98		..	2·81
1932-33 . . . . .	6·85	..	..	3·54
1933-34 . . . . .	4·72	..	..	6·07
1934-35 . . . . .	3·81	97 lakhs	4·78	6·01
1935-36 . . . . .	2·95	1·55	4·50	6·29
1936-37 . . . . .	44 lakhs.	2·52	2·96	7·83
1937-38 . . . . .	25 lakhs	3·31	3·56	7·23
1938-39 . . . . .	45 lakhs	4·23	4·68	6·11
1939-40 . . . . .	3·96	2·42	6·38	4·41

Therefore, if this sugar protective duty had not come into operation in 1931 and we had allowed the thing to go on as it had been going on in the previous 10 years, we would have collected about 50·10 crores more

from this particular industry, and this sum would have been distributed to all the taxpayers in the country, because there have been less taxes in some other directions. If 50 crores would have been collected from sugar, it practically follows that there are less taxes elsewhere, and, therefore, the taxpayers of India through the Finance Department have contributed 50 crores of rupees during this period. If I get the time, I will give the contribution, year after year, of the consumers to this particular industry. So that whenever any industrialist in sugar gets up and says that he has invested 15 crores and what is going to happen to that, he must be reminded that the taxpayers also have contributed 50 crores and the consumers have contributed 200 crores. That is a point which should not be forgotten.

Now we come to this duty on the Java sugar. Here we have been increasing the duty, and our income has been gradually diminishing. Our protective duty in 1930 was Rs. 4-6-6 per maund, on the 1st March, 1931, it was raised to Rs. 5-5-3, on 1st September, 1931, to Rs. 6-10-6, on the 1st March, 1937 to Rs. 6-12-9, on the 1st April, 1939, it was Rs. 6-6-10 and on the 1st March, 1940, it was Rs. 7-2-7. And my friend now comes forward and proposes that this enormous import duty of Rs. 7-2-7 per maund should be continued for another year. It is not right for any one with common sense and who has got any feelings for the poor consumers to come forward and say that a duty of Rs. 7-2-7 should be continued for another year. Its continuation even for a day is not justifiable. And he also wants us to legislate today that this duty of Rs. 7-2-7 per maund should be continued for another year and accepted without argument, without any inquiry, and without any Tariff Board report. I know my Honourable friend, the Commerce Member, has a responsibility to discharge, but we have also got some responsibility to discharge. And to say that we should not even have an opportunity to discuss this point is very unfair.

Now, I will show the other side of the picture. When we were discussing this particular Bill the last time, some of the Congress Members were present here. When they went back to their provinces they took retaliation and the retaliation went so far that they practically destroyed the industry. Up to 1937 I had serious complaints against the manufacturers; but the action now taken by the United Provinces and Bihar Governments has really turned the tables. May I remind the Government of India that they are the custodians of this Protection Bill, and they have to see that it is carried out properly? I have here a legislative measure called the United Provinces Sugar Factories Control Act, 1938. That entirely changed the whole character of the industry. It went against all recommendations of the Fiscal Commission and it worked in a manner that was never contemplated. Of course, I do not blame these Ministers of Bihar and United Provinces; when they found that our Government were timid and were taking no action to safeguard the interests of the cultivators and allowed the manufacturers to derive as much profit as possible and to squeeze out even the last pie from the agriculturist, they naturally came forward to protect the interests of the agriculturists: but, in doing so, they went to the other extreme. When they passed this measure, I think it was the duty of the Government of India to bring it to the notice of this Legislature and to tell us what steps they proposed to take: they should have given us an opportunity to discuss this question in 1938. It was absolutely wrong not to do so; but even now the Honourable Member does not want us to discuss this question. I will read one or

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two of the important provisions of this Bill. In the first place, they established a Sugar Control Board. May I say that when an industry is protected, how is it possible to establish a control board? The second thing they have done is to have licensing of factories. It was pointed out repeatedly on the floor of the House, both by Finance Members and also mentioned in the Fiscal Commission's Report, that when protection was given, a number of factories would crop up, and there will be cut-throat competition, and by that cut-throat competition the prices will come down, and in that way the loan which the consumers paid in the shape of high prices will also go down. But this idea of licensing is erroneous. The Government of India ought to have brought it to our notice and laid the facts before this House and allowed us to discuss. Of course, we cannot interfere with an enactment of a Provincial Government—that is perfectly correct: but we have a right to see whether the protection of Rs. 7-2-7 should be continued, and we could have given the reply that the Sugar Protection Act will be repealed. But this thing was not brought to our notice at all: the Commerce Department was sleeping: they did not take notice of this provincial enactment and did not inform this House as to how the thing was being worked there. I shall show how the protection that we gave has been made null and void by means of this enactment.

I have pointed out the first and second interferences by the Act. The third interference is in section 10 which says:

"After such date as the Governor may by notification specify in this behalf no cane shall be crushed in a factory unless the occupier thereof has obtained a licence authorizing him to crush cane."

This is absolutely against the spirit of protection. They go one step further and say in the next section:

"Membership of any organization of the sugar industry the main object of which is to regulate the sale of sugar and which is recognized by the Provincial Government."

This is the enactment, and, under this enactment, they made a rule—rule 9(a) of these rules, which says:

"The licensee shall be a member of the Indian Sugar Syndicate, Limited, registered under the Indian Companies Act, which has been recognized by the Provincial Government under section 11 (a) of the United Provinces Sugar Factories Control Act, 1938."

A sugar syndicate was formed and our Local Government came forward and made membership compulsory for everybody. I will just say in this connection what the Fiscal Commission recommended. In cases where protection was given, they warned us against combinations. This is what they say at page 48:

"But should any such combinations arise in India which appear to be to the detriment of the Indian consumer, we do not think it would be difficult to find a remedy. The matter should be investigated by the Tariff Board which we propose should be established, and if the Board reports that the combination is in effect injurious to the interests of the Indian consumer, and the Legislature accepts this view, the protection given to the industry could be lowered or withdrawn, or possibly special legislation could be introduced to deal with the matter."

In 1938, a syndicate was formed and the Local Government made it compulsory for everybody to become a member, against the explicit instructions of the Fiscal Commission. What was our Government doing at that time? Why did they sleep over it? Why did they allow the Local Government to form a syndicate to exploit the consumers? Why have they not carried out these instructions that when protection is given, you

should not go to sleep over the matter. That is the charge that I bring against the Government. When you give protection, you have constantly to watch the effect of the protection. But you do not do it. You simply carry out the first part and not the other part.

If you carry out one instruction, carry out all the necessary conditions properly. In this case, you are guilty of neglect of the duties imposed on you by the Tariff Board and imposed upon you at the time when this Indian Sugar Industry (Protection) Bill was enacted.

Between the Local Government on the one side and the Sugar Syndicate on the other side—and I contend that the actions of both of them are *ultra vires*—and on account of the neglect of their duties by the Government of India, they are now practically killing and finishing off the sugar industry in United Provinces and Bihar. What is happening now? The Sugar Syndicate fixes the prices not according to the Tariff Board Report: they only care about the Tariff Board Report in demanding a protective duty, Rs. 7-2-7 is there: that is their pound of flesh and nothing less. They don't follow in fair selling price, nor in the price of sugarcane. Between the Local Government standing for the agriculturist, and the Syndicate acting as a combine to protect the interests of the sugar industrialist, they have finished the industry altogether. The Syndicate says "Raise the price—not to Rs. 7-6-0 as recommended by the Tariff Board, but to Rs. 9." All right. The Local Government comes in and says "If the price of sugar is Rs. 9, then—I am merely quoting imaginary figures—the price of sugarcane should be ten annas a maund." The moment this sugarcane price is raised to ten annas, the syndicate comes up and says: "Now that the price of sugarcane has been fixed at ten annas, the price of sugar should be raised to Rs. 11 a maund." Then the Local Government says "Since the price of sugar is Rs. 11 a maund, the sugarcane price should be raised to 11 annas and a half per maund." Thus there is a regular competition between the Syndicate on the one side representing the industrialists, and the sugarcane growers represented by the Local Government on the other; and they go on raising the prices of sugar and sugarcane in competition till they have reached a figure when it is almost impossible to find a market. When the prices had gone up to Rs. 13 and Rs. 14 per maund for sugar and the commodity was highly protected on account of the import duty, then ordinary people gave up the eating of sugar, and they began to eat *gur*. The result was, there resulted a surplus stock of sugar, for which there was no market. And to add insult to injury to the sugar producers, our government entered into some kind of agreement, and there was another convention, the International Sugar Convention, known as Chedboulne's Convention, by means of which we agreed that there should be no export of sugar from India. The logical argument they used was correct. They said: "You are a protected country, you are putting an import duty of Rs. 7-2-7, how can you export sugar when the duty is at such a high tariff point." Therefore, with this seemingly logical argument, Dr. Meek made a second mistake and he signed an agreement on behalf of the Government of India without consulting anybody; he was simply led away by the logic of the argument and stopped the country from exporting sugar altogether. But the Government of India are responsible for their inertia, for remaining silent, and for doing nothing for the people of the country in this matter. We have got so much sugar in stock, it has no market. We cannot export even one maund of sugar out of

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India, we cannot export sugar even to our next door neighbour, Ceylon. Who is responsible for all this? The Government of India is sleeping over this matter when the industrialists were actually oppressing the sugar growers. When the Local Government came forward and upset the recommendations of the Fiscal Commission's Report, the Government of India never drew our attention to it, they took no action whatever. The Syndicate is there, whose main purpose is to kill smaller factories. The Sugar Control Board is there for not allowing us to export sugar. The Convention is still there. Still my friend comes forward and says—continue the protection for another year. Is it common sense or lack of common sense, is it sympathy or absence of it for suggesting such measure? I leave Honourable Members to judge for themselves, because, in spite of all these factors, the Honourable Member does not give us an opportunity to discuss either of these factors; he does not think for himself, he does not make an inquiry departmentally, he does not even allow us to discuss the matter, but forces us, by the sheer strength of his vote, to continue the protection for another year. Sir, I say, this is an economic sin.

Now, Sir, I will give you an account of surplus stocks. The surplus of over 4.5 lakhs tons has been carried over from last year. This year also the Government estimated a production of 7.2 lakhs of tons from United Provinces and Bihar; 2.5 lakhs of tons from the factories of other provinces, .3 lakhs tons production of *gur* and 1.5 lakhs tons of *khandsari* sugar. However, the actual production has been about 13.8 lakhs tons in all; that is, as much as 2.3 lakhs more than estimated, because on account of the introduction of the improved quality of canes, their output being about 12 instead of being less than 10. On the other hand, it is well-known that millions of maunds of sugarcane crops is standing on the fields uncrushed. This year, therefore, we shall get more than 13.5 lakhs tons of sugar. The consumption of sugar in the country, however, being about 10 lakhs, a surplus of over 6 lakhs of tons will have to be carried forward to the next year. There will, therefore, be again further restrictions on production next year, and both the cultivators and the millowners will suffer considerably. In the language of sugar industrialists and also of the Syndicate, it is no exaggeration to say that the shortsighted policy of the Government interference has thus brought this second largest industry in the country to a very precarious position. Still, however, India is not able to export sugar even to a neighbouring market like Ceylon as she is still bound by the agreement of the International Sugar Convention.

Sir, I would implore the Honourable the Commerce Member that if he wants us to continue the protection for another year, let us put down a condition that the conditions laid down by the Tariff Board of 1931 and 1934 should be observed, and if those conditions are not observed, then it is useless to give any protection to either of these. If you observe these conditions, then certain things are necessary. One is that the Sugar Syndicate, which is responsible for the present disaster, should be declared *ultra vires*, we should treat it as if it did not exist at all, and then every sugar mill should be allowed to follow the price level according to its own requirements. We know that whenever the sugar Syndicate meets, it only looks after the interests of the bigger sugar mill owners, and it entirely overlooks the interests of the smaller people, and one of the

members of the Syndicate actually told me that these smaller people have got no right to exist. If this is their theory that the smaller people have no right to exist, then God help them.

Then, the second thing is, you should point out to the Local Government definitely that they should work out the recommendations of the Tariff Board without interference, and that if they do mean to interfere according to the provisions of the Act of 1935, then we should be relieved from enforcing this protection to sugar industry. I take this occasion to tell them that the action of my Government,—I belong to the U. P.,—and that of the Government of Bihar, have been exceedingly unwise. They thought that they were supporting the agriculturists, but in reality they have driven out or killed the only industry of the U. P. and the second largest industry of India. The springing up of numerous small factories in other provinces is the direct result of the action of these two Governments, I mean the U. P. Government and the Government of Bihar, because, I think, they have been very unwise in passing this particular Act which has really done no justice to the people of the U. P. and Bihar. In their opinion, they were right, but we can only judge by the results, and the results indicate clearly that the people do not like to start sugar factories in Moradabad, but they would prefer to start sugar mills in Rampur and other parts of India where this particular handicap does not exist. This is all due to the unwise action of the Governments of U. P. and Bihar. My friend may say he has no jurisdiction over these two Governments. I too have no jurisdiction over them, but he has a right to move them, and I have a right to discuss and vote, and if the Local Governments begin to interfere in the manner they are interfering, then the Government of India should immediately repeal the Protection Act of 1931. Therefore, I finish this portion of my speech, that is, on sugar, by appealing to the Honourable Member that he should seriously consider the position if he is really anxious that this industry should thrive, and that he should see that the obligations laid down by the Fiscal Commission are faithfully observed. Local Governments should not interfere with them, they should not levy sales tax—they are levying sales duty, they can levy a sales duty on detail dealers, because, in that case, it will apply both to imported articles and to articles manufactured in this country, but they cannot have a sales tax on the wholesale prices of the factories which are really imposed by means of this particular Bill. Again, the Tariff Board recommended that after seven years protection will be lowered by one rupee. Seven years have passed away. May I ask why this protection has not been lowered by one rupee as recommended by the Tariff Board? The Tariff Board's recommendation is binding on everybody, on our Government as well. The Government should carry out the recommendation of the Tariff Board and lower the duty by one rupee, or they should at least give us reasons why it has not been done. My Honourable friend probably thinks we are incompetent to understand the arguments and so he wishes to carry on as he likes, but I think fairness demands that he should convince us as to why the duty could not be lowered by one rupee as recommended by the Tariff Board. He has placed us in a difficult position by tacking it on to iron and steel, and iron and steel is of great importance on account of the war conditions now.

I now come to iron and steel. Had it not been tacked on to sugar I could have discussed it in greater detail, but I shall just confine myself

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to one or two broad questions. On the third reading of the Iron and Steel Protection Bill, I pointed out—I have not got the extract now, but I quote from memory—that we have given to iron and steel industry 18 crores more than the amount recommended by the Tariff Board. I had calculated the amount and I ended by saying that at Tatanagar there would be a tablet in memory of Sir Joseph Bhore. On a golden tablet there would be written:

“This is in memory of a great benefactor, the Honourable Sir Joseph Bhore, who has been kind enough to present 18 crores of rupees to this Tata Iron and Steel Co.”

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): From where?

**Dr. Sir Ziauddin Ahmad:** From the pockets of the consumers. And in another village just close by, which I would call Muradnagar, there would be a small tablet put up on a grave:

“Here lie buried hopes of the consumers and small industrialists by the action taken by one of our own countrymen, Sir Joseph Bhore.”

This was what I said when I spoke on the third reading of the Iron and Steel Protection Bill. Seven years have passed away. This 18 crores has now increased very much, because the fair selling prices which the Tariff Board recommended have increased by leaps and bounds. And no action was taken by the Commerce Member at all in that direction. At least he ought to have protected the interests of the consumers and the small industries. No doubt, at present iron and steel is a kind of key industry for war purpose, and, therefore, it is very difficult for us to deal with all the details in connection with it.

**Sir Muhammad Yamin Khan:** Why cannot we? We can.

**Dr. Sir Ziauddin Ahmad:** Over 90 per cent. of the production of iron and steel is really taken by the Government, and the quantity which goes to the smaller industries and other consumers is less than 10 per cent. We have got enormous difficulties about the import of iron and steel from America or from any other country, in practice nothing comes in. Practically speaking, there is no iron and steel coming to this country for consumption here. What is the result of keeping up this high duty? The result is to raise the price level. The moment you put a protective duty internal prices must go up.

**The Honourable Sir Jeremy Raisman** (Finance Member): Will the Honourable Member explain that to his friend, Sir Syed Raza Ali, who did not seem to understand it the other day?

**Dr. P. N. Banerjea:** Sir Syed Raza Ali is not here.

**Dr. Sir Ziauddin Ahmad:** A Member of Parliament, I think, once said: “I can give argument, but I cannot give brains to everybody to understand it.” I can advance my argument, and I am not responsible whether anybody understands it or not. The moment you put a protective duty, the

inevitable result is that the price of that article will go up, because the price will be the price on the ship before lading plus the import duty. And internal prices will always rise in sympathy with the price of imported articles. I think that Dr. Banerjea realises this. We have to pay to this Tata Company from the Supply Department which is purchasing about 90 per cent. of its production,—I have not calculated the figures, but so much more money is going into the pockets of the Tata company.

**Sir Muhammad Yamin Khan:** The Government are taxing us to pay to the Tatas.

**Dr. Sir Ziauddin Ahmad:** The Honourable the Commerce Member may say, for Government the Company have specially reduced the prices. No doubt, the Government have reduced them for themselves, but they take no notice of the public, who have to buy iron and steel for building purposes and the development of smaller industries. I know the Government have reduced the prices for themselves, I am positive about that. When they have done so, why have they not reduced the prices for the public as well? Why should the public be made to pay higher prices on account of this duty? The question of iron and steel is rather a difficult question, and probably my Honourable friend will know how these preference shares have gone up. What was the price in 1934, and what was the price immediately after Sir Joseph Bore put 18 crores into the pockets of the Tatas?

**An Honourable Member:** The price of deferred shares has gone up enormously.

**Dr. Sir Ziauddin Ahmad:** I will quote them in the Third Reading. Yes, both deferred shares and preference shares. The prices rose long before war was declared, and they would not have jumped up so readily but for the 18 crores put into the pockets of the Tatas by the Iron and Steel Protection Bill.

Now, whenever I raise this question of iron and steel, I cannot forget the 18 crores of rupees which the consumers of this country have paid in excess. The Government may forget it, because the memory of Government is very short. We the consumers cannot forget this particular thing. We know that these prices have gone up and this ought to have been a sufficient thermometer to see that the protection is not acting in an unwise manner. Therefore, in this particular case, on account of the fact that iron and steel are protected articles, it is very difficult for us to express our opinion at this moment, because we do require iron and steel not only as much as they produce, but much more than they can possibly produce, and, therefore, we will have to support them, whether we like it or not, for this reason that it is an industry which is required for war purposes. I do, at the same time, beseech that the prices to the consumers should not be made to rise abnormally high as it has done at present in the case of iron. We know that as consumers we use iron in building our houses. We know what was the price of a girder about 18 months ago and what is the price of a girder now. The price of construction has gone up very high simply on account of the action or, I should say, inaction of the Government of India, and if they had taken timely action, then the prices would have remained stable. I emphasised about the stability of prices the other day, and the Honourable the Commerce Member is the only person who can

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look after the stability of prices. It does not refer only to the case of foodstuffs, but also iron and steel which are necessary for building purposes. We should appoint a special officer or a special committee to watch very carefully over the stability of prices of all the articles. I hope the Honourable Member will give us an opportunity to discuss the details in the Select Committee and not gag our mouth and ask us to say "Yes" or "No".

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

"That the Bill be referred to a Select Committee consisting of the Honourable Sir Muhammad Zafrullah Khan, the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. T. S. S. Pillay, Mr. Ramsay Scott, Seth Haji Abdoola Haroon, Sir Muhammad Yamin Khan, Dr. P. N. Banerjee, Mr. Husenbhai Abdullabhai Laljee and the Mover, with instructions to report by the 1st April, 1941, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

**Mr. J. Ramsay Scott** (United Provinces: European): Mr. President: the learned Doctor has just moved to refer the Protective Duties Continuation Bill to a Select Committee. This Bill contains only four items all of which are protected under the Tariff Board. I, therefore, oppose any re-opening of the question of protection at this stage. I, therefore, oppose this motion. The other day I rather gathered that as a member of the Supply Committee, Dr. Sir Ziauddin Ahmad was pleading that he ought to have military rank. I would, therefore, ask the House to have him promoted Field Marshall straightaway as he has for years led many campaigns and forlorn hopes. His tactics remind me of those of a famous Roman General of 2,000 years ago. I think his name was Fabius Maximus but it is a long time since I read my Livy. This General was renowned for his delaying tactics. So, for this reason, which I think is even a better one than his own, Dr. Ziauddin Ahmad should receive some recognition.

As I listened to the last speaker, I thought when he wrote his notes that God and the Doctor knew what he wrote but as he developed his arguments, God alone knows what he wrote.

My Honourable friend, the Commerce Member, has brought in this measure for one year only and as I said last year he ought to have suggested it for a longer period. This continual digging up the roots of the tree can do no good but it does give me and others an annual opportunity to discuss the sugar policy of Government. I was glad to learn last week that the Honourable the Commerce Member was going to set up an All-India Sugar Advisory Committee which was to be predominantly official but with which was to be associated a small representation of the sugar factories and cane growers. Now, Sir, I hold no mandate to put forward the views of the three large associations, the Indian Sugar Syndicate, the Indian Sugar Mills Association, the Indian Sugar Producers Association or even a mandate from my own province, but my own point of view and one with which I am sure no one can quarrel is that where the vital interests of an industry are concerned and where there are so many divergent and even antagonistic points of view, province being up against province, it is important that the mill industry in every province should be represented and I personally would even go as far as to suggest

to the Honourable the Commerce Member that he should first consult the industry as a whole by asking for representatives from each province. You will note that I do not say 'Indian States' as the States are financially interested and have the controlling powers they require.

Then, Sir, I would suggest your official body with or without sugar mill representatives should meet and then finally there should be a joint full dress discussion of officials and non-officials. I need not stress, Sir, that the Commerce Member has a very difficult task before him and will require the patience of Job and the wisdom of Solomon but I do want him to carry the industry with him. There can be no doubt in any man's mind who knows anything about the sugar industry that the Provincial Governments of Bihar and the United Provinces have in the past in order to win over cultivators to their political creed nearly ruined this industry by fixing cane prices too high.

Last year, I drew the attention of Government to the lack of adequate reliable statistics and I would say that I have not heard what Government have done or are doing and will do to improve matters. The lack of such information will handicap the deliberations of the Conference and I suggest that this might be one of the items of the agenda of this committee. I again criticise the use of the term raw sugar which is in fact *gur*. It does not show a proper picture of what this country could really produce if all the cane were turned into sugar.

When I was in Australia I examined their statistics and I found their publications gave a much better picture of the industry than ours in India do. I would like to see an exchange of research investigations with Australia and an exchange of students as I know many of our problems are identical. A problem which calls for urgent consideration is the increase of cane per acre and the increase of the sugar content in the cane and until we get this we cannot get really cheap sugar although sugar in India, in spite of what my friend, Dr. Ziauddin, calls heavy protection, is still very cheap.

I will next deal with the export question. I would like to ask what you have done since the International Sugar Agreement which you signed, in spite of the adverse vote of this House, to encourage exports to the countries adjoining India and Burma. I would also like to see the export of sugar to Great Britain and I feel sure that a cess on sugar of about twelve annas per maund would enable us to export two hundred thousand tons. I may say I am fully aware of the shipping difficulties at present and although bad today they may even get worse but on the other hand we may at any time have an opportunity to export and I would like to see our Government ready and prepared to take advantage of any such situation. Sir, I oppose the motion for reference of the Bill to a Select Committee.

**Mr. Husenbhai Abdullahai Laljee** (Bombay Central Division: Muhammadan Rural): Sir, I may say that I was also rather surprised that the Honourable the Commerce Member had not given some detailed information as my Honourable friend, Dr. Sir Ziauddin Ahmad, desired. Sir, we really desire that the Honourable the Commerce Member ought to give us sufficient particulars if no inquiry has been held. Invariably we have found that he has been giving us the information and some help to us which commerce and industry requires and, recently, in this respect, I acknowledge that the industrial and commercial circles do feel that the

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Commerce Member has been doing his best to help Indian commerce and industry, but again I say, Sir, with regard to this important Bill the particulars that are required or at least the information that is required are not furnished to us although these are necessary for this House to consider such an important Bill. Sir, with regard to the sugar industry, I for one do not understand how it was that the Government of this country could ever have agreed to entirely stopping the export of a material from this country. I have not come across any country which has become a party to entirely stopping the exports of its country. Whatever have been the international arrangements made in the way of a distributive quota as we have got with regard to tea and other articles, I have never found in any place that so far as the exports of a commodity of a country are concerned, the Government of that country have agreed with some other country that the exports of that commodity of the country should be entirely stopped. Sir, whatever may be the international conventions, I should like to know what advantage can we derive by agreeing to stop our exports.

My friend, Dr. Sir Ziauddin Ahmad, pointed out that because we put on a high protective duty, therefore, somebody else had desired that we should stop entirely our exports of sugar. I do not know what other people have got a voice in our administration who can force us to agree not to export something. I do not agree that such a thing has happened in any case; no other country except Great Britain can do that and I do not think that Great Britain has done it when she is not interested in the sugar industry at all. It was only after the Great War that Great Britain tried the new policy that existed or came in existence all throughout Europe to become self-sufficient—about which the Honourable the Commerce Member told us so much the other day, but it is well known that Great Britain created the sugar industry at very heavy cost in England and that Great Britain became a little interested in sugar at its own cost and I am sure they never wanted that India should not export sugar out of India.

**Sir Muhammad Yamin Khan:** They do not grow the sugarcane.

**Mr. Husenbhai Abdullabhai Laljee:** They have tried to create a sugar industry by purchasing raw sugar and they have done it for their own purposes. What I mean to suggest is this, that it would not have been even in the interest of Great Britain that this thing was done. Therefore, the very first principle of any Government is to encourage by all means all its exports. It is for the sake of exports that this great war is going on and will go on until all the people settle amongst themselves as to what are the legitimate exports for everybody and I may say when I attended International Chamber of Commerce meetings in Paris that, although everybody has been discussing self-sufficiency since 1935 throughout Europe, nobody came to any conclusion as to what really it would mean. I feel that when an industry has been protected, it is very essential that the Central Government should intimate to all the Provincial Governments that if they want to take advantage of protection, then the legislation which they pass with regard to that industry should be such as to meet with the approval of the Central Government and also such as would suit all parts

of India. Now, a certain legislation has been passed in the United Provinces, but others have not passed any such Legislation and the result is that there has been a competition between sections of the industry in India, with the result that so far as protection and other questions are concerned, they come up in a form so as not to give any real help to the industry. I say, Sir, the sugar industry deserves all support and the protection, but we ought also to have uniform legislation all over India and so long as a Provincial Government wants the protection of the industry, they should send up their proposals to the Central Government for being confirmed or so as at least to elicit the suggestions of the Central Government.

Now, Sir, with regard to iron and steel, of course, we have paid very heavily and I am not sorry for it. It is said that the Bombay people are always for industrialization and that that is at the cost of the country, it is said that they go on for industrializing and the country goes on paying. Sir, the only principle on which we stand here is that whatever we do in this respect, it remains in the country; howsoever it may be, it remains in my own country, but I do wish to point out one thing that while the industry does require that help which we ought to give them, it equally behoves the key industries to extend to the people, the mass of the people, the agriculturists, that protection in a time of emergency for which we really want them to be protected, by not raising their prices. I do not know whether the Tata Iron and Steel Company has increased the prices of certain things but I do feel that it is their bounden duty as also of the Central Government to see that the agriculturists' implements that are being manufactured at Tatas must continue to be done and to be sold at the old rates and that the prices of these articles should not be raised.

**An Honourable Member:** Their price list has gone up.

**Mr. Husenbhai Abdullabhai Laljee:** The prices of all the things should not go up—it has no doubt cost us crores to help them and there is no question about it, we can make a demand that “we helped you so long and when occasions like this emergency arise, we want them to look into this point; otherwise of course it is the shareholders' concern. But when we go out to strengthen the industry, to keep it up through the adverse times, we can say that we do want the Government and the industrialists to come forward and see that the agricultural implements which we want for the improvement of agriculture should not be sold at dearer prices, and those prices should not be increased.” And one word more,—*viz.*, when a company with the help of the public finances has become stable, and considering that their shares today are worth something really worth having and if that is due to the protection or the money provided by the exchequer, then it is their first duty and also the bounden duty of the Government to see that the prices of agricultural implements should not be increased more than what they were before the war and it is but equitable that those supporting the industrialists should take this line. Sir, I do hope and trust that my friends will realize that this is but fair, that it is due to them that this should be done, and I understand the key industries in England are the first to come out to help the people although in peace time they join or make International cartels and what not.

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So far as the war supplies are concerned, I know Government are taking pretty good care of them and I have no doubt that they will continue to take good care of them. Therefore, I have not much to say on that point, but this much I must say that some opportunity must be given to the Members of this House to discuss the policy that is laid down by the Government for the renewal of excise duties or for the protection of the industries. At the same time, I must say that I do not approve of the method of giving protection only for a year. That is neither here nor there. In fact, that kind of protection shows uncertainty. That kind of protection means that the industry will never be able to flourish. You have had the instance of the salt industry. For four or five years, you gave to that industry the protection of one year only at a time and when you removed that protection, the industry has become just as it was or worst than before the protection was given. You should not create this idea of uncertainty. You cannot have anything definite in one year. Therefore, the protection must be given for at least three years and after two years a full report as to the activities and the progress of the industry must be placed before this House. At present, we have no such opportunities and I do hope that an opportunity will be given to the Members to go into the activities of the various industries, and that is only my object.

Now, Sir, one word more and I have finished. I want to say something with regard to silver thread. It is a very good thing and we do want protection for it. It is the industry which has helped the cottage industry. It is the industry which has existed in India for a number of years and I think it is not at all fair to give that industry protection year after year. It ought to have a protection for five years straightaway. With these words I support the amendment that the Bill ought to be sent to the Select Committee. At the same time, I wish to make it quite clear that I am not against the protection being given, to these industries as provided in the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): What does the Honourable Member propose to do in the Select Committee?

**Mr. Husenbhai Abdullabhai Laljee:** If the Honourable Member gives us an opportunity to know the facts and figures that have been asked, I do not think there is much to be done. Otherwise, we will have to make some suggestions and lay down some lines. What else could we do? What other opportunity have we got?

**Seth Haji Sir Abdoolah Haroon** (Sind: Muhammadan Rural): Sir, I rise to support the motion moved by my Honourable friend, Dr. Sir Ziauddin Ahmad. He gave a very elaborate history of the protection of the sugar industry from its very beginning. According to my view, he gave a very correct history of the sugar protection legislation. Side by side, he brought to the notice of the Government the fact that the Governments of Bihar and the United Provinces and also the Syndicate are going against the spirit of the Fiscal Commission report and the Sugar Tariff Board report. I quite agree with him that the different Associations and the Provincial Governments have created such difficulties in the way of the sugar industry that everybody is crying against them, but their voice is not reaching the

Government of India. Sir, the cultivators are suffering greatly these days. The sugar merchants are passing resolutions against them. The Syndicate and the Provincial Governments of the United Provinces and Bihar are also against the above reports. Lately, they have formed a Sugar Control Board. Now, what is the effect of this Sugar Control Board so far as the cultivators are concerned? The Board has fixed that the manufacture of sugar should not be more than seven lakhs and 27 thousand tons this year, whereas on the basis of the sugarcane crop it can be manufactured to the tune of ten lakhs and 50 thousand tons. The result is that the poor cultivators have to waste their cane which is worth not less than 2½ crores of rupees. Now, out of this cane, the poor cultivator has either to manufacture *Gur* or *Khandsari*. This can be done only where they have got instruments for their manufacture. Even if they do manufacture *Gur* or *Khandsari*, the price that they can realise of their cane will not be more than 2½ annas per maund. The United Provinces and the Bihar Governments have fixed the price of the cane at four annas and three pies per maund for this season. According to the views of many persons, this is a very unremunerative price.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Does the Honourable Dr. Sir Ziauddin Ahmad agree with that statement?

**Seth Haji Sir Abdoola Haroon:** The price fixed is four annas and three pies per maund and it is an unremunerative price to the cultivator.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** What did the Tariff Board say?

**Seth Haji Sir Abdoola Haroon:** The Tariff Board said seven annas. But the Government of India have put an excise duty of Rs. 2/4 per maund which can be calculated to be three annas per maund on cane. So, the Government of India have already robbed the cultivator of three annas per maund of cane because of this duty. Not only, that there are many tracts in the United Provinces and Bihar where these poor cultivators have not got any instruments to manufacture *Gur* or *Khandsari*. The result is that their sugarcane is to be burnt or destroyed totally. Besides, the Sugar Syndicate and the Governments of the United Provinces and Bihar have allowed the sugar factories to crush so many maunds of cane by the 24th of March. After that date, the sugar factories cannot crush cane and so the cultivators are compelled either to destroy their cane or to burn it. There is no other way left to them.

Sir, I do not think any Member is opposing this protective duty Bill.

1 P.M. What we want to bring to the notice of the Government is how this protective duty on sugar has been worked by the Provincial Governments and the Sugar Syndicate. As was pointed out by Dr. Sir Ziauddin Ahmad, these Associations and these Provincial Governments are working against the reports of the Tariff Board and the Fiscal Commission. It is our duty to intervene in this matter and stop all these things.

My Honourable friend, Mr. Ramsay Scott, has suggested that the Government of India should intervene in the matter and control the All-India Sugar Control Board. I cannot understand these suggestions. These

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suggestions came from the Sugar Syndicate and the Sugar Mills Association. The Government of India have already granted protection to sugar industry. Now they are asking further that the sugar industry must be protected according to the views of the Sugar Syndicate. They do not want to allow Bombay, Bengal, Madras and the Punjab to increase their sugar industry. The Sugar Syndicate asks the Government of India to compel these other provinces to consume the sugar produced in the United Provinces and Bihar. Is this fair, is this just? I hope other Provincial Governments will come forward to oppose this demand. After giving protection to the sugar industry, the Government of India should not compel other provinces to take only the United Provinces and Bihar sugar. I do not understand the proposal of the Sugar Syndicate. However that is not before us now. I must warn the Government of India to be very cautious. They should not give any further protection or support the industry this way or that way. The present situation has been created by the United Provinces and Bihar Governments and the Sugar Syndicate.

Now, I will refer to the question of export of sugar from India. Up till now there was no possibility of export of sugar by sea or land to any country. But on account of the war, freight in shipping has gone up and there is difficulty to obtain ships to carry sugar from Java or any other part of the world to India. Although sugar is available in large quantities in Java, the difficulty is that of freight. Therefore I request the Government to consider seriously the question of export of sugar from India. There is now a possibility of Indian sugar being in demand in foreign countries. I think a few thousands of tons of sugar have been sold by sugar factories to Afghanistan and the latest reports of market rates ruling in Ceylon show that Indian sugar is saleable there if only Indian sugar is reduced to a small extent in price. The consumption of sugar in Ceylon is something like 50,000 to 60,000 tons a year. I have also got a report that in Iraq, Syria, Palestine, Egypt and Turkey there is shortage of sugar. These countries are unable to get sugar from Java on account of shipping difficulties, although in Java, sugar is available in large quantities. It is, therefore, possible that these countries might come forward to purchase sugar from India, if they get shipping facilities from Karachi to Basra, and so long as the war continues, there will be demand for Indian sugar in these countries. My suggestion is that the United Provinces and Bihar Governments should not stop sugar mills from crushing cane. They must give permission for the mills to manufacture more and more sugar. At the same time, the Government should see to it that the manufacturers do not lower the price of cane. The poor cultivator should benefit. If the mills do not take cane, the cultivators will be obliged only to destroy them. They cannot store cane for next year for manufacture of sugar or *gur*. Therefore the cultivators have to destroy them. Therefore I request the Government of India to instruct the United Provinces and Bihar Governments and also the Sugar Syndicate not to stop crushing cane even when they finish the quota. There are great chances of sugar being in demand for export at good prices if the war continues for some time more.

Since the last two or three decades, tariff protection has been going round and round the world, it first started in America and then went round

other parts of the world. Many people argue that this war is the result, and the direct consequence of this policy of protection. I do not know how far they are correct, but as a businessman I must say that since this policy of protection has been started, we have no peace. Businessmen have no peace, they find themselves in great difficulties to run their business. Therefore I suggest that although we give protection to sugar industry, we should not protect the capitalist, we should not protect the manufacturers, we have only to look after the interest of the cultivator. The cultivators should get a remunerative price for the cane. They should not be robbed of their legitimate dues. We are not merely charged with the duty of protecting the factory people or the merchants. We have already protected them by levying this protective duty. The United Provinces Government or the Bihar Government should not intervene in fixing the price of sugar or in fixing the quantity to be sold this year or next year. There should be free trade policy. (Interruption.) There is no sales tax in the United Provinces, so far as I know. I suggest that there should be free trade policy in regard to sugar industry. Once more I request Government to accept the amendment of Sir Ziauddin for a Select Committee to report by 1st April next. I can assure the Honourable the Commerce Member that no one here is against protection. We cannot appoint a Tariff Board and, therefore, . . . . .

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): If the report is coming on the 1st April what is going to happen to the duty after 31st March until the Bill has been passed by both Houses?

**Seth Haji Sir Abdoola Haroon:** The Select Committee can sit on the 26th. We want to place all our views before the Commerce Member and the Finance Member should see that all these Acts are passed according to the Fiscal Commission, he should not allow the Provincial Governments and the Syndicate to go beyond them.

**Sir Cowasji Jehangir:** My point is that this Act lapses on the 31st March and if the report of the Select Committee is submitted on the 1st April it means that both the Houses cannot pass the new legislation for at least over a week. What will happen to your sugar protection during that week?

**Dr. Sir Ziauddin Ahmad:** What happens when the Finance Bill is not passed on the 1st April? They take executive action in that case.

**Seth Haji Sir Abdoola Haroon:** We can finish our Select Committee on the 26th and place our report on the 27th. In the meantime, if it extends for two or three days, action can be taken by an executive order to keep this duty. Sir, I support the amendment.

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

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

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**Mr. T. Chapman-Mortimer** (Bengal: European): Mr. Deputy President, when I speak on the subject of tariffs and protective duties, I always feel

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that I am in some sort of an arena as the learned doctor said where lions and tigers are roaming about. not to mention a whole lot of other animals—leopards and the like and quite a number of others, less fierce perhaps but no less unpleasant opponents. Today I do not propose to roam over all the subjects as some speakers have done, but to confine myself to that highly controversial bitter-sweet subject of sugar. I think that the Honourable Member will have appreciated by this time that some of the remarks which he let fall on another occasion—in the course of a very brilliant speech, when he talked about the establishment of an advisory board or some sort of advisory body, to assist him in connection with problems arising out of the sugar industry—he will have seen that those remarks have aroused hopes in some quarters, anxiety in quite other quarters, and at the best a good deal of controversy.

I do not propose at this stage to make any specific recommendations or indeed to make any suggestions of a definite sort. What I do want is to set out a number of points on which I should like the Honourable the Commerce Member to tell us something at a later stage. I quite appreciate that it may not be possible for him at this stage to tell the House what the terms of reference and the exact composition of this proposed advisory body may be. It is obvious that in matters of this kind delicate negotiations have to go on, and I can quite understand that at present it may not be either wise or proper for the Honourable the Commerce Member to tell us all that at a later stage we hope he may. At the same time, as I have said, some of the wording that he used on another occasion has given cause for a good deal of anxiety. The words he used referred to the organisation of the industry in various areas on a more rational basis. I entirely agree that in the context in which those words were used it is perfectly clear, at least to me, what the Honourable the Commerce Member has in mind. At the same time I am not at all sure that others are of the same way of thinking; and it is on that subject that I should like perhaps a word from him at a later stage. I hope to hear that this body is *not* a body that is going to organise the industry: because if it were such a body we in this Group—and I think I am speaking for most of my colleagues—would very strongly oppose the suggestion of the setting up of any kind of purely official body to organise the industry. I do not myself think that that is the idea of the Commerce Member; but I should like to have him emphasise that that is a correct interpretation of what he said. If, however, it does mean that he has in mind the setting up of some committee which will have *control* of the organisation of the industry or advise on its policy, well, then in that case I believe most of my colleagues feel that it would certainly have to be a committee that consisted of both officials and non-officials.

**Dr. Sir Ziauddin Ahmad:** For what purpose?

**Mr. T. Chapman-Mortimer:** That is what I want to know. I am asking what would be the purpose. But as I say I can quite appreciate that in regard to the actual terms of reference and in regard to the composition of the committee the Commerce Member may not, at this stage, be in a position to tell us all that, at a later stage, I hope that he may.

Now, on the subject of a committee that has on it any representatives other than official representatives, as Honourable Members of this House

know, the sugar industry is perhaps one of the most disorganized in the whole country. There are few industries where there are so many cross-currents of opinion, so many different sections holding, and holding very strongly, to their own point of view. These sections, fortunately, are not drawn as between Europeans on the one side and Indians on the other: they are drawn as between some Europeans with some Indians against some Europeans and some other Indians; and so on all through the different provinces and states. There are therefore these many very conflicting points of view and very conflicting interests . . . . .

**Mr. M. S. Aney** (Berar : Non-Muhammadan) : Are you speaking to the motion before the House or on the amendment?

**Mr. T. Chapman-Mortimer** : The motion before the House and the amendment, both. The industry is one which is highly disorganised. Finally, if you want a committee which has on it a large number of representatives of the industry—and it would have to have a large number in order to cover and represent all these different points of view, then it seems to me that it would not only be a committee which was extremely unwieldy, but it would also be a committee which would tend to defeat its own object. There are other ways, I suggest, in which Government with the advice of a small advisory committee can obtain the views of different sections and interests in the sugar industry. For these reasons, I should like, as I say, to ask the Commerce Member if he could at this stage properly tell us a little more about what he has in mind,—I do not say everything more, but he might tell us something more; and he might in particular clarify the point which he himself has already made,—and it is on that point that I should particularly like to hear what he has to say—namely, his reference to the organisation of the industry in various areas on a more rational basis. Sir, I support the Bill.

**Dr. P. N. Banerjee** : Sir, my Honourable friend, Dr. Sir Ziauddin Ahmad, said that in one Bill two very important matters were placed and these were not united by any tie, to which the Honourable the Commerce Member said that these two were connected by a silver thread. Seriously speaking, I think there is something in Dr. Sir Ziauddin Ahmad's contention that these three matters are so essentially different from one another that it would have been better if they had been put in in three different Bills, because the conditions with regard to the grant of protection to the steel and iron industry are entirely different from the conditions with regard to the grant of protection to the sugar industry. And thirdly, the silver thread industry stands on a footing different from the other two industries. It is a cottage industry, and the grant of protection to this industry would not perhaps excite any opposition in this House. So it would have been better,—that is my view also,—if these three matters had been placed in three different Bills. I am also of the opinion that it would have been better if these matters had been brought before us at an earlier stage, at the beginning of the present Session, instead of at the fag-end of the Session. But, Sir, what would be the advantage of referring this Bill to a Select Committee? That is the question for us to consider. Would the Select Committee be entitled to go into the question of protection being granted or refused to any of these industries, or into the question of the quantum of protection, or into the

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question of the conditions which would hedge round the amount of protection that is to be given to it, or into other subsidiary questions such as the safeguarding of the interests of the consumers and the safeguarding of the interests of labour and so forth. Sir, it does not seem to me that it will be possible to go into all these questions at the Select Committee stage. Therefore, I do not think that it would be any great advantage for us to go into a Select Committee on the 24th or 25th March, and ask the Select Committee to report on or before the 31st March. These duties will expire on the 31st of March. The consideration of these matters to which I have alluded will take a great deal of time. This cannot be finished in the course of four or five days. Therefore, what I would suggest is that the Honourable the Commerce Member should give us certain assurances with regard to these questions. In case we agree to the continuation of this protection to the three different industries mentioned in this Bill for one year, he will take steps, say six months hence, to constitute a Committee which will go into this question. I admit that the circumstances at the present moment are abnormal owing to the war, and in these circumstances it will not be possible for us to deal very satisfactorily with all the aspects of the question of protection to these industries. But then there is another matter which will have to be considered. Shall we go on giving protection to these industries without inquiring into the present condition of those industries and the way in which the consumer is being affected, the way in which the labour is treated, and other pertinent questions? These are subjects which ought to engage our attention at an early date.

The Honourable the Commerce Member said the other day that he had a mind to appoint a Committee. I believe his idea was to appoint a Departmental Committee. Now, a Departmental Committee is not a very satisfactory Committee from our point of view, and even the Deputy Leader of the European Group, Mr. Chapman-Mortimer, considers such a Committee as an unsatisfactory one. He is not satisfied, although I do not see eye to eye with him on many questions. Now, what we want is that there should be industrial development in the country and this industrial development should be fostered by the Government in many ways. Tariff protection is not the only way to encourage the industries of the country. There are various other ways, and for this purpose what I would suggest is that an Industrial Commission should be appointed which will consider the needs of the different kinds of industries,—large-scale industries, middle-size industries, and cottage industries. Now, it may be argued that this is not the proper time for undertaking such an investigation. I do not agree with that view. It was in 1916 when the last great war was in its full swing that the Industrial Commission was appointed, and it took over two years to submit its Report. If an Industrial Commission were appointed now, and if sufficient time was given to the people and various commercial bodies to submit their views within, say, six or eight months, the Commission would consider the whole matter perhaps next year, then it might collect other evidence, it might acquaint itself with the conditions prevailing in other countries, and by the time the war was over, perhaps this Report would take its final shape. That can be done. As regards the composition of the Commission, I entirely agree with my friend, Mr. Chapman-Mortimer, that a purely

official body will not do. On the other hand, I am inclined to the view that it should be predominantly, if not wholly, non-official in composition. Now, this Commission will discuss various methods of giving encouragement and protection to industries, but perhaps we shall require another body,—I mean another Fiscal Commission,—which will go into the details of the policy of tariff protection.

Now, Sir, we read the other day in the papers that Dr. John Mathai, who was a member of the Tariff Board for a number of years, and who was afterwards appointed Director-General of Commercial Intelligence, said that the time had come when the whole question of the fiscal policy of the country should be fully re-considered and re-adjusted. There is a great deal in that view, but I think the question of the tariff protection, which is only a part of the general question of protection, should be taken up after the Industrial Commission has made its Report. As regards the composition of the second body, I would say again that that it should be predominantly, if not entirely, a non-official body. The Honourable the Commerce Member suggested that he would appoint not one committee but perhaps two or three committees, and I do not know what their functions will be. But my view is that when the Industrial Commission is to be appointed it should be given the widest terms of reference. No subject connected with industry should be excluded from its purview. When the Fiscal Commission later on is to be appointed, it should also have a very wide scope of enquiry. This is my suggestion to the Honourable the Commerce Member—namely, that an Industrial Commission should be appointed at the earliest possible moment without waiting for the conclusion of the war and that later on, after the Industrial Commission has submitted its report, a Tariff Commission or Fiscal Commission should be appointed which will go into the sole question of tariff protection.

As I have already stated, if the Honourable the Commerce Member is prepared to accept these suggestions, I think there will not be much desire on the part of the Opposition to go into details of the question of continuing protection to these industries at the present moment. We will perhaps be able to agree that the Bill be passed for one year, but within that period investigations should commence. I do not say that the investigations should be finally concluded, but they should commence immediately; these investigations, if they are of a very wide character, will take two or three years to finish. In the meantime, if necessary, particular questions may be referred to these Commissions and their views may be obtained. That would be a far more satisfactory thing to do than to refer this Bill to a Select Committee with instructions to report on or before the 29th or 30th March, that is to say, in the course of the next three or four days. Therefore, I am prepared to support the motion made by the Honourable the Commerce Member provided he meets the views of the Opposition to the extent that he is prepared to undertake an investigation into the whole question of industrial development of the country and then refer the question of tariff protection to a Fiscal Commission later on.

**Mr. Jamnadas M. Mehta** (Bombay Central Division: Non-Muhamadan Rural): I have considerable sympathy with the motion for referring this Bill to a Select Committee for the simple reason that we are called upon to continue a great burden on the consumer's head in the interests of certain industries without being taken into confidence is to what the

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necessity is today for the continuance of this protection. The fact that the present protection expires on the 31st March, 1941, is not the fault of the House. Government must have known that the expiry of the present protection is so near. They had a year before them since the last budget. What steps did they take to order an investigation into the further need of protection, and what facts has the country got today about the need for its continuance? Surely, the Government cannot spring a surprise on the House and on the country when they had ample time to think of the problem themselves and to place before the House a reasoned statement of the need for the continuance of the protection. They have not done so. They have not explained why they have not done so, and they cannot take advantage of their own, I won't say, negligence, but of their own failure.

**Mr. M. S. Aney:** Latches.

**Mr. Jamnadas M. Mehta:** They cannot take advantage of their own indifference or omission,—I would use the simplest and safest word—their own omission to take the House into confidence earlier. Therefore, there is considerable force in the argument for the motion for referring the Bill to a Select Committee. If the Honourable the Mover of the amendment had kindly included me in the list of Members of the proposed Select Committee, and if the motion is carried I would have gladly served on it. Unfortunately the position is that this protection expires on the 31st March, whether through the fault of the Government or through their preoccupation with more important matters to which the omission might very probably be due. Also the fact remains that if we do not pass this Bill in time, certain industries will find it very hard to carry on, and to some extent may be irretrievably harmed. That aspect of the question I submit cannot be ignored.

I am not against protection of national industries. In fact, I am for it, and in my view, in certain cases if the protection that has been given had been adequate from the beginning, some of these industries would not have needed protection today. It has not been adequate always, it should have been downright and upright protection with the full knowledge that the shorter the period of protection the better for the country. But that has not been done, and now we are placed in a situation where if you do not extend the life of these measures your industries may be ruined. We are thus on the horns of a dilemma and I am, therefore, not prepared to take the risk of harming any industry, although it is a just grievance that the Government have come far too late and have not explained the justification for the omission and the delay. At the same time, I want to repeat what I said at the start, that the responsibility for continuance of protection which is a burden on the consumer is not a small responsibility. The House must be clearly satisfied whether the protection that has been given to these industries has justified itself. For instance, we know the conditions on which the Fiscal Commission recommended protection. These conditions were that as a result of the protection given internal competition shall set in, that the country shall become self-sufficient in the matter of that industry, that the price of the article shall become lower, and that the industry itself shall expand in course of time so that no foreign imports will be necessary. These were

some of the outstanding conditions on which protection was recommended by the Fiscal Commission. Certainly, the time has now come when the country should ask the Government to let them know whether these conditions are satisfied. I ask the Government whether internal competition in the matter of steel has set in. It is nearly 20 years now since the consumer has borne the burden, and the Mover of this amendment has given the figure of 50 crores as the cost to the consumer of this protection so far.

Even this year in the present Budget, if you examine the figures of expected receipts from the import duties in the matter of protected industries, you will find that the figure is not very much lower than four or five crores on all the protected industries. At a time when freight is lacking, when there are restrictions on imports, there is no shipping available,—if in that year Government can expect nearly four to five crores from duties on articles of protected industries, in the earlier year the amount must have been much larger when the trade was free, when you could import all that you wanted. Therefore, this figure of fifty crores of the burden borne by the consumer is an underestimate, although I shall be prepared to accept any official figure of the direct burden on the consumer from 1922 or 1923, since the protection to the Tata steel industry and subsequently other industries started. Has internal competition set in? That is the second question. Have more industries of the type been started? Are they manufacturing the same kind or heavier kinds of steel also? To what extent has the import of foreign steel been reduced? Are other industries operating successfully under this wing of protection or are we where we were? These facts should be known to the country. Are we watching the figures of the manufacture of steel by the Tatas? I know they used to produce nearly 30 thousand tons of finished steel per month, nearly 14 years ago. I think they are producing more than double that quantity. I am speaking subject to correction of these figures. I agree that they have made great progress but not one other steel industry has been started. Not one single company in addition to that has been started.

**Honourable Members:** The Bengal Steel Corporation and the Mysore industry.

**Mr. Jamnadas M. Mehta:** Mysore is not British India and the Steel Corporation is not of the same type as the Tatas. I am conscious of these but what I was saying was this—is any industry on the same scale as Tatas operating for manufacturing steel for heavy industries? I readily accept the companies which my friends have mentioned. But the fact remains that after 20 years of protection this country is not still self-sufficient in the matter of all kinds of steel. That fact cannot be challenged. Have the prices cheapened? Has competition set in? One effect of protection should be that the prices of Tata Steel and other steel would be much cheaper. But that has not happened. On the contrary in spite of the existence of protection for 20 years the Tata's second preference carried no dividend for several years. They got into arrears to the extent of nearly the value of the share itself. It is also on record that prices have not cheapened and the country has not benefited in the matter of the expansion of other steel industries to the point of self-sufficiency. Worse things have happened. There have been orgies of

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speculation in the name of Tata steel deferred shares and what calamities has the country thereby borne in the name of the protection of the Tata Steel industry? What number of families have been ruined? What private individuals have lost on speculation on a share of Rs. 30 going up to Rs. 2,500? The immense and colossal amount of almost suicidal speculation is known only to the Bombay market; so great it was that the stock exchange had to be closed for months. All these facts the country is entitled to appreciate.

Renewing protection for a year is not so simple as it looks. To pay five to six crores on all protected industries annually—it may be more or it may be less—to be paid by the consumer, without making the country self-sufficient and without cheapening prices is not a satisfactory state of things. I know a neighbour in Bombay who came to gather wool from Ahmedabad and went back shorn; I am told that he alone lost 50 lakhs of rupees on speculation in Tata steel! I do not know how many more in Indian States have ventured into this field and have lost crores. If reports are correct, there have been tremendous losses. Therefore the country is entitled to know from the Honourable the Commerce Member whether this Tata steel industry, as a result of 20 years protection, has resulted in the advantages which the Fiscal Commission said should result—internal competition and the expansion of industries and not the creation of a monopoly. Moreover, I think if you withdraw the protection, in the absence of any competing company, I am not sure that the Tatas may not raise their prices, having no rival. Protection given without definite conditions is a risk. It will create a monopoly as it has so far done. So far as labour conditions are concerned, the Tatas are far ahead of many of the other industrialists in this country. Judging from all that one hears about the employees of Tatas, I think even the Government must take a leaf out of the book of Tatas. Of course, even they could do further. Everything has not been done that should have been done but they are far better in this respect than many other industrialists and even the Government in certain respects are lacking. I have read the Honourable the Commerce Member's speech in the papers when he introduced this Bill, but I read no argument regarding these points which I have raised.

Then there are other tests about protection. Protection is not an end in itself. Every student of economics knows that free trade is the ideal. Protection is a half way house for a country like ours but even in a country like ours, there are four tests which should be applied independent of the Fiscal Commission's recommendation and I should like to know whether these tests have been satisfied. These tests are not my creation. About a dozen most celebrated authorities in England, I think, Prof. Gregory is one of them, have agreed that certain tests must apply before even protection, bad as it is, should be accepted. One is whether it has resulted in the creation of new wealth in the country. If you protect a number of capitalists and enable them to live in comfort and earn fat commissions and dividends, that is not the essence of protection. New wealth must be created in this country.

**An Honourable Member: National wealth.**

**Mr. Jamnadas M. Mehta:** I am not saying that this production of steel which helps various industries and which helps the building of our homes is not new wealth but it is not enough after 20 years of protection.

Then another test is whether the capital that has flowed into the protected industries is a diversion of capital from other industries or an expansion of the capital investment. Mere diversion of capital from one industry to another which earns more as the result of protection is not an advantage. No existing industry should be harmed or prejudiced as a result of protection and there should have been additional capital invested and not merely diversion of capital from one industry to another. Otherwise the net advantage is doubtful. The Government have not stated whether after 20 years of protection they are satisfied that the crores of capital of the Tatas are not keeping other industries starved for want of capital or that there has been no diversion of capital.

Then, Sir, it should result in the expansion of employment—not the employment of the *khaddar* type where after twelve hours' work you get two annas in wages—that is not the employment I am thinking of. When the economist refers to the expansion of employment, he refers to gainsome employment, employment which is higher in wages than in other industries, which improves their conditions and raises their standard of life; it is not *any* employment that is welcomed. When we talk of unemployment we do not talk of employment on exploited conditions. If there is an earthquake, all of us will have to be employed to reconstruct the world, but that is not the employment which economists are thinking of. It is gainsome employment, employment which is so profitable that it is better than the existing employment, not employment which exploits the worker; that is not the employment. Gainsome employment must have expanded in the country as a result of this, and the standard of the workers must have risen. If a scheme of protection for an industry satisfies these conditions . . . .

**Dr. Sir Ziauddin Ahmad:** What is the fourth point?

**Mr. Jamnadas M. Mehta:** . . . the creation of new wealth; the non-division of capital from other industries, etc., well and good; otherwise, in the net, we do not gain anything; that some new kind of wealth is produced, there should be an expansion of employment on an improved standard. If protection is not followed by these conditions, I have no use for that protection.

**Pandit Nilakantha Das** (Orissa Division: Non-Muhammadan): What is the fourth condition?

**Mr. Jamnadas M. Mehta:** Take three only if you like—there is no charm in numbers. I have told you what I mean; if I have no other, I cannot take up a fourth point. "The creation of new wealth. There should be no diversion of old capital from existing industries and there should be an addition of new capital and expansion of employment on a higher and an improved standard". Unless these are accomplished, I have no value for that protection and I want the Commerce Member to tell us what he thinks about these tests. There is one other question which suggests itself to me. Supposing we allowed this Act to expire so far as steel is concerned, what does it matter? I am told that the Tatas do not want it. I was authoritatively informed that the Tatas do

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not want it. I remember in one of their annual reports also seeing a statement to that effect that they do not propose to ask for its continuance. Why should we then go out of our way to give protection to an industry which has declared that it is no longer in need of it? I am not against it, but if as a matter of fact it does not need it, why include the steel industry in this?

**Mr. M. S. Aney:** Are you quite sure that they do not say it by way of a joke?

**Mr. Jamnadas M. Mehta:** In these matters they are not in a jocular mood; in these matters they are far too earnest; I do not think the representatives of the industrialists are in anything but dead earnest when they want to put their hands into your pocket. But, Sir, supposing we do not give the protection, then the Tatas are not going to suffer. The absence of shipping and freight and the restrictions on imports resulting from the war will make it impossible for any articles of steel which Tatas are manufacturing being flooded in the Indian market. The Tatas do not want it, they are not entitled to have it since the war conditions restricting the imports of these articles prevent any flooding; so why are we in a hurry? The Honourable the Commerce Member will very kindly explain.

The last argument that suggests itself to me is that industrialists are prone to believe that the industries they have built up are due to their intelligence and their capacity. This Bill shows that it is not their intelligence but the bounty of the consumer which makes them live: it is the charity of the consumer on which the Bombay and the Calcutta industrialists are living for twenty years in the matter of steel, in the matter of textiles, in the matter of sugar, in the matter of many other articles and therefore, they ought to be careful that they do not prolong this agony beyond the minimum number of years necessary for helping a national industry.

About sugar I have only one remark to make. The sugar industry has expanded and grown in a manner which will remain, I think, a landmark in the history of protection in this country and for which the Government and the industrialists deserve to be congratulated, but they ought to know that the wages in sugar factories, so far as I know in the Bombay Presidency, are miserably low. The prices of sugarcane in the United Provinces and Bihar are said to be so low that the cultivator is unable to make both ends meet. Most of the companies in the Bombay Presidency are growing their own sugarcane. Therefore that question does not arise in Bombay. The question that arises is—what wages do they pay to their own employees, both those who grow their sugarcane and who run their sugar factories. I have been Chairman of a sugar company for many years, I am no longer that now, but I know that the wages both of those who grow their sugarcane and those who help in manufacturing sugar are miserably low. The housing conditions are impossible; and just as the Tatas have set an example in the matter of their employees, this sugar industry must be made to follow the example of giving decent wages and healthier living conditions before we agree to continue the protection. Sir, while for these reasons I very willingly would have supported the motion for referring this Bill to a Select Committee, I am afraid I cannot do so

when the Honourable the Commerce Member has told us that these industries might suffer; that is a sufficient deterrent to my enthusiasm and, therefore, if the Honourable the Commerce Member gives some of the undertakings which I have mentioned, that the fullest information will be obtained and placed before the House, then we can pass the Bill; otherwise it will be wrong for the Government to proceed and it will be wrong for the House to support the Bill. Sir, with these words I support the main motion.

**Sir H. P. Mody:** Mr. Deputy President, I did not intend to intervene in this debate, finding myself in the embarrassing position of being a member of the firm which controls the Steel Company and also of being a director of the Company itself, and even my Honourable friend, Dr. Sir Ziauddin Ahmad's speech, this morning, left me more or less unmoved. I know that my Honourable friend is interested only in consumers and ticketless travellers and his horizon has not travelled beyond these spectres which he is continually raising before this House. As regards the subsequent speeches, they raise certain points on which it is necessary for me to place certain views before the House as briefly as I can. It is true, as my Honourable friend, Mr. Jamnadas Mehta, whom we are very glad to see back amongst us after an absence of nearly eleven years—it is true as my Honourable friend has just stated that the Tata Steel Company is not in need of any further protection. As a matter of fact, as early as 1937 our late Chairman Sir Naoroji Saklatwala had made it clear that unless some abnormal circumstances supervened, the Company hoped to be able to do without protection at the end of the seven year period, which expires on the 31st March of this year. During this period, the Company, I may claim, has more than justified the confidence placed in its capacity to run a steel plant efficiently and according to modern methods, and has, at the end of the period, provided the country with an outstanding example, if I may say so, of what Indian energy, enterprise and talent can do in the matter of running large scale industries. The Tariff Board contemplated an output at the maximum of 650,000 tons. This year the Company hopes to produce 800,000 tons. The cost and efficiency contemplated by the Tariff Board during the period of protection were actually achieved by us in 1939-40. In addition, during this period of seven years, the Company has spent nine crores of rupees in capital extension without going to the public for any capital issue. Now, a question has been raised, what benefit has accrued to the country from the cost to the consumer entailed by a protective measure such as this? Let me tell my Honourable friends in the first place that to talk of industrialisation and to talk of burdens on the consumer at the same time are two contradictory things in the sense in which this perpetual talk of the burden on the consumer is being indulged in. Every measure of protection must entail a burden on the consumer. There cannot be any getting away from the fact but, as my friend, Mr. Jamnadas Mehta, has pointed out, the burden should not be a perpetual one and the benefit to the country in the long run must be established by the measure of stability achieved by a particular industry. All these canons have been satisfied so far as the steel industry is concerned. Before I leave the subject, I would like to tell my Honourable friend, Sir Ziauddin Ahmad, and those of his way of thinking that if this bogey of the burden on the consumer had deterred the Government and the Legislature from protecting industries, we would still have been in the position in which we were at the beginning of this century, namely.

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producers of raw materials and importers of finished articles. If that is a position which pleases any man who has the good of his country at heart, then he should, I submit with great respect, learn a little more about the economics of the country.

Coming to the question of the benefit to the country arising from the steel industry, you have this outstanding fact before you that where there was an absolute jungle inhabited by aboriginals some 30 years ago, there is now a town of 100,000 inhabitants, which is second in population and first in importance in the whole of the province of Bihar. Employment has been found by the Steel industry for 25,000 people, who, with their families, make up the greater part of the population of Jamshedpur today. In addition—and this is a matter of almost equal importance—subsidiary interests have clustered round the steel industry, and there are several flourishing concerns manufacturing various products with steel as a derivative. Furthermore, the success of the Tata Iron and Steel Company has induced the establishment of another enterprise which has recently come into existence and which, I think, is also a creditable example of Indian enterprise and ability to manufacture on a large scale.

**Pandit Nilakantha Das:** Is there any competition or is it a monopoly?

**Sir H. P. Mody:** It is an entirely independent organisation.

**Pandit Nilakantha Das:** Is it competitive?

**Sir H. P. Mody:** What I was saying was that over and above the fact that a large scale industry has grown up in a place which was a jungle a few years ago, a scale of labour welfare and wages has been set up which my Honourable friend, Mr. Jannadas Mehta, has characterised as being for above anything else that the country has produced. My friend has referred as a deplorable circumstance to the fact that in a certain class of scrip of the Tata Iron and Steel Company there is a good deal of speculation. That is none of the making of the Steel Company, and, as a matter of fact, it is precisely for that reason that the Company has approached its shareholders for a re-construction of the capital with the idea of doing away with this very speculative scrip.

But great as may have been the achievements of the Steel Company during peace, its achievements during war are greater still. During the last war, the existence of the Steel Company had a very considerable effect upon India's war effort, though, compared to what it is today, it was on a very limited scale. But today we are in a much stronger and happier position to assist the country's war effort. We have supplied large tonnages of shell bars, and a variety of new products manufactured for the first time in India, such as, Bullet Resisting Armour Plates, High Manganese Steel Sheets for Steel Helmets, Nickel Steel Sheets for Gun Platform and Carriages, Black Sheets for Rifle and Machine Gun Magazines, Sheets for the manufacture of Anti-Aircraft Bullet Clips, High Speed Steel Bars and Low Carbon Steel for drawing into wire for the Telegraph Department. We are also training young Indians as Flight Mechanics for the Indian Air Force. I will not say more. I am speaking with a certain degree of restraint, which is somewhat foreign to my

nature, because I am aware that it is not right for one who is placed in the position in which I am to talk about the achievements of the Steel Company. All that I want to say is that if there is one industry more than another which has demonstrated that protection is a good thing for the country, that granted efficient protection an industry is capable of establishing itself and of doing without protection at the end of a specified period, it is the steel industry. I think both those who were in the Government of that day and the Legislature have every reason to congratulate themselves that at a critical hour in the history of the Steel Company they went to its assistance. While expressing the gratitude of myself and of my colleagues for all the assistance which the Steel Company has received at the hands of the Government and the Legislature, I think, I am not immodest in claiming that the Steel Company has paid back the country a hundred-fold for all that was done for it.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Mr. Deputy President, I had not expected this long debate on this Bill, and for a very simple reason. My Honourable friends have suggested that I was almost guilty of what is termed in courts of law as 'misjoinder of charges' by putting under one protective Bill such varied items as sugar, steel and silver thread. My justification for that, Sir, was merely the fact that this protection Bill has one principle, the principle being that under the present circumstances the Government are unable to assess the quantum of protection for the various commodities and that, therefore, they are merely asking the Legislature to continue the protection for a definite period of one year. That was the principle underlying the Bill and, therefore, I thought it would not be embarrassing to any Members of the Legislature if these varied items came under one 'blanket Bill', if I may so term it, and the debate has shown that Honourable Members have been in no way embarrassed and that in fact it has helped them to make as long speeches as they liked on these varied measures.

Now, Sir, let me deal with the iron and steel part of this Bill very shortly. My Honourable friend, Mr. Jamnadas Mehta, whom we all welcome to this House, has suggested that with reference to iron and steel Bill, the Government have no ideas of what protection is needed or whether it is needed at all. It was unfortunate that he was not present on Saturday when I introduced the Bill. I then said that so far as iron and steel protection was concerned, it was almost becoming clear to the Government that the period of protection need not be extended, that the industry had established itself, that as my Honourable friend, Sir H. P. Mody, has repeated this afternoon, the wisdom of the Government of the day and of the Legislature had stood vindicated, that what the Fiscal Commission had foreseen with reference to protected industries was almost coming true, at least with reference to one industry and that if we were not actually out of the wood, we have certainly very fair clear glimmerings of the vast and illimitable open space into which we shall shortly enter so far as this industry is concerned. I was aware that it had been authoritatively stated on behalf of iron and steel industry by its Chairman that at the end of this period of protection, they may not require protection. Nor has the demand for protection come from the Tatas.

I also explained that taking various articles which are included under the protective tariff, under iron and steel and the varying measure of protection that has been given to each of these articles, it was impossible

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for the Government to come to any conclusion at the present time even with reference to revenue duties which have to be laid on these articles. I have explained that even if protection was abandoned, it did not mean that articles would come free of all duties into the country, but that Government must necessarily levy certain rates of revenue duties on each of these articles. Owing to the complicated nature of the position and the number of varied articles involved, it requires some more careful investigation than we have been able to do at the present time, than we have had the time to devote to that aspect of it, and that was my main justification for coming before the House and requesting the House to continue this level of taxation for the period.

My second justification was the fact that I was conscious that the consumer was not unnecessarily mulcted, damaged or in any way damaged by the continuation of this level of protective duty; the present imports are on such scale, so much of import control sometimes at one end or the other, sometimes at both ends is now in operation, the desire of this Government to reduce the amount of civil consumption on iron and steel is so great that taking all these things into consideration, it is only the very wealthy and the well-to-do that can afford to have steel products at the present time. That was another reason why I felt that a continuation of this level of duty for another year would not be as embarrassing to the consumer as it might otherwise have been. These are the considerations which have led the Government to place this measure so far as iron and steel is concerned before this House.

I would like to make one other point clear and that is with reference to the possibility of the time when the protective duties may be off and the revenue duties may take their place. In my speech the other day I referred to the fact that industrialists and commercial people would be well-advised to conserve such resources as they are able to have at the present time and that they must look forward to a time of great difficulty in the near future when peace conditions are restored and that the extent to which they can claim help from the Government would largely depend upon the way in which they have conserved their resources at the present time. I see that criticism has been addressed to that part of my speech and many eminent industrialists have said that they have no resources to conserve. Well, Sir, I do not want to go into the details of that question. At another time I may be in a position to state more clearly what sort of concerns I was thinking of.

But there is one concern to which those remarks necessarily apply at the present time and that is the great company which is in charge of iron and steel products mainly of this country. I would like to address that particular company a warning that I have already given in more general terms. It may be that they may not require protection at the end of the war, but it may also be, and I believe those who are at the head of affairs are realising it, the conditions may so change that dumping may have to be resorted to by other countries, that the vast armament productions having been suddenly stopped, the different varieties of iron and steel products may be produced at such cheap rates that danger of dumping may arise and that when at that time a company were to come forward and ask the Government to protect against such dumping to have some sort of anti-dumping laws, apart from any question of protection, even with reference to that, I believe anybody standing in this place

would like to have a proper explanation, a proper accounting from the company as to how it expended its resources when it was in a position to make certain profits. May I add this, so that there may be no misapprehension on the subject? There are two ways of making profits as any industrialist will realise. First, to charge so high as to make extra profits, where you are making five or six per cent. profit which by your increased charges you will make 12 or 15 per cent.—a very illegitimate way of making profits. Another way is this that by the mere fact that your output increases or your turnover is much more than it used to be, though you are making the same margin of profits, your total profits may be much more than they were before.

**Dr. Sir Ziauddin Ahmad:** A lesson to Sir H. P. Mody.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I only put that suggestion because there should not be the idea that mere increase of total profits means an unnecessary and harsh burden on the consumer. I trust that the industry concerned will take note of all these facts and that it will so organize itself and so conserve its resources that there will be no need for it again to come before this House or before the Government and subject itself to the kind of criticisms that have been levelled on several occasions, some of them quite legitimately, if I might say so, from Honourable Members of this House.

I will leave iron and steel industry at that and I come to the main theme of the speech of my Honourable friend, Dr. Sir Ziauddin Ahmad, namely, sugar. (Interruption.)

Yes, Dr. Sir Ziauddin is always sweet, but owing to the bitterness that he felt about the sugar industry of his own province and the way in which that sugar industry has been managed by various authorities, he has taken the occasion to vent all that bitterness on my unfortunate devoted head. I cannot understand any other reason why he should have been so severe about me when all that he had to complain of and all he felt, quite rightly, was about actions which were by no means mine or even inaction on my part, and I shall explain how I have not been guilty even of inaction. My Honourable friend quite rightly emphasised the principles of the Fiscal Commission and asked what the Government of India had done with reference to the recommendations of the Fiscal Commission. He referred to the fact that the industry's growth should be watched, that internal competition should be brought about, that combines should be prevented as far as possible and that the interests of the consumers should thereby be safeguarded in regard to protected industries. I have myself emphasised these facts and these recommendations of the Fiscal Commission. In July, 1940, when I had the honour of convening the Sugar Conference at which were represented various Governmental delegates, State delegates and representatives of the industry, I laid these four propositions before that conference. My Honourable friend, Sir Ziauddin, was good enough to attend that conference, and if the House will permit me, Sir, I will read very short extracts from my speech there which will show that not only was I not guilty of inaction but that I had taken the most active part in bringing prominently to the notice of the representatives of the provincial Governments certain action on their part and giving them advice as to what they may do in this regard. I said:

"You may remember that the Indian Fiscal Commission many years ago laid down certain cardinal principles regarding the protected industry, its growth and development.

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There have been many criticisms about the principles of the Fiscal Commission laid down for granting protection to industries but I do not think there has been any criticism as regards those conditions which the Fiscal Commission laid down regarding the duty of the Government to watch the course of protection."

I would invite my Honourable friend, Mr. Jamnadas Mehta's attention also to this part of the speech.

"The Fiscal Commission laid down that a Tariff Board should watch the working of the protection and in its absence the Government of India have taken upon themselves the duty of watching the situation from time to time during the period of protection. That responsibility still lies with the Government of India, and it was only the other day that I stated in the Assembly that the Government was watching keenly from time to time this protected industry and how it was being developed . . .

I should like to draw your attention to one fact. I suggest that the sugar industry being a protected industry involves as a necessary consequence the application of certain important principles. The Fiscal Commission remarked about a protected industry that a time will come when the burden on the consumer would be relieved by the growth of such internal competition as would necessarily bring down the prices for the manufactured article. The Fiscal Commission laid great emphasis on the fact that while the import duty may be kept at a high standard that would not in itself mean the perpetuation of a heavy burden on the consumer. A stage will be reached when by the development of the industry under the shadow of protection, by the increase in production owing to various entrepreneurs coming into the field because of that protection, such internal competition would come into existence that the prices would go down and the consumer will be benefited."

And I want to draw Sir Ziauddin's attention particularly to this paragraph :

"How far is this principle violated by the organisation of trusts or combines which fix minimum prices for the sale of the commodity and by such combination prevent under pains and penalties anybody selling below a certain figure? Normally, in the capitalistic system to which we are accustomed it is not a crime if traders come into a combine, but with reference to a protected industry that is not quite so simple and I am not at all sure whether steps should not be taken to prevent it. I do not suggest that in all circumstances with reference to a protected industry the fixation of a minimum price by a combine is necessarily wrong, but I do venture to state that such a state of affairs requires to be justified before the Government of India."

Honourable Members will realise that the Government of India was not as deaf and dumb as my Honourable friend, Sir Ziauddin, supposes it to be, that we had brought to the notice of the industrialists and of Provincial Governments these defects in the existing situation and that it is consequent on that that steps have been and are being taken by the Governments concerned to regulate the industry in these two provinces on a better basis.

Now, Sir, there is one short point with which I should like to deal because on the record as it has gone it would create a wrong impression. My Honourable friend with reference to the sugar industry calculated the import duty that was collected before the protection was granted, and the combined excise and import duties that have been collected since; and having made this arithmetical computation by subtracting the one from the other through the course of these years he came to the conclusion that 50 crores had been lost. Now, Sir, I do agree that the adoption of the principle of protection and the levy of a high protective duty does mean loss; at least temporarily for the time being, to the revenues of the State. But if a proper picture has to be drawn of the whole position I am perfectly certain my Honourable friend, Sir Ziauddin, must take many more factors into consideration before he arrives at a balanced account. Let me give the House only one or two items which the learned

Doctor has casually ignored. What about machinery that has been imported into this country for the building up of these sugar factories, on the import of which a certain amount of import duty has been paid by the entrepreneurs? What about the increased collection of income-tax and super-tax from the industrialists who have gone into this industry and have made profits? These are two items which have to be taken into consideration. Then there are other factors also which have perhaps to be taken into consideration. The Central fisc is different from the Provincial fisc, and while it is true that the Central fisc has lost there are other authorities which may have gained. And when you consider the sugar industry and the cane plantation that has grown in the various provinces and the revenue that it may have brought to the Provincial Governments,—these also perhaps have to be taken into consideration before you arrive at your mathematical calculation. There is also one other factor which has to be taken into consideration, though it is poor consolation to the Government of India and particularly to the Finance Member. In calculating your excise duty you have necessarily calculated the duty which is being collected only in British India and you have necessarily to leave out the excise duty which is collected in the Indian States. These are all factors which have to be taken into consideration; but I do agree that the imposition of a high tariff for working an industry does involve a great loss of revenue to the central fisc. And that is why the Fiscal Commission said that in taking into consideration the question of protection, necessarily one has also to pay some little attention, sometimes a great deal of attention, to the effect that it will have on the central revenues which depend to so large an extent on indirect collection of revenue.

Sir, let me also refer to the remarks of my Honourable friends, Mr. Ramsay Scott and Mr. Chapman-Mortimer. I do not know what in my speech has created the impression that the Central Advisory Committee that I was thinking of was somehow intended to hamper the growth of the industry or may have the effect of hampering the growth of the industry. I said in the course of that speech:

“The second suggestion that I put forward before these Governments was that while it was not possible to have a central body to control the sugar trade, I would be satisfied if I had an opportunity of having an advisory body composed of representatives of various provincial and State Governments which will watch the growth and development of the industry, place facts before the various States and provincial Governments which may to a certain extent enable them to organise the industries in their various areas on a more rational basis and that the dangers which threaten the sugar industry may to a certain extent be avoided if at least we have this central advisory machine working.”

My Honourable friend asked me to state what the terms of reference were to this committee and what the constitution of the committee would be . . . . .

**Mr. T. Chapman-Mortimer:** May I just make a personal explanation? I did not ask the Honourable the Commerce Member to explain the terms of reference, because I quite appreciate that he might find that difficult at this stage. I did appreciate that.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am glad my Honourable friend has appreciated the point, and I am certainly not in a position to lay down exactly the terms of reference or even the

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constitution of the committee. I said in that speech that this was engaging my attention, that I am considering very carefully the reply that has been made by the various Provincial Governments and State Governments, that there are one or two difficulties which have arisen with reference to the replies of one or two Provincial Governments, that I hope very shortly to be in a position to get over these difficulties and to form this advisory committee. But I may read to my Honourable friend the actual resolution which was passed at the last sugar industries conference, where some at least of the Provincial and State Governments were represented and a number of industrialists were also gathered there, and it is that resolution which formed the basis of my consultations with Provincial Governments:

"On the third issue, it was recognised that any proposal for all-India control of the industry on a statutory or compulsory basis was out of the question. It was, however, generally agreed, that the dangers of over-production and of the unregulated growth of factories were so serious that it was desirable that an all-India organisation should be set up in the form of a central advisory board. This Board's probable principal function would be to advise Provincial and State Governments—(not that the Board was going to advise me)—and also industrialists about the opening up of new factories and the removal of factories from one place to another, to investigate the possibility of co-ordinating arrangements on a voluntary basis for the marketing of sugar throughout India, and to advise authorities concerned on the fixation of prices for cane and for sugar. It was also observed that this board can do useful work in connection with the utilisation of bye-products."

I do not want to stereotype the functions as laid down here or to suggest that they are the last word; but that gives a general indication of the scope and functions of an advisory board when an advisory board is set up under the auspices of the Government of India.

My Honourable friends were anxious that the whole question of the sugar industry should be discussed. My Honourable friend, Sir Ziauddin Ahmad, moved that the matter be referred to a Select Committee. But when I asked what was the purpose of the Select Committee he could only say that the whole question could be discussed there and the views of various members placed before the Commerce Member. It does not require a Select Committee for the Commerce Member to get the views of various members. In fact if Honourable Members are anxious to convey their views to me, I would avail myself of any opportunity which would enable them to do so and an opportunity which will present itself to them on a wider scale than that of a small Select Committee. I can understand a Select Committee which will actually make some modifications in the Bill as introduced, to lower the extent of the duty or in any other way to modify the measure. But if it is purely for the purposes of acquainting me with various problems of the industry, I could very readily agree to my Honourable friend and any other Honourable member who is interested in this subject meeting me on such an occasion as would suit their convenience, even more than mine, and have a general discussion on the whole subject. I cannot see any advantage in the measure being referred to a Select Committee for the purpose of merely bringing certain general issues before me and placing the views of Honourable Members on those issues.

There are other problems with reference to this sugar industry—I am aware that the syndicate has suggested that one of the ways by which the sugar industry can be helped is by a lowering of the protective duty. I am not in a position to accept that suggestion at its face value, especially

when it is combined with another suggestion that Government must reserve to themselves power of raising the duty whenever necessary. I look upon this industry, and necessarily so, from my place, on an all-India basis. I have to take into consideration the requirements, the necessities and all factors relating to the industry as a whole wherever it is situated, and I can only say that at the present time I have not got the material which will enable me to suggest a reduction of the import duty. I do not say that the present duty is justified. I do not say that a reduction of the duty may not be contemplated. I have not got the materials. Honourable Members complain that I have not placed all the facts before them. I have placed every single fact that has been before me before this House in one speech or another. This question of the sugar industry has been engaging the attention of the Commerce Department for well-nigh one year. We knew that this sugar industry in certain provinces at least was getting into a difficult situation as early as January last; and I am revealing no secret when I say that even at that time the Honourable the Finance Member and myself, after consultation, put certain suggestions before the main Provincial Governments concerned with reference to this industry, particularly with reference to the fixation of prices of sugarcane, and we have neither lost that interest nor indeed have we been callous to the necessity of so rehabilitating that industry that it may stand on sure ground hereafter.

If I am unable, therefore, to make any further suggestions or bring out any more facts relating to the quantum of protection that is needed by the industry—and that is the sole issue involved in this Bill—it is because I have not got any more facts at the present time. I am quite clear, however, that this measure should be continued for one year more and with the advisory council that I have suggested and the further consultations that I hope to have with various Governments, I trust I may be in a better position to know the requirements of the industry and to place a much more clear picture before the House next time during the Budget Session of 1942.

Sir, I have kept to the last the silver thread. Very little has been said about it; and that is the only silver lining that I have seen with reference to the discussion on this Bill. I trust that the House will forgive me and the Honourable Members who are keen on the Select Committee will forgive me if I stand completely unconvinced by their arguments and, therefore, am unable to accept their recommendation. It is only because I see no useful purpose that can be achieved by a reference to the Select Committee.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Before the Chair calls upon any other speaker, the Chair owes it to itself more than to the House to say that under the usual procedure of this House the reply of the Mover of a motion is tantamount to closure. But the Chair called the Honourable the Mover of the Motion, frankly speaking, in a mood of absent-mindedness, without considering the effect of the reply on the debate and without contemplating closure. The Chair has looked up the rules. It does not find anything in the rules or Standing Orders which makes it obligatory for the Chair to declare that the debate must close with the reply of the Mover of the motion. At the same time, the Chair would admit that under the usual procedure of the House the debate closes with the reply of the Mover. But in view of what has

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happened and in the particular circumstances of this case, if any Members wish to speak, the Chair will allow them. But it must be understood that this will not be a precedent for the future. The Chair has no doubt that for an effective debate the right of reply should be given to the Mover and that there should be no speeches after the reply.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan):

4 P.M. Sir, when the protection to the sugar industry was granted, the sugarcane growers had very great hopes that they will also be benefited by this protection. If we compare the prices paid to cane growers during the past years, we come to the conclusion that the price paid to the cane growers was on the average about one-sixteenth of the price of sugar. Last year sugar was selling at Rs. 11 per maund. The price paid to the cane growers was about Rs. 0-10-0. Take a year back; the price of sugar was about Rs. 6 or 7 and the cane grower was paid a little more than six annas. But this year although the price of sugar is just a little over Rs. 9, the cane grower has been compelled to accept Rs. 0-4-3 for every maund of sugarcane.

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

It is said that steps are being taken on the one side to help the cane grower in order that he may get a fair price for his cane, while on the other hand if we analyse the position, we find that these steps are counteracted. Recently a sugar excise fund was started, and a sum of Rs. 10 lakhs was provided in the Budget under the head Agriculture. But from the Audit Report for 1941 on the Budget Estimate of 1939-40. I find that this fund was created primarily to help the cane grower so that he may get a fair price for his cane. One anna per every cwt. of sugar was charged as excise for this purpose. But just after the creation of the fund, I find that a condition was imposed,—and what was that condition? That condition was that from the 1st April, 1939, the claim of the Imperial Council of Sugar Technology of Cawnpore, will be the first demand on this fund. Later on, it was laid down that the second demand on this fund would be that of the Imperial Council of Agricultural Research. So you will see that while on the one hand a fund was created to help the cane grower to get a fair price, on the other hand it was counteracted by the imposition of these two conditions.

Then, there is another thing to which I should like to invite the attention of the House. The two Governments of Bihar and the United Provinces, have now been successful in controlling the price of sugar, with the result that they have placed the poor cane grower in a very pitiable position. They have fixed the price of sugar at Rs. 9—or somewhere between Rs. 9-2-0 and Rs. 9-3-0. At the same time they have fixed the price of cane at Rs. 0-4-3 per maund. Not only this, Sir, but they have imposed another condition. The sugar manufacturers wanted to sell their sugar at lower prices and clear their stock and get a fresh stock of sugar as they thought that this year they would get cheaper cane due to over production. The cane grower has cultivated large quantities of sugarcane, and they expected that if they were allowed to sell their stock at a fair price in the market, they would be in a position to manufacture fresh sugar; but they were not allowed to do so. Why were they not allowed to have fresh stock of sugar? Will not that condition which is imposed on the sugar manufacturers produce a direct or

indirect effect on the cane grower? Not only this, Sir. The two Governments have imposed another condition on the manufacturers, that instead of crushing their cane in the month of November, they should commence crushing after the middle of January. On the one hand there is over-production in Bihar and the United Provinces while on the other hand there is a condition imposed that the sugar manufacturer should not commence crushing before the middle of January,—which means more than a month later. Now, the House may imagine the plight of the poor cane grower.

Sir, a novel thing happened in the locality where I reside. The sugar-cane organizing department which is paid out of the proceeds of the sugar excise duty, imposed a condition on the local factories situated there that they would not take cane of free area, say within a radius of ten miles. A representation was made to the cane department, and they refused to listen to the grievance, and the factories were not permitted to take a single cane from that area. For information I may state that the letter of the Cane Commissioner, Bihar, No. 2159/4-F.442-41, dated the 7th February, 1941, be referred to, in which the Commissioner said that no cane could be taken. A further representation was made; and when the matter was further pressed, the Cane Commissioner came down and issued instructions to his Cane Inspector at Siwan to submit a proposal so as to divide that ten miles area into two zones, so that the cane may be taken in the current crushing season. The poor Inspector is making out a proposal, and by the time he will submit his proposal, the season will be over; because, you know, Sir, after the middle of April or by the end of April, there will be no crushing season, because it will not be advantageous to the manufacturers to resort to cane crushing at so late a stage.

These are the conditions under which cane growers are labouring. It is no use giving protection out of which no advantage is derived by the cane grower. It was on account of this that my Honourable friend, Dr. Sir Ziauddin Ahmad, has moved his motion for reference of the Bill to Select Committee, so that if protection is to be given for one year more, some condition should be imposed on the manufacturers. Here, sitting in this House, we cannot make proper suggestions off-hand. For this reason the Select Committee motion is a proper one and I support it.

**Some Honourable Members on the Treasury Benches:** Let the question be now put.

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

“That the question be now put.”

The motion was adopted.

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

“That the Bill be referred to a Select Committee consisting of the Honourable Sir Muhammad Zafullah Khan, the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. T. S. S. Pillay, Mr. J. Ramsay Scott, Seth Haji Sir Abdoola Haroon, Sir Muhammad Yamin Khan, Dr. P. N. Banerjee, Mr. Husenbhai Abdullabhai Laljee and the Mover with instructions to report by the 1st April, 1941, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The motion was negatived.

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

“That the Bill to extend the date up to which certain duties characterized as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect, be taken into consideration.”

The motion was adopted.

Clauses 2, 3 and 1 were added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: I move:

“That the Bill be passed.”

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

“That the Bill be passed.”

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Division: Muhammadan Rural): In this third reading, I am not going to discuss the clauses or anything else, it is only the principle on which I want to say a few words. The principle of all such Bills when there is a tariff question is, whether we can give protection, or whether we can withdraw protection. So far as the duty on iron and steel is concerned, I would draw the attention of the Government that protection cannot continue for ages and ages. We know for certain how the prices of the deferred and ordinary shares of Tatas ranged. In the case of deferred, they went up from 30 to 1,500 or more, and in the case of the ordinary, they went up from 75 to 345 or so. Again, in the case of dividends, on deferreds the dividend went up from 25 per cent. to 479 per cent., and on ordinary from 8 per cent. to 33 per cent. In that case, how does it stand to reason that protection should be continued? Is the Tata Iron and Steel industry in a state of infancy, or is it an orphan company? They do not stand in need of any help from the Government. In the case of sugar we have had an excise duty. Sugar companies are not very old companies, they are new. So, when you have put on an excise duty on sugar, why don't you put an excise duty on iron and steel? It may be said that the influences which are exerted in the case of Tatas are different from the influences which work in the case of sugar companies. If big capitalists have interests in Tatas, I see no reason why the interests of the other capitalists, that is, of sugar mills, should not be considered also. I do not want to enter into a quarrel as to why the consumers should be helped and why capitalists should not be helped. I say, help each one of them. The capitalist has a right to get his dividend, also the consumer has a right to get his advantages too. The present state of the country is not such that Government money, or Government revenue, or Government protection can be frittered away. We ought to think twice before we give protection to ancient and long standing industries. The idea of protection is . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must remember that this is third reading. The House has passed the clauses, and the Honourable Member cannot argue against them now.

**Mr. Muhammad Azhar Ali**: I am not arguing, but I say that protection . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): These clauses deal with extension of protection for one year, and they have been accepted by

the House, and the Honourable Member cannot argue against the verdict of the House. That is not the scope of a third reading at all.

**Mr. Muhammad Azhar Ali:** I thought it would be proper if I said something about the principle of protection . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): No. The Honourable Member cannot do that now.

**Mr. Muhammad Azhar Ali:** Then, this is all I had to say.

**Dr. Sir Ziauddin Ahmad:** I just want to reply to one or two points raised by my Honourable friend, Sir Homi Mody, and the Honourable the Commerce Member with reference to the arguments which I brought forward.

Sir Homi Mody said that every protection must involve a burden on the consumer and if I am opposed to any burden on the consumer, then we should be satisfied with the raw material produced in this country and the manufactured articles brought from outside. That was not the position I took up. I think it was a misrepresentation of the position I had taken up. I would like to point out that we on this side of the House, those who had been discussing this question, had never been against any theory of protection. We supported protection but at the same time we said that whatever the consumers are now suffering and paying in the shape of increased prices is a kind of loan which ought to be paid back later on.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's speech must be confined to what is permissible in the third reading stage.

**Dr. Sir Ziauddin Ahmad:** I am trying to remove a misunderstanding created by Sir Homi Mody's speech.

**Mr. President** (The Honourable Sir Abdur Rahim): Is it by way of personal explanation?

**Dr. Sir Ziauddin Ahmad:** Yes. We on this side have never been opposed to this principle of protection but we said that this is a kind of loan which ought to be paid back in time when the industry is in a flourishing condition. Now, as regards the other question when I gave the figures about sugar, that is as to how much has been lost, that was not adjustment of the accounts. The industrialists had been saying that they have invested in this industry 15 crores of rupees and they say that this should be in our mind always when we discuss these things but they should also remember that the Finance Member has also contributed a handsome sum in the neighbourhood of 50 crores. Consumers have also contributed to this protection. All these things should be taken into consideration when we discuss these things. There is no question of the adjustment of arithmetic. That time will never arise, because there cannot be arithmetical adjustments in dealing with these industries.

The Honourable the Commerce Member pointed out what was the need for this committee. That is the point on which we laid very great stress. He did not appreciate the point which I first put forward when

[Sir Ziauddin Ahmad.]

I moved the reference to Select Committee. The Tariff Board's recommendation on page 188 of their report is that in the first seven years the duty should be fixed at Rs. 7-4-0 per hundredweight and that for the remaining period at Rs. 6-4-0 per cwt. That is after seven years the duty ought to have been lowered by one rupee. That was the recommendation of the Tariff Board and really I wanted to know in the Select Committee when I moved this motion why this recommendation has not been accepted, why the reduction of one rupee as recommended by the Tariff Board has not been given effect to, when it is time to give effect to this. The other point that Sir Homi Mody brought forward . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not expected to reply to all that happened during the consideration stage. The Honourable Member must confine himself to the third reading. The Honourable Member must by now know what third reading means.

**Dr. Sir Ziauddin Ahmad**: What can I do during the third reading . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must remember what the third reading means. The House has given its verdict on the clauses of the Bill and the Honourable Member cannot impugn that verdict. All that he can now deal with is the effect of the passing of the Bill and he may make, if he likes, suggestions to soften any hardships that might be caused.

**Mr. M. S. Aney**: May I submit this as a point of order? Suppose at the third reading a Member wants to oppose the Bill and in doing that he will necessarily have to say something about the main principles of the Bill and the effects of those principles on what he considers to be the economic position of the country. Would he be in order?

**Mr. President** (The Honourable Sir Abdur Rahim): I will explain what I meant. Certainly the Honourable Member is entitled to oppose the third reading of the Bill on the ground that if this Bill becomes law, the effect will be injurious to the public, but he cannot argue the whole matter now.

**Dr. Sir Ziauddin Ahmad**: That is what I am doing. I think the whole Bill is not necessary. Protection is not needed. That is just the point I take up in this particular connection.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot deal with that now. This Bill has not become law. It is open to him to oppose it. The Honourable Member can say that he opposes the Bill because the effect of passing the Bill will be undesirable.

**Dr. Sir Ziauddin Ahmad**: My point is that protection is not needed.

**Mr. President** (The Honourable Sir Abdur Rahim): The principle of protection has already been accepted by the House. You can oppose the Bill.

**Dr. Sir Ziauddin Ahmad:** I am opposing the Bill and opposing really means that the continuation of the protection is not needed. That is my attitude and . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That cannot be repeated now.

**Dr. Sir Ziauddin Ahmad:** I am not going to repeat what I said before. The attitude which I take up is that this protection is no longer needed. I find that this iron and steel industry is giving a dividend of 479 per cent. in the year 1940 and when an industry gives a dividend of 479 per cent. it does not need protection.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot argue that now. It was open to him to argue that during the consideration stage.

**Dr. Sir Ziauddin Ahmad:** In the consideration stage, I moved that the Bill be referred to a Select Committee. That was turned down. It is still open to me to argue that protection is not needed in the case of an industry which can pay a dividend of 479 per cent. and which is making enormous profits.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot do that now. The proper stage for that was when the Bill was being considered. Now that the clauses of the Bill have been passed, all that the Honourable Member can do at this stage is to point out that the effect of the passing of the Bill will be undesirable or bad for the country. He cannot now argue that the provisions of the Bill as embodied in the clauses ought not to have been adopted by the House.

**Dr. Sir Ziauddin Ahmad:** I am opposing the whole Bill. Now, I find that the capitalists are getting an interest which is absolutely unjustifiable and they are paying a dividend of 479 per cent. and their ordinary share . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is really going back.

**Dr. Sir Ziauddin Ahmad:** I will only say that this protection should be abolished. It will affect the smaller industries and also the consumer on account of the high prices which would be the result of the continuation of the protection. With these words I oppose the Bill.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, the development and expansion of the sugar and steel industries during the period of protection has been the high landmarks in the history of the regeneration of industry in this country. These industries have fully justified the protection which has been given to them and as Sir Homi Mody said, those legislators and the Government Member then in charge must congratulate themselves on having passed such beneficial measures in the past which have put these industries in a position to satisfy the needs of this country to such a large extent as they are doing at the present

[Babu Baijnath Bajoria.]

moment. It is also a matter of gratification, as my friend, Sir Homi Mody, has pointed out, that the steel industry does not require and is not in need of further protection, and the sugar industry also has said that "we do not want the same amount of protection as we have been enjoying up to this time". These are just the aims which the protection ultimately should accomplish, and to that extent, Sir, the industry has fully justified the protection. Sir, we should take a leaf out of the success of these industries and we should note that if similar protection is given to other industries also, they will also develop in the same manner as these industries have done.

Sir, much has been said by Sir Ziauddin Ahmad and one or two friends that fifty crores of rupees have been lost by the Government and a hundred crores, even two hundred crores, have been lost by the consumer on account of the protection to the sugar industry. Sir, in my opinion this is an absolutely wrong and incorrect statement to make. Sir, I claim that protection means something like an investment, as you make an investment in the company, and then you reap the benefits at the end. I would like my friend, Sir Ziauddin Ahmad and other Members of that school of thought, to realize that when protection was first given to the sugar industry, what was the price of sugar which the consumer had to pay at that time? If I remember aright, the price at that time was in the neighbourhood of Rs. 16 or even Rs. 20 per maund.

**Seth Haji Sir Abdoola Haroon:** Question; not correct.

**Sir H. P. Mody:** Certainly much higher than the present rate.

**Seth Haji Sir Abdoola Haroon:** Certainly not.

**Babu Baijnath Bajoria:** Sir, if you will go into the figures, they will speak for themselves that only several years ago the retail price of sugar to the ordinary consumer was not less than eight annas per seer and that the price of Java sugar was Rs. 16 to Rs. 20 per maund. I am speaking about a decade or so previous. But it is only on account of the internal competition amongst the sugar manufacturers that the price has gone down to the low level which we find today and, as such, I think the consumers are now reaping the benefits of the protection that has been given. Consider what would have been the result if there were no sugar industry in the present circumstances in the country? Sir, we would have had to import sugar from Java and Mauritius and we would have had to pay any price which they would have asked for. The price of Java sugar also went down only when the production in this country rose. When the people in Java could not market their sugar on account of the increased production of sugar in this country, it was only then that prices went down so very steeply, Sir, I would say that now the country as a whole is benefiting by the protection which they gave to the sugar industry.

The same remarks more or less apply to the steel industry. Sir, the name of Tata will go down as a very glorified name in the history of industrial development of this country. There is no gainsaying the fact that it was only due to the great imagination of this great man that this

big national industry has been established on such a large scale in this country and this industry has also more than justified the hopes of the Tariff Board, as has been proved by the facts and figures given by Sir Homi Mody, instead of a maximum production of 6,50,000 tons, they are producing 8,00,000 tons at the present moment. Another aspect which we should think of is that here again in this time of war what would have been the fate of this country if the Tata steel industry which is such a vital key industry would not have been in existence in this country. One can imagine the serious consequences which that state of things would have had on the war efforts of the Government of India. Sir, as we know, steel is a vital material or rather I should say that it is the pivot on which most of the war equipment is centred. If we did not have steel at the present moment, there could not have been any great armaments manufactured here,—armoured vehicles, armoured tanks and all other things—and we would not have been able to get steel at the present moment from the United Kingdom or from America even. In my opinion both in the time of peace and much more in the time of war this key steel industry has been doing the greatest service possible to this country.

Sir, if you will permit me, I will refute the charge of 479 per cent. dividend which the Honourable Dr. Sir Ziauddin Ahmad brought. I think he was calculating on the price of Tata deferred shares, Rs. 30, and the dividend which is paid on deferred shares at the present moment. He has forgotten that the intrinsic and the present market value of these shares is in the neighbourhood of Rs. 2,000.

**Dr. Sir Ziauddin Ahmad:** Rs. 2,367.

**Babu Baijnath Bajoria:** It is not that price.

**Sir H. P. Mody:** No dividend for thirty years.

**Babu Baijnath Bajoria:** Dr. Sir Ziauddin Ahmad has forgotten that this industry did not pay any dividend for several years, and whatever profits were made by this industry were laid out again in the development and reorganization of the plant of the industry. We have to consider the present value of the capital employed in the industry as a whole and not its face value. I think, Sir, these arithmetical points do not occur to my friend, Dr. Sir Ziauddin Ahmad—who might be a great mathematician but he does not know much of arithmetic, Sir,—and not of the type of arithmetic concerned with accounts.

**Dr. Sir Ziauddin Ahmad:** Is this permissible, Sir, on the third reading of the Bill?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member himself set the ball rolling and the Honourable Member, Mr. Bajoria, is now replying to him.

**Babu Baijnath Bajoria:** Sir, as regards the steel industry, it is also a matter of gratification that another big company, the Bengal Steel Corporation, has started its operations and is supplying the needs of this country—not of course to the same extent, they cannot hope to compete with the Tatas—but still it is also meeting the present requirements to a very considerable extent.

[Babu Baijnath Bajoria.]

Sir Homi Mody says that he does not want protection. I think there might be something hidden in this request at the present moment. At the present moment Government are controlling practically their entire output and are fixing the prices on what they call war contract rates. If protection is done away with, then probably Sir Homi Mody will come up and tell the Government: "Now, I am not a protected industry and why should I give you the same benefit as I used to give you when I was a protected industry?" I may say that in Tata Steel Company I am not a shareholder either of the deferred shares or the ordinary shares and I have not made a profit of a single pice out of that Company. We have also to consider when we are granting the protection whether the Bengal Steel Corporation and the National Iron and Steel Company require some protection or not. I do not think the latter company is on the same scale or whether it does all the processes of steel making as the other two big companies do. But in that company also I think more than a crore of rupees has been invested.

Now, as to sugar. I think it is very opportune that we should try to find export markets for our sugar. If Government try, I think markets may be found in Persia, East Africa and other countries. I am not quite sure about the countries, but I do believe that export markets for sugar can be found. The International Agreement, though it is scrapped to all intents and purposes still remains on the Statute-book and it should be scrapped altogether and thrown into the waste-paper basket. I do not agree that there should not be any control on the sale price of sugar at the present moment. My Honourable friend, Sir Abdoola Haroon, said, that the Syndicate should not control the prices but he does not know what the effect of it would be. We all know that there is a glut of sugar in the market. All the mills are very heavily stocked and there is more than ample sugarcane lying in the fields which it is not expected the mills will be able to crush. Under these circumstances, if the sale price of sugar is done away with altogether, the price of sugar will go down to four or five rupees a maund which will mean an end to many of the sugar mills in the Provinces of Bihar and the United Provinces. It will also mean that the crushing capacities of these mills will be greatly reduced and my friends who are posing themselves to be the champions of the agriculturist will be doing a distinct disservice to him as the quantity of cane that will be left over without crushing will be infinitely more than it is by the present method of regulation of prices. On this occasion, I would like to say that the Government of Bihar should do away with their quota of 7.2 million tons and should allow the industry to crush as much as they can, consistent with the sales which they can make. With these words I support the motion that the Bill be passed.

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

"That the Bill be passed"

The motion was adopted.

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

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir,

I move:

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

I trust that this Bill, at any rate, will have a less stormy passage through the House than the last one. It merely seeks to extend the protection by another year to wheat and wheat flour in which the Northern India provinces are greatly interested. The course of wheat prices is fair. It is not the low price that at one time was feared. But, at the same time, it is not so high that Government could take the risk of doing away with the protection that has been granted for a number of years for this crop. I stated on the last occasion, when I introduced a similar measure, that Government would keep a constant watch on the course of wheat prices and that if at any time, owing to speculative tendencies or otherwise, these prices soared up, they would not hesitate to use their powers by executive orders to remove the protection or to lower the protection or, in other words, to bring down the prices. I think it is only fair to the consumer that that warning should be repeated. Honourable Members will notice that there is an omission in this Bill and that protection of rice has not been brought under the purview of the Bill. That was done deliberately. While the wheat crop is such that the country can be self-sufficient, the rice crop unfortunately is short, so short that imports are bound to take place. When there is a tendency for prices to go up, Government felt that it was not right that there should be a protective import duty on broken rice when the needs of the consumers may demand the import of this quantity. I trust that those who are in charge of the rice crop and the big landholders will take this fact into consideration that they would not be justified in raising these prices unduly high and that if they do that, the chance of any such duty being imposed at any time will become much slender than it is at present. Sir, I move that the Bill be taken into consideration.

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

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

The motion was adopted.

Clauses 2 and 1 were added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: 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.

## DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1940-41.

### DEMAND NO. 2—CENTRAL EXCISE DUTIES.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I move:

"That a supplementary sum not exceeding Rs. 2,18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Central Excise Duties'."

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

“That a supplementary sum not exceeding Rs. 2,18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of ‘Central Excise Duties’.”

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhammadan Rural): May I just enquire what is the amount that is expected under this head of excise duty on coal and coke and may I know whether that figure had been taken into consideration when the original demand was made?

**The Honourable Sir Jeremy Raisman**: Yes, Sir, The original figure must have been included in the original Demand for Grants. Rs. 8.08 lakhs was the amount originally included in the Budget and the whole of whatever is collected is to be paid over to this Board. Well, Sir, apparently we now anticipate that more will be collected, one lakh and 29 thousand more, so that that amount is to be handed over to the Board.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, what is the amount which has been given to this Board. I think the purpose of collection of excise duties from collieries is to finance the Coal Mines Stowing Board. May I know if the Honourable Member can enlighten us about the working of this Board?

**The Honourable Sir Jeremy Raisman**: I am afraid I am not able to say just now in detail the way in which the sum is allocated for the purpose of this head. The whole sum which is collected in any year is to be made over to the Board, and that is the only object of the entry under this head. I do not think the administrative budget of the Board appears in our accounts at all and I could not in any case put my hands on that information. It will have to be found from the reports of the Board.

**Dr. P. N. Banerjea** (Calcutta Suburbs: Non-Muhammadan Urban): What is the total amount of the net proceeds from these excise duties?

**The Honourable Sir Jeremy Raisman**: We budgetted for 8.08 lakhs and since we are asking for a Supplementary Grant of Rs. 1,29,000 I imagine that the total amount is Rs. 9,37,000.

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

“That a supplementary sum not exceeding Rs. 2,18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of ‘Central Excise Duties’.”

The motion was adopted.

#### DEMAND NO. 3.—TAXES ON INCOME INCLUDING CORPORATION TAX.

**The Honourable Sir Jeremy Raisman**: Sir, I move:

“That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of ‘Taxes on Income including Corporation Tax’.”

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

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Taxes on Income including Corporation Tax'."

**Dr. P. N. Banerjea**: Sir, am I entitled to discuss the constitution of the Income-tax Tribunal in this connection?

**Mr. President** (The Honourable Sir Abdur Rahim): Is this coming for the first time? Is it a new service?

**Dr. P. N. Banerjea**: Yes, Sir, it is a new service.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the Honourable Member can discuss.

**Dr. P. N. Banerjea**: Sir, I learn from the newspapers that certain judicial Members have been appointed and certain Accountant Members of this Tribunal have also been appointed or are going to be appointed.

**The Honourable Sir Jeremy Raisman**: They have been appointed.

**Dr. P. N. Banerjea**: Three judicial Members and three Accountant Members have been appointed. Sir, I wish to know on what principle the Judicial Members were appointed. Are they qualified to be Members of this Tribunal? Do they possess any experience of Income-tax work? I also want to know whether the Accountant Members have had any experience of income-tax work in India. These are points on which the public is entitled to have as full information as possible.

**Pandit Lakshmi Kanta Maitra**: Sir, the most important point in connection with this demand is the question of the constitution of the Income-tax Tribunal. Those of us who had something to do with the Income-tax Bill when it was under discussion in this House a year before last remember very well the amount of stress we laid on the question of the proper constitution of this Tribunal to be set up in India to go into the complicated questions of income-tax calculations and the like. Sir, the Income-tax Act has been amended and many drastic provisions have been added to it. We very often pressed during the course of the discussion on the Income-tax Bill that the appointments should be made from among the best candidates available and that these appointments should not be made a matter of extending patronage or anything else, and that efficiency alone should be the paramount consideration. Naturally the question arises as to whether in making the appointment to this Income-tax Tribunal, the Honourable the Finance Member or for the matter of that the Government of India got these officials recruited through the Public Services Commission after proper notification. It will not be sufficient compliance if on the recommendations of somebody however high placed, these persons were appointed to the Tribunal. It is necessary for Members of the Tribunal to have a thorough, and first hand knowledge of the income-tax law and practice and conditions as they obtain in this country.

Sir, it is a matter of common knowledge that forms of income-tax returns are so abstruse that it is extremely difficult even for highly educated persons, lawyers, for instance, to fill them properly. It has been our experience

[Pandit Lakhmi Kanta Maitra.]

that in many cases the assesseees have been penalised for not being able to fill the income-tax return forms. It is extremely doubtful if there are any officials on the Treasury Benches or in the Department itself who properly understand the various details entered in the income-tax return forms and can give proper returns. From my personal experience I can say that as an Adviser to my clients I have failed to explain to them what exactly are intended by the Government under those specific heads; when after assessment these matters go up to higher authorities for appeal or revision, naturally questions of interpretation of these particular entries under these heads are raised. Sir, unless persons highly trained and with judicial make up and with experience and knowledge of Indian conditions are appointed to these jobs, this Income-tax Tribunal is sure to be a failure and it will not be machinery for giving redress or relief to aggrieved parties who will go to it for redress. It will defeat the very purpose for which this Tribunal has been set up. I, therefore, wanted to know from the Honourable Member whether the appointments to the Income-tax Tribunal were made through the Federal Public Service Commission, whether the candidates were granted interviews, whether the selection was made from a large number of candidates, whether the persons appointed were the best available from among the candidates. Sir, unless these points are satisfactorily explained in this House I do not think we can support this demand.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Sir, I should like to know from the Honourable the Finance Member how many tribunals have up to now been set up and who are their members and whether those members, or at least the judicial members, are drawn from the ranks of judges. I find here that Rs. 55,000 are spent on the income-tax appellate tribunal this year. I should like to know whether all this money is required for the tribunals that have been set up till now or there are some that have yet to be set up and this figure includes other tribunals that will also be set up. It is very necessary to know that the selections have been the best and therefore my Honourable friend, Mr. Maitra, has asked whether they were selected through the Public Service Commission and what qualifications they had, and whether it was pure selection or whether there was a test or their experience was taken into account. This thing has come up now for the first time and it is necessary to know these points. It is a token demand and I would ask the Finance Member to enlighten us on these points so that there may be confidence among the public and also among the Members of this House that the selections have been the best.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 25th March, 1941.