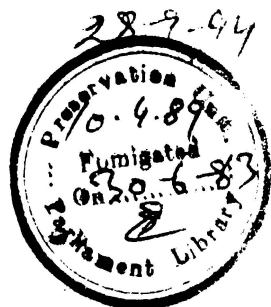


THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume I, 1934

(24th January to 16th February, 1934)

SEVENTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1934



Legislative Assembly.

President:

THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

Deputy President:

MR. ABDUL MATIN CHAUDHURY, M.L.A.

Panel of Chairmen:

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MR. K. C. NEOGY, M.L.A.

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

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

Secretary:

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary:

RAI BAHADUR D. DUTT.

Marshal:

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

Committee on Public Petitions:

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MR. K. C. NEOGY, M.L.A.

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

MR. T. R. PHOOKUN, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Thursday, 15th February, 1934.

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

THE INDIAN TARIFF (AMENDMENT) BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Indian Tariff (Amendment) Bill.

(Mr. A. H. Ghuznavi was not in his seat when called on to move amendments Nos. 4 and 5 on the List.)

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

"That in the Schedule to the Bill, in amendment No. 6, in the fourth column of the proposed Item No. 43-D (2), for the words 'ten annas per dozen pairs' the words 'six annas per lb.' be substituted."

The object of this amendment is practically the same as the one I moved last time, that the incidence of taxation should be by weight and not by number. I suggest, it is more or less a corollary of the one I moved day before yesterday and which was defeated. Whatever arguments I advanced on that occasion will have to be repeated on this occasion also, but I do not propose to do so. The item, as it is, will apply to children's socks and grown up men's socks, and it will probably be more convenient if we adopt either weight or gradation in sizes. I notice that, in regard to certain other articles, there is a graded duty according to the sizes, but, in this particular case of socks, there is no graded duty. That means that children's socks which are very small will be taxed in the same manner as the socks of grown up men, and I think that is rather unfair. I, therefore, suggest that we should adopt either weight, in which case all of them will be treated alike, or we should adopt number in which case we will have the graded system. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in amendment No. 6, in the fourth column of the proposed Item No. 43-D (2), for the words 'ten annas per dozen pairs' the words 'six annas per lb.' be substituted."

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I will follow my Honourable friend's footsteps and say that the arguments I used on the last occasion are equally applicable to this occasion. I have nothing further really to add to what I have already said and I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in amendment No. 6, in the fourth column of the proposed Item No. 43D(2), for the words 'ten annas per dozen pairs' the words 'six annas per lb.' be substituted."

The motion was negatived.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): Sir, I move:

"That in the Schedule to the Bill, in amendment No. 18, under the proposed Item No. 184-A, the following be added:

(2) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice-cups, rice-bowls and rice-plates—		
(i) having no diameter exceeding 19 centimetres.	30 per cent. or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.	20 per cent.
(ii) having any diameter exceeding 19 centimetres.	30 per cent. or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.	20 per cent. . . .

I submit that this amendment is the acid test of the sincerity of the House whether they will support Indian industries or not. In order to give direct proof to the House, I have brought these plates before the House so that Honourable Members may test their quality for themselves.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhammadan): Sir, I rise to a point of order. Is it in order for an Honourable Member to bring big sized goods which they get as free samples and display them on the floor of the House as an advertisement? Those of us who have not got the samples are unable to appreciate the point. For instance, the other day we had the Khaddar (Protection) Bill, and would it have been in order for me to bring khaddar dhoties before the House

and place them before Honourable Members, and will it be in order for my Honourable friend, Mr. Mody, to bring in a big pile of woollen goods and display them before the House? I want a ruling on the point.

Mr. D. K. Lahiri Chaudhury: This is not a big thing; it is a small douché can. It will certainly be very useful to my Honourable friend, Mr. Gaya Prasad Singh. I have brought these articles before the House in order to show the difference between Japanese goods and Indian goods. This morning some delegates came from Calcutta in the name of consumers and I am told they were received at the station by some of their Japanese friends. But that does not affect my argument. These are articles which can easily be used by the poor people. This is Japanese and this is Indian, and I can show a number of other things also where the Indian goods are superior to Japanese goods in respect of quality, durability, and so on. The Honourable the Commerce Member has made the position clear that this Bill is intended only to restore the parity of price which existed in 1931-32. I take the figures of 1931-32. The price of Japanese rice cups was Rs. 2-6-0 per dozen and that of Indian rice cups was Rs. 2-4-0, that is two annas less. And if you compare the quality and durability of the two, you will find that, while Japanese articles will last for only six months, the Indian articles will last for ten years, if properly used. Whenever we come to this House, some of us preach for the consumers, some of us preach for the producers, but I am one of those whose first and foremost duty is to support Indian industry in whatever form it is, and I have got a legitimate ground for that. The total consumption of these articles is valued at about Rs. 32 lakhs, out of which Rs. 10 lakhs worth is manufactured in India. Mr. Hardy himself went down to Calcutta and saw these enamel factories and he was convinced that this industry should get legitimate protection, because, for practical purposes, these are really Indian concerns with Indian capital and Indian labour. It is not merely a Calcutta business, it is spread over all parts of India. In 1920, these factories were started.

Mr. A. H. Ghuznavi (*Dacca cum Mymensingh: Muhammadan Rural*): Where?

Mr. D. K. Lahiri Chaudhury: In Bengal. The Bengal Enamel Works, Limited, was started by Professor D. Bhattacharjee with a capital of Rs. three lakhs subscribed entirely by middle class Indians, Hindus and Muhammadans. I hope that my Honourable friend, who has been so keen on hosiery, will take some interest in Indian articles too. Muhammadans also have invested their money in it. (*An Honourable Member.* "Don't make any difference.") I say that because my Honourable friend put me a question and I say that these factories are owned both by Hindus and Muhammadans—Indians.

The Sur Enamel and Stamping Works, Limited, started by Mr. Sur, is a private limited concern which has invested rupees two lakhs in this enterprise and can further invest double this amount if demand arises. They were followed by the Empire Enamel Works started by Muhammad Abdul Karim who got his training in the Bengal Enamel Works, Limited. The Imperial Enamel Works and the Enamel Manufacturing Company were started by Mr. S. L. Bannerjee who was trained in Japan.

[Mr. D. K. Lahiri Chaudhury.]

In Bombay. To serve the Bombay and Karachi markets, a well-equipped enamel factory has been started at Oglewadi near Poona with an investment of over a lakh. Movements were afoot to start a factory in Bombay, but which have been suspended in consequence of the present crisis.

In the Punjab. Upper India can boast of the Pioneer Enamel Works at Amritsar with an investment of about a lakh of rupees and J. H. Johnson and Co.'s Enamel Factory owned by a Nawab at Aligarh.

In Burma. Rangoon too started a factory on a fairly large scale about three years ago.

The total capital invested in the enamel industry is well over Rs. 10 lakhs and the total output in 1932-33 was approximately Rs. 10 lakhs. That is to say, one third of the demand is manufactured in India, but the whole demand can be met if the industry gets a little protection. I ask Honourable Members whether they are going to give temporary relief from Japan or permanent relief. To my mind this industry can be made entirely self-supporting and made to stand on its own legs. If they are given a little protection, they can produce their articles at the same rate as Japan. It may be said that by this method you will raise the price in India by giving a monopoly to these indigenous manufacturers. That is not the case. If they get protection, they can produce their articles cheaper than they do now and they can reduce their prices.

There is one other point. Out of the total import of 22 lakhs, 11 lakhs or nearly 50 per cent. goes for other purposes, such as photography sauce pans and other things. Only 50 per cent. constitutes the poor man's consumption. I am sure, that, if this House gives protection, the industry will be self-supporting and, after three or four years, they will be able to meet competition from other countries. I hope the House will be convinced of my arguments. I am speaking in favour of India and Indians alone. I hope the House will support my amendment wholeheartedly. I am glad that it was inserted in the original Bill, but it has been deleted by the Select Committee. I do hope that the Members of the Select Committee will take up this matter seriously, because this question affects the poor man very much. The provision in the original Bill was sought to be deleted on the ground that the local manufactures do not meet the whole of the demand and it was defeated by one vote. I now learn from my friend, Mr. S. C. Mitra, that he is convinced that the provision ought to be re-inserted. He has already made his argument in the consideration stage, and this article ought to get the support of this House. If it does not, what will be its effect? This industry will be ruined. There are other articles which are used for very reasonable and useful purposes, in hospitals, and so on. If this industry is protected now, the consumer will be able to get his things much cheaper in the long run and they will last for a longer time. I hope the whole House will support my amendment and give encouragement to the industry in India.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair would like to announce that it strongly deprecates the practice of producing exhibits on the floor of the House. The Chair did not want to prevent the Honourable Member from doing so before giving due notice. The Chair does not propose to allow this practice in future.

Amendment moved:

"That in the Schedule to the Bill, in amendment No. 18, under the proposed Item No. 184-A., the following be added :

<p>(2) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thales, including rice-cups, rice-bowls and rice-plates—</p>			
<p>(i) having no diameter exceeding 19 centimetres.</p>	<p>30 per cent. or per dozen four annas <i>plus</i> one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.</p>	<p>20 per cent.</p>	<p>..</p>
<p>(ii) having any diameter exceeding 19 centimetres,</p>	<p>30 per cent. or per dozen eight annas <i>plus</i> two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.</p>	<p>20 per cent.</p>	<p>..''</p>

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): The amendment is very simple and can be supported very shortly. The Government got, when they introduced the Bill, that it was an industry which deserved the same treatment as many other minor things that had been included in the Bill. The Select Committee, for reasons which it has not made very clear, have deleted this amendment. The only reason that the Select Committee have put forward is as follows:

"We have, however, omitted sub-head (2) of the new Item No. 184-A., dealt with by Item 18 of the Schedule, because, in respect of the articles specified therein, which are articles widely used by the poorer classes, we are not satisfied that the circumstances justify the increase of the duty proposed."

I do not think this is an adequate reason at all. If you go through the Bill, Mr. President, you will find that there are many other articles which will come under the same inhibition, and, if this principle is applied to this particular thing, on the same analogy and on the same ground, many other Items in the Bill can be deleted. For instance, the hosiery about which Mr. Ghuznavi was talking the other day. I do not think that this is an argument which can be advanced at all for omitting this Item from the Schedule. The Government, after careful consideration, I take it, thought it fit to incorporate this particular article also in their proposals and I venture to think that no reason has been put forward by the Select Committee why this particular thing should be omitted. It is true that these articles are used by the poorest classes as Mr. Lahiri Chaudhury has pointed out. In the long run, they will be the people who will benefit by the promotion of this particular Indian industry and, what is far more important, it will encourage the production of a class of articles which will be more durable and last for a longer time than

[Diwan Bahadur A. Ramaswami Mudaliar.]

these articles. I think, therefore, that the original proposals of the Government should be re-incorporated and I strongly support this amendment.

Mr. F. E. James (Madras: European): I should like to support the amendment, but I do not want to traverse the ground that has been covered by my friend, Mr. Lahiri Chaudhury, or the Diwan Bahadur. There is, however, one point on which I want to elicit information from the Government Members and that is as to the particular reasons which moved them to remain neutral on this subject in the Select Committee. I understand that this Bill was drawn up and its provisions arranged after an inquiry—an inquiry into the applications received for protection under the Safeguarding of Industries Act, and an inquiry conducted by, I believe, the President of the Tariff Board and the Director-General of Commercial Intelligence; and I understand that the results of this inquiry, where Government felt that they were justified, appeared in the Bill as it was originally produced before the Select Committee. Therefore, presumably this particular industry made out a *prima facie* case for protection under this Bill and this provision was included in the original Bill. Now, I can perfectly well understand Honourable Members of the Select Committee, who had not had the advantage of the information which Government had in making their inquiries, coming to a different conclusion in the matter, and I can quite appreciate the difference of opinion on the point, but I find it a little hard to understand the reason which led the Government Members themselves to remain neutral. I can appreciate the view that they felt that the result of the inquiry was not such as to justify putting this item in the Bill as originally published. But presumably they were satisfied, although they may have been satisfied by a very narrow margin, that there was a case here for protection; and, therefore, we should like to know why the Members of the Government on the Select Committee, in view of that, apparently modified their opinion and remained neutral in the Select Committee. We raise this point, because we feel it is an important point in view of the large number of tariff inquiries now proceeding, and which are likely to fructify in legislation. We feel, if Government are going to proceed with tariff legislation, it is most important that their inquiries in the first instance should be thorough and that they should, as far as possible, satisfy themselves, on those inquiries, before coming to their conclusions in regard to the legislation they put before the House. Either this point was not fully considered, or, if it was fully considered, it should have been left alone in the Bill by Government and they should not have remained neutral. Probably there are very adequate reasons for this procedure, but it is a procedure which has given us some uneasiness and we should very much like to hear from Government as to the reasons why they changed their minds.

Dr. Ziauddin Ahmad: Sir, I entirely agree with the argument brought forward by my Honourable friend, Mr. Lahiri Chaudhury. I said openly before and I repeat again that I am a protectionist and I will always support a Bill which really aims at protection, but we should consider the measure in a different spirit if it is not really intended for affording protection, but for raising the price level. If a particular industry could be protected under any excuse whatsoever, I would strongly support it provided certain conditions are satisfied, and one of them is that that industry should be in a position to stand on its own legs. That is one very

important condition. We must clearly understand that we are going to tax the consumer for the benefit of an industry which is likely to stand on its own legs. Then the industry should be fairly advanced, and we should also try to remove uneven competition. So far as the principle is concerned, I entirely agree with my Honourable friend, Mr. Lahiri Chaudhury, but I regret I do not agree with him when he begins to quote figures, because my figures, which I shall now quote, are quite different. Of course Government have got the correct figures in their hands and they are in a position to understand the position better. That is why we removed this particular Item in the Select Committee. Now, Mr. Lahiri Chaudhury said that there were five factories whose capital was Rs. seven lakhs in Calcutta and that there were two factories in Upper India—one at Aligarh and one at Amritsar—whose capital was Rs. two lakhs,—that is, a capital of nine lakhs altogether. I know the factory at Aligarh very well, because I have the first-hand information, and I find that the Johnson Company has now been purchased by Nawab Sir Muhammad Muzammilullah Khan. They only make sign-plates, not enamelled articles. I have the figures before me for different classes of enamelled articles. This is their monthly output. Sign-plates worth about Rs. 10,000 a month are made. New hospital requisites, Rs. 1,500, and domestic hollow-ware Rs. 1,500. Total output, Rs. 13,000, of which Rs. 10,000 are the sign-plates. Now, since the production of the second and third of the above items are very small we excluded them altogether, because they could not immediately stand on their own legs. But the position of sign-plates is different from that of other enamelled articles. We report on a specific duty on sign-plates and it is there. The Select Committee has not removed it, the other articles which we produce, according to my information, come to about Rs. 8,000 a month only.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadian Urban): Why is it so low? Why don't they make more?

Dr. Ziauddin Ahmad: That is a point which I cannot answer . . .

Sir Cowasji Jehangir: Can they make more?

Dr. Ziauddin Ahmad: I have just given what the figures are, and, if my figures are incorrect, I hope the Government will correct those figures.

Mr. N. M. Joshi (Nominated Non-Official): May I ask a question, Sir? We have been supplied with some statistical information. I do not see any information on this question at all in that paper. Will Government kindly state if there is any information given on this point at all? We have been supplied with some information, and we cannot really find what the figures are.

Dr. Ziauddin Ahmad: Sir, I noticed that the total import was Rs. 22,87,550 in the year 1932-33 and the total consumption was Rs. 24,43,000

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): How did you get the other figure?

Dr. Ziauddin Ahmad: Therefore, according to my calculation, only six per cent of the total consumption is manufactured in this country and 94 per cent. is imported from outside. My friend, Mr. Lahiri Chaudhury, said, about one-third was manufactured in this country and two-thirds were

[Dr. Ziauddin Ahmad.]

imported from outside; but, as I have shown, there is an enormous difference—between six per cent. and 88 per cent. So, if my figures are correct, if this particular industry is such that we are making only six per cent. of the total consumption and are importing 94 per cent. from outside, I ask, whether the time has arrived when we ought to protect this particular industry. The case of sugar is different, because we knew that in that case it was given for the benefit of agriculturists. In this particular case, agriculturists are not being benefited, but some work may be provided by town labourers. Had the industry been progressing sufficiently high, there was some point in giving it protection. I do not see in what way this industry could stand on its own legs. Besides, what material is before us to show that if this particular duty is levied, this industry will at once jump up from six per cent. to 100 or even something approximate to it. I myself said in the Select Committee that this industry, on account of a very low protection of six per cent. was not likely to stand on its own legs. If, however, the Government, from their own information, can say on the floor of the House that they have got a larger output to such an extent that they can immediately capture the whole market, then the position would be changed. Still, the Government ought to make out a case in this particular connection. Of course, the amount of the duty that was proposed in the old Bill worked up to something between 84 per cent. and 125 per cent. *ad valorem*. Therefore, we thought that a sudden jump to this figure from 30 per cent. could only be called a protective duty and it could only be given if the industry was able to stand on its own legs. Therefore, if the protective duty is to be raised from 30 per cent. to about three or four times, then we ought to be convinced that the industry is already there. There is already good work going on, and, with this little aid, the whole thing will flourish. As I said, my information is that a major portion of this enamel work in the various factories is confined to the making of plates. If the industry could be made to stand on its own legs and the conditions are to be satisfied as to the profit making and also the position of the consumers is kept in view, then I have no objection to raising the duty. But I would request that it should be put in a class by itself. Government should come forward and say that they want to protect this particular industry and make out a case accordingly and I will then vote for it with both hands. But the fact of the matter is that the capital of all these factories does not come up to more than nine lakhs and they are doing other business as I find definitely about Aligarh. I should like to know as a business proposition whether by investing a part of our nine lakhs we will be in a position to produce articles worth about 24 lakhs. Therefore, in this particular case, so far as the principles are concerned, I am absolutely in agreement with Mr. Lahiri Chaudhury, but I regret to say that the figures which I have got entirely differ from the figures which he has given. My figures show that the output at present, excluding the plates, is only six per cent. If the Government can make out a case for this particular industry, then we will probably consider the position.

Mr. N. M. Joshi: Mr. President, I find it very difficult to follow the discussion that has been going on. I have experienced difficulty in connection with this Bill from its very inception. I raised the point that the House should be given sufficient information to be able to judge of this question intelligently. On account of my representations to the

Honourable Member in charge of the Department, he was good enough to circulate some information among the Members. I am very grateful to him for circulating that information. Unfortunately, I find that the information regarding this item is not there. Now, before I deal with that point I would suggest to the Government of India that, while we are very grateful to them for supplying the information which they have given, they should give us a little more information about every industry which is to be protected. We should know what capital is invested in that industry; we should know how many people are working in that industry and also something about the prices. Besides that, I want really to raise a constitutional question. It is the practice of the Government of India to supply information to the Select Committee while they sometimes omit to supply the same information to the House. I should like you, Mr. President, to consider this question very seriously whether it is right to supply information to a Select Committee and then not supply it to the House? The duty of the House is to judge of the report which the Select Committee makes. If the House is not in possession of the information on which the Select Committee itself has based its judgment, how is the House to decide? In this connection, I would like to draw your attention to the practice in the House of Commons. In the House of Commons, the meetings of the Select Committee are generally open to the public. There are two parts of a meeting of a Select Committee. The first part consists of receiving information and this part of the working of the Select Committee is open to the public. If the Select Committee takes evidence, it is published for the benefit of the public and not only of the House. The proceedings of the Select Committee, when they discuss among themselves as to what judgment they should pass on the information before them, are not published. I would like you, Mr. President, to consider whether we should not adopt the procedure of the House of Commons. I have noticed this practice of withholding information not only on this occasion, but on previous occasions also. The Reserve Bank Joint Committee examined certain witnesses and the House did not know anything as to what the witnesses said. In my judgment, this is an undesirable practice. Unfortunately our standing rules do not make any provision as to whether a meeting of the Select Committee, when it takes evidence, should be open to the public or not. But we shall have to start a practice as our Select Committees have already started the practice of hearing witnesses. My suggestion to you, Mr. President, therefore, is that whenever a Select Committee receives information, that information should be received in public and that information should be available not only to the Members of the House, but also to the public as a whole. The Select Committee should be at liberty to meet in private to discuss things amongst themselves and to come to certain judgment. I, therefore, feel that you will seriously consider this question and tell us at your leisure when you decide on this question what procedure we should follow in this connection.

Mr. S. C. Mitra: Sir, I support the motion of my Honourable friend, Mr. Lahiri Chaudhury, and I further owe it to the House to explain the position that some of us took in the Select Committee on this question, as we were not provided with all relevant facts as regards prices. So far as Government are concerned, it must be said that they acted very fairly. They left it to the Select Committee to decide, and Government Members remained neutral. It was there that this particular clause was

[Mr. S. C. Mitra.]

deleted. We wanted in the Select Committee some figures about the prices of the Indian goods of the same standard as compared with Japanese goods. What weighed most with some of us was the quality of the thing, because cheapness ultimately depends upon duration. I shall presently show that though the Japanese articles are supplied at two pices less, yet the Indian goods are at least twice as durable compared to the Japanese. My Honourable friend, Dr. Ziauddin Ahmad, said that he would vote with us provided we could show him that Indian production was not as low as six per cent. of the total Indian consumption. Other Honourable Members like my friend, Mr. Joshi, also complained about the statistics. In the Select Committee, we had some figures, and if my Honourable friend, Dr. Ziauddin Ahmad, had only applied his mind to the figures supplied to the Members in the Select Committee, he would have been satisfied. I am referring to the statistical statement in respect of commodities which have been the subject of safeguarding application. On page 24 of this statement, it will be found that in 1980-81, the total import was 23.64 lakhs, and if we go into details, the total hollow-ware 11 lakhs, hollow-ware for other uses than domestic 2 lakhs, advertisement 12.5 and miscellaneous 1.4; while during that year the Indian production was seven lakhs, of which advertisement was responsible for three lakhs, hollow-ware articles 3.5 and hollow-ware for other classes .5. In 1981-82, the total import was 15 lakhs, Indian production was 12.5 lakhs, advertisement 3.5 and hollow-ware used by the poor eight lakhs and miscellaneous one lakh. In 1982-83, the total import was 22.87 lakhs, the Indian production 10 lakhs, of which advertisement was eight lakhs; only rupees fifty thousand was for hollow-ware for the poor, and other classes 1.5 lakhs. From these figures, it will be clear that in 1981-82, India produced as much as 12.5 lakhs, out of a total consumption in India of about 32 lakhs. If we go into details, we find that due to the Japanese competition, the condition has become very precarious; the total production in 1982-83, when the competition was prevailing in its abnormal condition, the total Indian production was 10 lakhs, of which advertisement was eight lakhs and only fifty thousand rupees worth of hollow-ware were produced as against eight lakhs in the previous year. It will be clear to anybody how ruinous has been this competition. This industry has now got its home in Bengal, Bombay, the Punjab, the United Provinces and Burma. I cannot understand how my Honourable friend, Dr. Ziauddin Ahmad, could argue that because the capital of the company was five or ten lakhs, it was not possible for it to produce articles worth more than its capital. I think it will be better if any Honourable Member, belonging to the business community, could explain to the Doctor that even if the capital for this industry is not very great, yet, with the help of a large amount of labour and quick turn-over, this can certainly produce articles worth much more than its capital. In the Select Committee, we did not know the comparative prices of the articles. Now, I have gone through this question very carefully and, speaking for myself, I am satisfied after enquiry that our Indian industries, if they get a run for five years, will be in a position to entirely replace all the imports. That is the ground which strengthens me to revise my opinion. I strongly hold the view point of the consumers. I know that even a difference of two pice, apart from the quality of the article, is a burden on the consumer. But when I compare the two articles, the one produced by the Indian manufacturer, and the other by Japan, I find that the

Indian article is far cheaper in the real sense of the word. Just now my Honourable friend, Sir Cowasji Jehangir, suggests to me to refer to the case of cotton mills with a capital of 12 lakhs being able to produce goods worth more than half a crore. I think my Honourable friend, Dr. Ziauddin, will take this information specially as it comes from a business-man like Sir Cowasji. I claim that I have examined this question from the poor man's stand-point as well and I am fully convinced of the excellent durability of the Indian article as compared with the Japanese article. Particularly, as far as my Honourable friend, Dr. Ziauddin Ahmad, is concerned, I think I have now convinced him that more than 30 per cent. of the total consumption in India is produced in India and as my Honourable friend said that he would agree to this amendment if he were satisfied that more than six per cent. of the articles were produced in India, and now that his conscience will be satisfied, I hope he will vote for the amendment. On these grounds, I support the motion of my Honourable friend, Mr. D. K. Lahiri Chaudhury.

Mr. A. H. Ghuznavi: Sir, it is very difficult for us to come to any conclusion as to what we are to do and what we are not to do. Here, for the first time, I get some figures from my Honourable friend, Mr. Mitra. Another set of figures has been given to us by my Honourable friend, Dr. Ziauddin Ahmad. Some very useful particulars have also been given by my Honourable friend, Mr. James, who perhaps was in the know of the Government, and so he gave us the whole history as to how this item came into this Bill. We had no information whatsoever when we were discussing this matter, excepting this, that they applied for protection and that protection was needed owing to the depreciation of the yen. As regards protection to the industry

The Honourable Sir Joseph Bhoré: Did my Honourable friend not read the figures in the yellow book that was supplied to Honourable Members?

Mr. A. H. Ghuznavi: The Honourable the Commerce Member asked me if I have not read the figures, but will my Honourable friend tell the House as to when this book was given to us? It was given two hours before we sat in the Select Committee. How does he expect us to come prepared for the Select Committee

The Honourable Sir Joseph Bhoré: To the best of my recollection, this was not discussed on the first day on which we sat. It was discussed on the second day on which we sat. My Honourable friend, therefore, had more than 24 hours in which to read it.

Sir Cowasji Jehangir: Mr. Mitra had these figures, why could not you? You were a member of the Select Committee.

Mr. A. H. Ghuznavi: Mr. Mitra has said on the floor of the House that he did not read those figures, otherwise he would not have voted to turn it down. He had satisfied himself afterwards. That is what he has said.

Mr. S. C. Mitra: What I said was about the comparative prices of the Japanese and Indian goods. That was the point I made.

Mr. A. H. Ghuznavi: How does the comparing of prices help us? I want to be satisfied on the following points. Is the industry an established one? Is the industry established throughout India? Can it supply the demand of the whole of India if a reasonable protection for a definite time is given? Has that been gone into by any inquiry? We are penalising the consumers, and giving protection without any inquiry and without satisfying ourselves whether this is an established industry or not, and whether it can, in a reasonable time, supply the demands of India at a reasonable and competitive price. We are told that there is a factory in Calcutta. Today we hear that there is one in the Punjab and one in the U. P. We have no knowledge as to what they manufacture and we have no figures to go by. Certainly give them this protection if they can prove that the protection should be given. Have an inquiry now, let them ask for an inquiry and let there be a complete report before this House. What is the hurry?

Sir Cowasji Jehangir: What were you doing in the Select Committee yourself?

Mr. A. H. Ghuznavi: I have turned it down, because I had no information to justify its retention.

Sir Cowasji Jehangir: Because you did not read what you were given?

Mr. A. H. Ghuznavi: Because you were not here to help me, that is the trouble. Sir, this is a very novel way of doing things. An industry applies for protection. No investigation has been made and nothing is known to the House. So far as I am concerned, it appears to me that when we said that this should be excluded, Government remained neutral. I thought there must have been a certain amount of justification. The inquiry is not sufficient. If Mr. Lahiri Chaudhury wants it, let them ask for an inquiry and let there be a complete inquiry. Let there be a report before this House and then we will know what to do. I shall be prepared to give you protection if you can fulfil this condition that I want, namely, prove that it is an established industry, that it can meet the full demand of India within a reasonable time, at a reasonable and competitive price, and that it is efficiently managed. We are not going to give protection to perpetuate inefficiency. If these things are established, you will certainly have the protection that you want. Sir, I oppose this motion.

Sir Leslie Hudson (Bombay: European): Sir, I just want to say one or two words in support of the point put forward by my Honourable friend, Mr. Joshi, about the circulation of the information with regard to this Bill. This yellow book has been placed in the hands of certain Members of this House and members of the Select Committee. Some have read it and some apparently have not and the latter are perhaps unfortunate in not having the information which they would have obtained if they had read it. However, my point is to support Mr. Joshi's contention that those particulars should be supplied to the whole House. In the final event, the whole House is the Judge in this matter and I think they should have full information before them.

Mr. President (The Honourable Sir Shanmukham Chetty): So far as the point raised by Mr. Joshi is concerned, the Chair will look into the matter carefully and see what should be the best course to meet the convenience of Honourable Members.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): Sir, I, as a member of the Select Committee, opposed the deletion of that clause and I have appended a minute of dissent in the report. My minute will show that there are sufficient materials before us to form a decision. I say:

"On the statement made on behalf of Government in the Select Committee, there appears to be every prospect of the present annual output (namely, goods worth 4½ lakhs) being multiplied about four times if the protection as proposed in the original Bill were to be given."

This statement was made by the officer of Government who himself inquired into this question and whom Government deputed to make the inquiry. For this purpose, I may remind the House that the Honourable the Mover of this Bill in his speech stated this:

"As the result of a very careful examination conducted by the President of the Tariff Board and by Dr. Meek, the Director General of Statistics, we came finally to the conclusion that the industries which are dealt with in this Bill had made out a case for immediate action under the Safeguarding Act while other applicants had failed to make out a case for emergency action. This Bill, Sir represents the conclusion we then arrived at."

So I do not understand the grievances of the Members who have spoken against the motion moved by my Honourable friend, Mr. Lahiri Chaudhury. There was a statement made by Dr. Meek who was present at the meeting of the Select Committee, and Mr. Hardy, who is now here, also explained that he had personally inquired into the matter and went to the factories to see the conditions there. In these circumstances, it came to me as a surprise that some of the members of the Select Committee, a majority of them, not being Government members, without any inquiry into the matter, voted against it. Sir, I fully support the amendment moved by Mr. Lahiri Chaudhury, and my reasons are various. First, I am personally convinced, although it is not necessary for me to say so, that there is an industry and an established industry in this country which can produce, if sufficient time is given, enough to meet all the requirements of this country. As Mr. Mitra pointed out, the things are cheaper than Japanese ones, because the price and durability, if you consider them, will show that in the long run these wares are very much cheaper,—practically half the value,—than the Japanese wares. Secondly, there is another cogent reason. I have now come to know how these things are imported so cheaply into India. These articles practically come duty free from Japan, and, not only duty free, but the duty paid on articles, from which they are made, is refunded to the manufacturers of this class of goods for the purpose of competing with foreign countries. Here these manufacturers make their wares from 24 gauze steel plates manufactured by the Tata and Company. They sell the wares in Calcutta exactly at the same rate at which the duty paid articles from foreign countries are sold. In Japan, they have got about 250 or 300 per cent. duty against sheets manufactured in America which they use, namely, 32 gauze, but, when these

[Mr. S. C. Sen.]

sheets are manufactured into articles, they not only send them out here duty free, but also refund the duty which those manufacturers paid when these sheets came into Japan. So there was practically a bounty given by the Japanese Government, and I do not see why our Government should not foster this industry and do the same. In any case, they can raise the duty which they are going to put on this, and it is high time that this should be done. With these remarks, I support the motion of my Honourable friend, Mr. Lahiri Chaudhury.

Major Nawab Ahmad Nawaz Khan (Nominated: Non-Official): Sir, in supporting this amendment, moved by Mr. D. K. Lahiri
 12 NOON. Chaudhury. I wish to say a few words. I have sympathy with Japan, but I think legally, politically, socially or morally we are not under so much obligation to Japan that we should sacrifice the interests of our own country. We as Indians should have regard first for Indian interests and we should safeguard Indian industries. As Members of the Indian Legislature, it is our primary duty to look after the interests of India and other interests afterwards. We must give full attention to our interests first—I mean all Indian interests, agricultural, industrial, etc. In this connection, if anything is to be said in favour of Japan, it is only the cheapness of the article from the poor man's point of view. But I support this amendment, because it is in the interests of the poor man not to have very cheap things which he has to purchase many times over rather than a slightly more expensive thing which will last long. It is the experience of wise men in all countries that the best is the cheapest. We have to see in the interest of the poor man himself whether it is good for him to purchase these cheap things which do not last long or things made in our own country which are a bit more expensive, but which last long and for which he need not spend money many times throughout the year.

Dr. Ziauddin Ahmad has very rightly and wisely said that he is ready to support such Indian industries which can stand on their own legs. But now the question is, how are these industries to stand on their own legs if we do not encourage them, help them, and support them? We are here primarily to encourage our own industries; and we all know that when a small baby begins to walk, he often falls and the parents have to help him in many ways and for a long time. Similarly, these industries surely will have many difficulties, obstacles and troubles, but like parents we have to help and support them if really we wish to see them stand on their own legs. My friend, Mr. Ghuznavi, has very wisely said: "Let us see whether these articles fulfil the demand of the public or not". I will say the same thing to him—that value depends upon demand. If we stop the manufactures of other countries from coming into India, we will be encouraging and helping our industries to increase their manufactures; because, if the people buy cheap things, they will not require a little more expensive thing made in India, with the result that our manufactories will not be able for a very very long time to fulfil the real demand of India. But if we stop foreign goods coming into India, we will be really helping the country as well as our manufactures and the demand will then be fulfilled very quickly. With these words, I support the amendment.

Sir Darcy Lindsay (Bengal: European): Sir, coming from Bengal as I do, I heartily support this amendment. It is the home industries that India is so badly in need of; and anything that can be done to foster industries I am entirely in favour of—I understand that there are two important companies in Calcutta that employ ample capital and their productive power is something like 4½ lakhs worth of goods, this they can increase if there is a demand, at present the demand has been lessened owing to the import of very cheap low quality goods from other countries. I have examined the qualities of the enamel dishes made by these factories in Calcutta, and I have examined certain dishes that have come from Japan. There is a vast difference; but if the consumer wants cheap goods, I have no doubt that, afforded facilities in the supply of material, our Calcutta factories and factories in other parts of India can supply the goods at very similar prices. I understand that the metal used is rolled by Tatas; but they do not roll to a gauge similar to that of the cheap class of goods. I am not at all myself in favour of these cheap class goods, but if there is a demand that necessitates manufacture, then I think we must endeavour to move the Tatas to supply the necessary material. My friend, Dr. Ziauddin Ahmad, made rather a point of how could the factories with only a small capital produce a large output? I am afraid my friend does not know very much about manufacture

An Honourable Member: He is a mathematician.

Sir Darcy Lindsay: He was corrected in that by Sir Cowasji Jehangir and I will leave it at that

Mr. N. M. Joshi: He knows the industry of gas-making.

Sir Darcy Lindsay: Here, Sir, is an opportunity to support an existing industry that has not been very long in existence, an industry that is capable of producing a first class article, and I hope this House will give it that protection it should receive.

The Honourable Sir Joseph Bhore: Sir, I would like to reply to one or two points that have been made in the course of the debate this morning. In the first place, I would like to refer to the question of the supply of relevant figures, and I would like to explain to the House that the reason why figures dealing with enamel-ware were eliminated from the information circulated to Honourable Members was because the item itself was eliminated from the Report of the Select Committee. So far as figures are concerned, I entirely agree with my friend, Mr. Joshi, and as I assured him on a previous occasion, I personally would do everything in my power to facilitate examination of such questions by this House by the supply of such figures as we are in possession of. On the other hand, may I remind him of a remark which he made, I think it was in his reply to the debate on his motion in regard to unemployment,—my recollection was that he then said, if a thing must be done, then the mere fact that you have not relevant figures should not stand in the way of your doing it

Mr. N. M. Joshi: I have not said a single word on the merits of this Bill.

The Honourable Sir Joseph Bhore: I am merely quoting my friend in support of my position today.

[Sir Joseph Bhore.]

Now, Sir, in regard to figures, my friend, Dr. Ziauddin, great mathematician though he is, very curiously ignored such figures as had already been supplied to him. Had he taken the trouble to go into the figures which were supplied in the Yellow Book, he would have found that both my friend, Mr. Lahiri Chaudhury, and my friend, Mr. S. C. Mitra, were correct. I will repeat these to him so that he may be in a position, if it comes to a vote, to walk into the right lobby and also to revise, I hope, the provisional opinion which he has expressed this morning

Dr. Ziauddin Ahmad: May I explain, Sir. I would refer the Honourable Member to page 26 at the very top. It is stated there "Estimated production 1930-31, 1931-32, 1932-33", and then follows a bracket and then approximately of the value of Rs. 10 lakhs. I understood, on account of this bracket, that the production for all the three years combined was approximately of the value of Rs. 10 lakhs, and not ten lakhs a year.

The Honourable Sir Joseph Bhore: I hope, Sir, now that his difficulty has been removed, he will be able to support the motion.

Dr. Ziauddin Ahmad: May I ask the Honourable Member whether he is prepared to say whether it is Rs. 10 lakhs a year?

The Honourable Sir Joseph Bhore: Yes, Sir.

Dr. Ziauddin Ahmad: Rs. 10 lakhs a year?

The Honourable Sir Joseph Bhore: Yes, Sir.

Then, Sir, I will quote a few figures which I hope may carry still further conviction to my friend. The estimated total production in India amounts in value to 32·8 per cent. of the average Indian market and 48·7 per cent. of the average total imports during the past three years. That, I think, Sir, should remove any doubts which may possibly exist in the mind of my friend.

I have only one more point to deal with, and that is the attitude of the Government in this matter. When we originally included this item in our Bill, we were satisfied that there was a case for safeguarding this industry. It was, however, one of those cases which are near the border line, though on the right side of the border line. In the Select Committee we found that there was a strong section that felt that in such cases the interests of the consumer should be the deciding factor, and they pressed the view that in this particular case it was the poorer consumer who was going to be penalised. In those circumstances, we felt that the case being what it was, we ought to leave it to the non-official members of the Select Committee, and if they felt that the poorest consumers were being penalised, we should not force our proposal down their throat. That explains the reason for the attitude taken by Government. I can only say that we have the strongest sympathy for the amendment of Mr. Lahiri Chaudhury, and indeed we must, because it found a place in our original Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 18 under the proposed Item No. 184A, the following be added:

(2) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates, and thalas, including rice-cups, rice bowls and rice plates—			
(i) having no diameter exceeding 19 centimetres.	30 per cent. or per dozen, four annas <i>plus</i> one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.	20 per cent.	..
(ii) having any diameter exceeding 19 centimetres.	30 per cent. or per dozen, eight annas <i>plus</i> two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.	20 per cent.	..'"

The motion was adopted.

Mr. A. H. Ghuznavi: Sir, I move:

"That in the Schedule to the Bill, the proposed amendment No. 22 be omitted.

This proposed amendment refers to earthenware, porcelain, etc. You, Sir, have ruled only this morning that the Members of the House should not display any articles, otherwise I would have produced some articles here, and that would have satisfied the House why this amendment should be omitted. Now, Sir, here is a statement. The example of a 10" plate imported from England and from Japan will clearly show the motive underlying the bogey of specific duty.

	£	s.	d.
10" plate from England	0	8	0 per dozen.
Less discount of 65 per cent., 5 per cent. and 5 per cent.	0	5	5½
Nett cost at Factory	0	2	6½
Add to this Packing, Freight, Buying Commission and other charges	0	0	7½
Cost Free Bombay Harbour	0	3	1½

When we convert the shillings into rupees, we find the price works out to Rs. 2-1-0. The duty on this was 20 per cent. Of course, the Ottawa Conference gave them ten per cent. discount, that is to say, 20 per cent. That brings the total price of a dozen English plates to Rs. 2-8-0 per dozen. Now, Sir, similar 10" plates from Japan delivered free at Bombay Harbour at the rate of Rs. 80 exchange per yen cost only Rs. 1-8-0, and with the specific duty on this at rupee one, which we want to levy now, the price will come to Rs. 2-8-0 per dozen. It restores the price to a level at which

[Mr. A. H. Ghuznavi.]

the English goods can compete, while the Indian goods cannot compete, because their prices are still higher. Besides this, Sir, one other thing must be borne in mind. How could a factory situated in Delhi supply the whole country with the goods produced here at competitive prices? As the goods will have to be sent to Madras by railway, the Commerce Member and the Railway Member combined would certainly profit. The freight will be prohibitive. Further, we cannot tell in this case the reasonable price at which it can be sold. We have no data as to what they can supply and whether they can supply. So far as the Bengal Pottery Works are concerned, I do not think they make these things. They make electrical accessories, such as clutches, etc. They have a large contract from Government for making chinaware electrical appliances. As regards the Gwalior Pottery, I have no information about its capacity, nothing was supplied to us in the Select Committee to enable us to judge whether that institution can supply the needs of India or to what extent they can supply. Therefore, I submit that this item should be omitted. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, the proposed Amendment No. 22 be omitted."

The Honourable Sir Joseph Bhoré: I oppose this amendment. My Honourable friend has on more than one occasion attempted to prejudice the consideration of various Items included in this Bill by suggesting that their object is to favour British imports and not to help Indian industries. That, I have repudiated very strongly on a previous occasion and I think that, if my Honourable friend wishes to oppose any motion, he should do so on its merits and not by importing what I hold to be a wholly extraneous consideration. So far as earthenware and porcelain are concerned, I think the House will realise that we have had considerable difficulty in this matter because, as there is a number of small centres of production, it is not possible to get anything like complete statistics. Honourable Members have on a previous occasion expressed the view that, in the absence of statistics it is extremely difficult for them to come to a definite conclusion. I am entirely in agreement with them. We are doing all we can to improve our statistical organisation, but unfortunately we have no power to insist upon the submission of returns in respect of production as the law now stands. Further, many of these industries, porcelain and earthenware included, cover cottage or small scale industries, and, in respect of them, estimates of production are still more problematical. What we have done is, we have tried our best through reference to Directors of Industries and other quarters to ascertain whether production is on a fairly substantial scale and, it is only in such cases, as I explained when I made my first speech on this subject, that we have decided to take action. In this particular case, I want to make it clear that we would be prepared to accept the amendment which stands in the name of my Honourable friend, Mr. Lahiri Chaudhury. We should have preferred to have had a straight flat rate, but we recognise that that might impose considerable hardship in respect of certain classes of articles. For this reason we are prepared to have a graded scale as suggested in his amendment, but I cannot agree to the elimination of this article from the Bill, because we are satisfied that there is substantial production in the country, and we are still further satisfied that, if this uneconomic competition is eliminated, that production will be greatly increased in the course of the next two or three years.

Mr. A. H. Ghuznavi: In view of what has fallen from my Honourable friend, I beg leave of the House to withdraw my amendment. The amendment was, by leave of the Assembly, withdrawn.

Mr. D. K. Lahiri Chaudhury: Sir, I move:

That in the Schedule to the Bill, in Amendment No. 22 for the proposed Clause 1A the following be substituted:

DOMESTIC EARTHENWARE, China and porcelain, the following, namely:—

(a) Tea cups and coffee cups— (i) having a capacity of more than 7½ ozs.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.
(ii) having a capacity of not more than 7½ ozs.	30 per cent. or four annas per dozen, whichever is higher.	20 per cent.
(b) Saucers— (i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	30 per cent. or five annas per dozen, whichever is higher.	20 per cent.
(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	30 per cent. or two annas per dozen, whichever is higher.	20 per cent.
(c) Tea-pots— (i) having a capacity of more than 20 ozs.	30 per cent. or three rupees per dozen, whichever is higher.	20 per cent.
(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	30 per cent. or twentyfour annas per dozen, whichever is higher.	20 per cent.
(iii) having a capacity of not more than 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.
(d) Sugar-bowls	30 per cent. or twentyfour annas per dozen, whichever is higher.	20 per cent.
(e) Jugs having a capacity of over 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.
(f) Plates over 5½ inches in diameter— (i) over 8½ inches in diameter.	30 per cent. or sixteen annas per dozen, whichever is higher.	20 per cent.
(ii) not over 8½ inches in diameter.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.

is amendment provides a *via media* between the manufacturer and the importer. It is a fact that the pottery industry is still in its infancy in this country, and I think it cannot in the near future meet the demand of the country, but at the same time it deserves to be protected. I am glad to know that the duty of moving this amendment fell on me, because my Honourable friend, Mr. Rahimtoola Chinoy, had to leave on very urgent business for Bombay and he was the original author of this amendment. If this protection is given, Indian manufacturers will not be able

[Mr. D. K. Lahiri Chaudhury.]

compete, that is an irony of fate, but at the same time I feel that this is a reasonable amendment which can be adopted at this stage. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in Amendment No. 22 for the proposed Item No. 191A the following be substituted:

191- A	DOMESTIC EARTHENWARE, China and porcelain, the following, namely:—			
	(a) Tea cups and coffee cups—			
	(i) having a capacity of more than 7½ ozs.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.	..
	(ii) having a capacity of not more than 7½ ozs.	30 per cent. or four annas per dozen, whichever is higher.	20 per cent.	..
	(b) Saucers—			
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	30 per cent. or five annas per dozen, whichever is higher.	20 per cent.	..
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	30 per cent. or two annas per dozen, whichever is higher.	20 per cent.	..
	(c) Tea-pots—			
	(i) having a capacity of more than 20 ozs.	30 per cent. or three rupees per dozen, whichever is higher.	20 per cent.	..
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	30 per cent. or twentyfour annas per dozen, whichever is higher.	20 per cent.	..
	(iii) having a capacity of not more than 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.	..
	(d) Sugar-bowls	30 per cent. or twentyfour annas per dozen, whichever is higher.	20 per cent.	..
	(e) Jugs having a capacity of over 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.	..
	(f) Plates over 5½ inches in diameter—			
	(i) over 8½ inches in diameter.	30 per cent. or sixteen annas per dozen, whichever is higher.	20 per cent.	..
	(ii) not over 8½ inches in diameter.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.	.."

Mr. Muhammad Ashar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): I was also bracketted with the motion of Mr. Ghuznavi, but after further consideration I found that the motion which has just been moved by my Honourable friend, Mr. Lahiri Chaudhury, was more to the point and to the benefit of my countrymen. Therefore, I did not support the motion of my Honourable friend, Mr. Ghuznavi. These industries may be called cottage industries, they may be called nascent industries, and as such industries are beginning to rise in this country, they ought to be protected. I find also that it is in Calcutta and Gwalior only that these industries have been taken in hand, and now, as the Member for Government has stated that he will be prepared to accept this amendment, I do not think I should make any long speech on the subject. I support this amendment.

Mr. B. Das (Orissa Division: Non-Muhammadan): The Honourable the Commerce Member has placed many of us in a difficulty by already announcing that he will accept the amendment moved by my Honourable friend, Mr. Lahiri Chaudhury. My difficulty is that if this variable tariff rate is adopted, people will start importing low sizes of porcelain ware and it will kill the higher sizes manufactured in this country. I must say that nobody raised this question in the Select Committee. From what I know of the prices in the market, coffee cups, though they are of very small size, are sold at a very high price, and why should there be this difference in tariff? I will take one or two more illustrations. I think it will be very hard on the tea cup industry, whether it is manufactured in the Gwalior Factory or in the Bengal Pottery Works, if they want to manufacture smaller sizes, and Japan, with her depreciating currency and her subsidies, whether given in the shape of shipping subsidies or in the shape of bounties, will kill this pottery industry if we accept this variable rate. Take, for instance, the jugs. In the original Bill there were only jugs. It has now been limited by my friend, Mr. Lahiri Chaudhury, to jugs having a capacity of over ten ounces. I thought that milk jugs have got a smaller capacity than ten ounces. I am not an authority in the line. I have seen jugs of smaller sizes. The other day, I showed up the commercial immorality of these importers, not only the immorality of the Indians who import goods, but the immorality of the Japanese merchants and the Japanese Government who give bounties and subsidies whereby industries in India are being killed. I am surprised that the Honourable the Commerce Member should yield to the persuasion of my friend, Mr. Lahiri Chaudhury. Only this morning Mr. Lahiri Chaudhury waxed eloquent on the enamel industry. We in the Select Committee thought that the pottery industry was much more important than the enamel ware industry and the Government have taken us by surprise before they heard our side of the case. I do hope that the Honourable the Commerce Member accepts the position that he is not giving adequate protection to the pottery industry. He already knows that the Bengal Pottery Works have been taken over by a Delhi friend of ours who is going to expand the pottery industry there; but, before that, the Honourable Member has already sprung a surprise, not only on this House, but on those who are interested in that industry. If the Honourable Member accepts this provision, I will challenge it to a division, for this reason. The problem has not been studied properly. I feel the pottery industry will meet with great harm and I do hope that the Honourable Member, if he wants to accept the amendment which I am going to challenge to a division, will give details and his reasons why he feels that the industry will not be adversely affected if Mr. Lahiri Chaudhury's amendment be accepted.

The Honourable Sir Joseph Bhore: I am sorry that my Honourable friend has taken up the attitude which he has done. I know that he is actuated by the best of intentions and that his only concern is to see that the Indian pottery industry is properly safeguarded, but I can assure him that while we would have preferred the flat rate which we had in the original Bill for administrative reasons, we do think that it is somewhat hard to penalise the small articles and to impose the same rate of duty on the very small article as on the very much larger article. We did not think that we could resist the argument adduced by the other side, which contends that for instance we ought not to charge the same rate of duty on a jug the diameter of which may be one inch as on a jug the diameter of which may be four inches. I am sure that my Honourable friend will realise that there is some force in that argument and, while we, on our side, would have much preferred a single flat rate of duty, I feel that in equity we could not resist the position that has been taken by Mr. Lahiri Chaudhury. I do hope that in these circumstances my Honourable friend will not challenge a division. I feel that, so far as we are concerned, we are really giving quite a substantial degree of assistance to the classes of articles which are really at the present moment manufactured in substantial quantities in this country. I hope, therefore, my Honourable friend will not persist in the attitude which he threatened to adopt.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 22 for the proposed Item No. 191A the following be substituted :

• 191-	DOMESTIC EARTHENWARE, China and porcelain, the following, namely :—			
	(a) Tea cups and coffee cups—			
	(i) having a capacity of more than 7½ ozs.	30 per cent. or 10 annas per dozen, whichever is higher.	20 per cent.	—
	(ii) having a capacity of not more than 7½ ozs.	30 per cent. or four annas per dozen, whichever is higher.	20 per cent.	—
	(b) Saucers—			
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	30 per cent. or five annas per dozen, whichever is higher.	20 per cent.	..
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	30 per cent. or two annas per dozen, whichever is higher.	20 per cent.	..
	(c) Tea-pots—			
	(i) having a capacity of more than 20 ozs.	30 per cent. or three rupees per dozen, whichever is higher.	20 per cent.	..
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	30 per cent. or twenty-four annas per dozen, whichever is higher.	20 per cent.	..

(iii) having a capacity of not more than 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.	..
(d) Sugar-bowls	30 per cent. or twentyfour annas per dozen, whichever is higher.	20 per cent.	..
(e) Jugs having a capacity of over 10 ozs.	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.	..
(f) Plates over 5½ inches in diameter—			
(i) over 8½ inches in diameter.	30 per cent. or sixteen annas per dozen, whichever is higher.	20 per cent.	..
(ii) not over 8½ inches in diameter.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.	..”

The motion was adopted.

Dr. Ziauddin Ahmad: Sir, I move:

“That in the Schedule to the Bill, in amendment No. 31, in the second column of the proposed Item No. 238B, after the words ‘excluding felt’ the words ‘Balacklava caps’ be inserted.”

When sitting in the Select Committee, nobody brought up this question of the Balacklava caps. These stand on an entirely different footing. We accepted the number basis in the case of hosiery and I think these could come under the same category, and the number basis would have been far better than the weight basis. As regards the Balacklava caps, these are not manufactured in this country. No doubt the Woollen Mills in Cawnpore manufacture them, but they are of a high class quality. The quality is much higher and the price is also much higher. But the Balacklava caps used by the poor people contains a much higher percentage of cotton. I think the percentage is 80 to 85 per cent. cotton and 20 to 15 per cent. of wool. These are not manufactured in Cawnpore.

Mr. J. Ramsay Scott (United Provinces: European): We manufacture no mixtures in Cawnpore. It is all pure wool.

Dr. Ziauddin Ahmad: So this is high class material. I do not want to touch that. But in the case of the Balacklava, the largest portion is cotton and only a very small portion is wool, ranging only between fifteen to twenty per cent. and very often even between ten and twenty per cent. So that ought to be excluded. I think there could be two ways of doing it—either, to put down the condition that the percentage of wool may be raised from ten to twenty per cent., so that in that case these Balacklava caps can be excluded altogether or— if this proposal would be acceptable to my Honourable friend, Mr. Ramsay Scott—I would suggest an alternative and, in this particular case, there may be a specific duty not by weight, but by means of so much per dozen, that is, by means of a number standard.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in the Schedule to the Bill, in amendment No. 31, in the second column of the proposed Item No. 238B, after the words ‘excluding felt’ the words ‘Balacklava caps’ be inserted.”

Mr. A. H. Ghumanvi: Sir, so far as these Balacklava caps are concerned, my Honourable friend, Mr. Ramsay Scott, said that they did not manufacture mixtures in Cawnpore, but only pure wool Balacklava caps. Is not that so? (*Mr. J. Ramsay Scott:* "Yes".) Very well. We may, therefore, take it that this kind of Balacklava caps which is only fifteen to twenty per cent. wool is not manufactured in India at all. Therefore, I support the motion moved by my Honourable friend, Dr. Ziauddin.

Mr. J. Ramsay Scott: Sir, I must oppose this amendment. Firstly, it is an attempt to introduce an adulterant to increase the adulteration of wool. Secondly, it is brought in under the wrong clause; it ought to have been brought in under 238C, because I have never seen a Balacklava cap which is made of piecegoods. Sir, I oppose.

The Honourable Sir Joseph Bhore: Sir, I am afraid I must oppose these amendments. In regard to the first item, I think the technical objection taken by my Honourable friend, Mr. Ramsay Scott, is quite valid. However, leaving that for a moment aside, I should point out that a reduction from 90 per cent. to 80 per cent. would penalize a number of somewhat cheap fabrics which come in from the continent. We originally thought of fixing the figure at 85 per cent. but we felt that that might possibly affect these fabrics from the continent, chiefly Italy. We have no desire to impose an unnecessary burden on Italy, and it is for that reason that we ultimately fixed the figure at 90. As regards Balacklava caps, I would suggest to my Honourable friend that it is a little difficult for us to deal with isolated articles of apparel like this which he brings in at the last moment. I am sure, I personally would have been very grateful if he had raised the point in the Select Committee. If these articles contain less than fifteen per cent. of wool, they will come under the head of "Cotton apparel" and, under the other Bill, I think they will be treated in a less rigorous manner; they will I think be liable to a duty of 25 and 85 per cent. That, I think, would be the effect of the Bill in question. In these circumstances, I do not think there is very much to be gained by it, and, I hope, my Honourable friend will not press this motion.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in amendment No. 31, in the second column of the proposed Item No. 238B, after the words 'excluding felt' the words 'Balacklava caps' be inserted."

The motion was negatived.

Mr. J. Ramsay Scott: Sir, I move:

"That in the Schedule to the Bill, in amendment No. 31, in the second column of the proposed Item No. 238B, the words 'and fabrics made of shoddy or waste wool' be omitted."

Sir, there are large imports of heavy goods such as Meltons and Overcoatings and the cheapness of these has almost completely killed the mill industry in this country and, at the present moment, 75 per cent. of the plant in this country is lying idle. These materials are heavy materials weighing from one to two lbs. per yard 54 inches wide. There is no doubt that, owing to the cheapness of the goods combined with their heavy weight, the duty of Rs. 1-2-0 per lb. is a heavy tax. In this country such materials cost about Rs. 8 per yard and are made entirely from Indian

wool, while similar imported articles cost about Rs. 1-8-0 per yard. The cottage industry or hand-loom weaver will, however, be the greatest sufferer as he turns out a large quantity of such materials, and I have no doubt that my friend, Mr. Sadiq Hasan, can tell you more about the effects on the hand-loom weaver than I can.

The Government must remember that the waste of one part of the industry can be the raw material for another part, and that waste is often longer in staple than some of the Indian wools. Statistics of wool are hard to obtain, but India has about 50 million sheep and retains for use in India about 50 million pounds of wool or half her production.

The letting in of waste or shoddy materials is really encouraging the use of adulterants and I do not consider it desirable to flood the market with cloth which has no wearing properties.

The third point is, I do not consider that it is workable from a customs point of view, and I would like to know how a Customs Officer is going to decide what is waste or shoddy and what is wool, for in future every wool cloth will describe itself as made of waste or shoddy and the two million yards from Japan will escape the specific duty.

I had no time in the Select Committee to examine the question, but perhaps Government could alter their proposals and consider a slightly lower specific duty on materials weighing over 20 ounces per yard of 54 inches wide, but in the meantime I would ask the Government to accept my amendment. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in amendment No. 31, in the second column of the proposed Item No. 238B, the words 'and fabrics made of shoddy or waste wool' be omitted."

Shaikh Sadiq Hasan (East Central Punjab: Muhammadan): Sir, I strongly support the motion of my Honourable friend, Mr. Ramsay Scott. I think I have got some claim to speak on this subject, because my firm has been manufacturing hand-loom woollen shawls and carpets for over a century and I in my own small way have experimented with hand-loom woollen cloth. I have also got an intimate knowledge of the woollen cottage industry. Sir, it is a pity that the Honourable Member in charge of the Department did not fully know the ins and outs of the subject. (Laughter.) It is not a question of laughing. I can tell you that once an English Premier handed over an island belonging to England to the French Government without knowing its dimensions. This is a very small industry and it is not possible for the Honourable Member in charge of the Department and even for my friend, Dr. Ziauddin Ahmad, to know everything about it. The fact is, Sir, there are two classes of Indian woollen fabrics manufactured by hand. One of them is woollen shawl and the other is a cheaper material called the Indian *pattu*.

An Honourable Member: Is that all woollen?

Shaikh Sadiq Hasan: Yes, it is all woollen. The Indian shawl is very costly and, therefore, only rich people can afford to buy it. No amount of tariff duty would save it as it is only those people who are fond of art that can afford to buy it. Then, there is the Indian *pattu* tweeds which used to be manufactured by thousands of poor weavers in Kashmir

[Shaikh Sadiq Hasan.]

and the Punjab. These poor people have been very hard hit, not so much by the English cloth, as by these cheap French, Italian and Japanese goods. (Interruptions.) Well, Sir, I feel that the matter is very important and, therefore, I would request the House to pay some attention to it. It is very unfortunate that these petty Indian manufacturers and weavers cannot get any mixed yarn and generally they rely upon hand-made woollen yarn or machine spun woollen yarn. The result is that, when they make the fabric, it is cheap and does not cost more than one rupee per yard or even less than that and they have to compete against the Japanese and Italian mixture of cloth which is made from rags and cotton or wool waste and cotton. Naturally, the mixture of rags and cotton is bound to be cheaper than pure wool. Besides, the Indian weavers have to contend with another misfortune. In Italy and Japan, they can afford to pay very high salaries to their artists, with the result that they produce very nice looking designs, and when that fabric is well finished, it has got the look of a woollen fabric as well. The result is that a very cheap fabric made of rags and cotton comes into this country and is bound to be sold at a cheaper price and, as it is finished by a very high class machinery which they have got in Italy and Japan, it looks like woollen. So, the Indian petty manufacturers cannot compete and the Indian public unfortunately is deceived. I would call it cheating the Indian public, and would not call it by any other name. Well, Sir, I am not speaking on behalf of big industrialists, but I am only speaking of behalf of the poor petty manufacturers who have got, say, 10 or 15 looms each and also on behalf of those thousands of weavers who make these *pattus* (tweeds) in Kashmir and the Punjab. Unless the Honourable the Commerce Member, who has got in his heart the interests of these people, carefully considers this question, he will not be able to save them from utter destruction. Even up to this time, thousands of them have been ruined, because they could not stand the competition, and those who have been able to stand the competition will no longer be able to do so, because every day Japan and Italy are producing such fabrics from rags and cotton that they look absolutely woollen and it is not possible for these poor weavers to develop their industry in that way, because, as I have already said, there is no *charkha* in India which can mix up wool and cotton together. It is not possible, I suppose, to invent any such thing, because, had it been possible to do so, it would have been invented long ago.

Then, I come to the cloth which is made out of waste and shoddy. Some of the wools which are available in Madras or even in the Punjab belong to the second class category and they are no longer than the wastes. How, on earth, is it possible for any man to find out if the cloth is manufactured from waste or from the Indian second wool? If the Customs Department were to employ the services of Professor Barker of Bradford College for this purpose, I doubt if even he would be able to find that out. As they cannot afford each bale of imported woollen cloth to be examined by such an eminent authority, naturally they have to utilise the services of some one who has only an inkling of this subject. As they have to deal with so many bales, it is utterly impossible for them to find out what is meant by pure wool and by second quality—Indian wool. I would refer you, now, Sir, to statistics. We find that in 1932-33 while the production of Indian mills has been four million yards, more than 12 million yards have been imported from England, France, Italy and Japan. Amongst these, I suppose, the imports from

England are the lowest. In this case our competition is not with England, because she produces high class fabrics. So, we Indians have no objection if English goods come into this country, because there is no competition with them. On the other hand, I really do feel why foreign countries like Japan and Italy should oust Indians from the market, and take away their bread and reduce them to beggary, not by fair means, but, I must say, by sheer deceit, because they would be selling something, which is cotton and rags, for the woollen cloth.

The Honourable Sir Joseph Bhore: I must express my sympathy with the point of view put forward by my Honourable friend, **I P.M.** the last speaker. At the same time, I think there are very strong objections to accepting this amendment of my Honourable friend, Mr. Ramsay Scott. The goods in question are cheap goods. They are bought by the poorest classes of the community and it was impressed upon us that this very high rate of duty would make it impossible for the poorer sections of the community to get what is after all a very cheap and not ineffective protection against the cold which in the north of India, as we all know, is very severe. My Honourable friend, Mr. Ramsay Scott, admitted that the rate of duty which would be applicable under his amendment would undoubtedly be high for these goods and, for that reason, I myself am opposed to the suggestion. At the same time, I feel that there may be a great deal in what my Honourable friend, Shaikh Sadiq Hasan, has said, but we really do not know what the facts of the case are, we do not know to what extent actually the hand-loom weaver will be affected. I would, therefore, like to say this that we are prepared, if asked, to send the case in respect of woollen goods to the Tariff Board when a complete enquiry will be made and we shall, of course, consider very carefully any recommendations made by the Tariff Board. I hope this will meet the point of view put forward by my Honourable friend, Mr. Ramsay Scott, and I hope he will withdraw his amendment.

Mr. J. Ramsay Scott: On that assurance, Sir, I beg leave of the House to withdraw my amendment.

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

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Schedule, as amended, was added to the Bill.

Clauses 2 and 8 were added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): Now we shall take up the amendments relating to the new clause.

Mr. A. H. Ghuznavi: Sir, I beg to move:

"That after clause 3 of the Bill the following new clause be added:

(4) The duty of customs imposed by or under this Act shall not be levied and collected on articles, mentioned in the Schedule to this Act, shipped by the seller in compliance with a contract of sale made by him under the following circumstances, namely:

- (a) where the proposal has been made by the seller and its acceptance by the buyer has been put in course of transmission to the seller before the 22nd December, 1933; or

[Mr. A. H. Ghuznavi.]

- (b) where the proposal has been made by the buyer and has been put in course of transmission to the seller before the 22nd December, 1933, and the seller's acceptance has been put in course of transmission to the buyer before the 9th January, 1934 :

Provided that in all cases documents showing that the contract of sale has been made under these circumstances are deposited with the Customs Collector before the 28th February, 1934."

Sir, in the Wheat Bill in 1931, when it was introduced, identically the same clause was included and all that I am asking is that a similar clause should be included in the present Bill. In the Wheat Bill, the Government put in clause 3 which gave exemption to the existing contracts. In this Bill, I do not find a similar provision, and, therefore, I move this amendment. When the Wheat Bill was introduced, a duty was abruptly imposed on the imported wheat and the Government gave exemption in that case for the existing contracts, but what is the reason for differential treatment in the present case? Is it because the contracts under the Wheat Bill were European contracts and that the contracts in the present case are Indian contracts? Let us know what are the reasons that actuated the Government in making this differential treatment. Sir, what is sauce for the gander surely should be sauce for the goose. It has been said that there is great administrative difficulty if this is allowed. Was not that difficulty existing in the case of wheat? If the Government could meet the difficulty then, can they not meet it now? It has been said that a mistake was once made and they are not going to repeat it. I say, please do it once more and do not do it again. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That after clause 3 of the Bill the following new clause be added :

'(4) The duty of customs imposed by or under this Act shall not be levied and collected on articles, mentioned in the Schedule to this Act, shipped by the seller in compliance with a contract of sale made by him under the following circumstances, namely :

- (a) where the proposal has been made by the seller and its acceptance by the buyer has been put in course of transmission to the seller before the 22nd December, 1933; or
- (b) where the proposal has been made by the buyer and has been put in course of transmission to the seller before the 22nd December, 1933, and the seller's acceptance has been put in course of transmission to the buyer before the 9th January, 1934 :

Provided that in all cases documents showing that the contract of sale has been made under these circumstances are deposited with the Customs Collector before the 28th February, 1934."

Mr. Muhammad Azhar Ali: Sir, I beg to move:

"That after clause 3 of the Bill the following new clause be added :

'(4) The duty of customs imposed by or under this Act shall not be levied and collected on articles mentioned in the Schedule to this Act shipped by the seller in compliance with a contract of sale made by him before the 22nd December, 1933, and that such articles actually arrived in any port in India on or before the 15th of January 1934. But if any duty has already been collected on such articles the duties may be refunded to the importers.

Provided that in all cases documents showing that the contract of sale has been made before the 22nd December 1933 are deposited with the Customs Collector before the 22nd February, 1934.

(2) Where in the opinion of the Customs Collector it is doubtful whether any consignment of the articles mentioned in the Schedule is exempted from duty under sub-section (1) or not, the Customs Collector shall assess and collect duty thereon as if it were not exempted; and, on proof being furnished to his satisfaction within three months of the collection of the duty that the consignment of the said articles is exempted, he shall make a refund of the duty collected."

This amendment has not very much to do with the facts and figures and as I know that the House has been today and day before yesterday flabbergasted by these conundrums of rates and figures, this amendment of mine will appeal as it does not deal with any facts and figures. It is only a matter of contract, it is only a pure matter of honesty and conscience. We know that immediately the Safeguarding Act of 1932 was introduced, the importers were all under the impression that the rates would not be so very very much changed, and, therefore, they entered into contracts with foreign countries and they invested their money. Now, to deprive them of those benefits will be very hard, and, even if the Government have to pay something in the shape of refund, why should we penalise the people for nothing? These people have in good faith entered into these contracts, unless proved otherwise. My amendment says that the Government Customs Office should examine when these contracts were entered into and when these contracts mature and whether the goods are lying undelivered after their shipments here for very long and so forth. Therefore, my submission is, that unless the Government are satisfied that these contracts were not made and that their shipments too were not made simply with the idea of deceiving the Government or the Customs authorities, such cases should be considered quite a conscionable bargain, not only on the part of suppliers, but also purchasers, and, I am sure, now the consumers also will not be very much affected in those cases. Sir, the contractors were perhaps under the impression that as Government have not changed the figures for a long time, and as the Japanese negotiations were going on, they could not but make up their minds to proceed with their contracts and there could be nothing to stop them. Sir, with these words, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Further amendment moved:

"That after clause 3 of the Bill the following new clause be added:

'4(1) The duty of customs imposed by or under this Act shall not be levied and collected on articles mentioned in the Schedule to this Act shipped by the seller in compliance with a contract of sale made by him before the 22nd December, 1933, and that such articles actually arrived in any port in India on or before the 15th of January 1934. But if any duty has already been collected on such articles the duties may be refunded to the importers.

Provided that in all cases documents showing that the contract of sale has been made before the 22nd December 1933 are deposited with the Customs Collector before the 22nd February, 1934.

(2) Where in the opinion of the Customs Collector it is doubtful whether any consignment of the articles mentioned in the Schedule is exempted from duty under sub-section (1) or not, the Customs Collector shall assess and collect duty thereon as if it were not exempted; and, on proof being furnished to his satisfaction within three months of the collection of the duty that the consignment of the said articles is exempted, he shall make a refund of the duty collected'."

Sardar Sant Singh (West Punjab: Sikh): Sir, I must oppose this amendment. The Honourable the Movers of these two amendments have taken their stand on a similar provision in the Wheat Import Duty Act.

[Sardar Sant Singh.]

It is really an irony of fate that when that Bill came for consideration before this House in 1981, we, the Members from the Punjab, vehemently opposed such a provision in that Act while the Honourable Members from Bengal supported the Government for such a provision being retained. Government then took their stand on the broad principle of equity and justice and stated that such a provision was necessary, because there has never been levied a duty on the import of wheat into India and the importers, when they entered into these contracts, had no notice that such a duty was contemplated by the Legislature; and that was a right stand.

Mr. A. H. Ghuznavi: Did they ever impose a duty of 240 per cent?

Sardar Sant Singh: I am coming to the amount, first let me enunciate the principle. Here, in this case, the importers have had notice that the duties were under contemplation.

Mr. A. H. Ghuznavi: How?

Sardar Sant Singh: The Safeguarding Act was passed.

Mr. A. H. Ghuznavi: Did the House give any notice that they were going to impose a duty?

Sardar Sant Singh: I think when we passed legislation last winter, the importers should have had notice of what was under contemplation. My Honourable friend knows perfectly well that, if a man can discover by due diligence that a certain thing is coming, he cannot claim that, as he did not exercise due diligence, so he should be protected. On the 10th October last, the agreement with the Japanese Government about the most favoured nation treatment came to an end. On the 10th October last, they should have known that new duties would be levied soon, because the demand for levying these duties on the imports was too persistent and insistent on the part of the affected industries. If they entered into speculative bargains, they must suffer and they must thank themselves. They were never deceived into that action, and, therefore, they cannot come to this Legislature for exemption with regard to the contracts which they entered into with their eyes open. I think, Sir, if we are to grant protection to our industries as this Bill proposes to grant, there is no reason why that action should be postponed and we shall allow our markets to be flooded by cheap goods. Therefore, my submission is that this amendment is not in the interest of the country, and I must oppose it.

Mr. President (The Honourable Sir Shanmukham Chetty): Before the House rises for Lunch, the Chair would like to inform Honourable Members that this evening the Chair proposes to adjourn the House at 4 o'clock.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, I hope this Bill will be disposed of before then, because, if it is not disposed of, we shall be in great difficulty. Honourable Members are aware that this Bill must pass through both Houses before the 21st. In case

it is not finished today, I shall ask you to sit on Saturday after the Railway Budget is presented.

Several Honourable Members: We shall finish today.

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

The Assembly re-assembled after Lunch at Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I rise to support the amendment proposed by my friend, Mr. Ghuznavi. It has already been admitted by the Honourable the Commerce Member that certain sections of the commercial community in India, who deal in hosiery and other goods, will no doubt be affected by the levy of these tariff duties, but he said that, on account of the rise in the price of these articles, the merchants will be re-compensated. I would submit that in the case of these articles the duty has been levied at such a high level that it will make the articles unsaleable, and there will be no question of the merchants being re-compensated by the rise in the price of the articles. So far as we know, Sir, and probably within the memory of this House, no legislation has ever raised any tariff wall or levied any duty on any articles to such a high level as we are trying to levy by this measure. Therefore, the amendments proposed by my friends, Messrs. Ghuznavi and Azhar Ali, are perfectly reasonable and justified.

Sir, it has been said that the dealers had ample notice since October last that the duty on some of these articles would be enhanced, but I would submit that the legislation which was passed in October never gave any indication to anybody in the trading world that the duties, even if they were levied, would be raised to such a high level. It has been pointed out, Sir, that contracts which have been entered into should be respected, and I need not repeat that argument. After all, these measures are meant for the protection of the industry in this country but we have got to see that by protecting a small industry we are not killing a large number of traders and also increasing the prices of those articles which are generally consumed by the poor people of this country. I admit that there are a number of small factories for manufacturing these articles in India, but what is their production? By any stretch of imagination their total production is not more than ten per cent of the total consumption in the country,—it may be a little more perhaps, but it is not enough for the requirements of the country. Therefore, Sir, there can be no justification in levying this duty, in order to give protection to very small industries because you will be doing an injustice to a very large number of traders in the country and killing their trade.

Sir, a communalist paper of Delhi branded Sir Abdur Rahim, Mr. Ghuznavi and myself as being communalists when we opposed the measure when it was first brought before the House. I quite agree with it. A great deal of communalism is involved in the discussion of this measure in this House, but from different quarters, and it is really surprising that even Government should lend their support to this act of

[Sir Muhammad Yakub.]

communalism. I do not see any reason, if the Government can accept the amendment proposed by Mr. Lahiri Chaudhury to give relief to certain articles, why the same treatment should not be given to other articles, particularly to the dealers of those who have entered into *bona fide* contracts if they are able to prove to the satisfaction of the Customs Officers that those contracts were entered into *bona fide*. I hope the Government will see that a section of the trading classes do not fall a victim to the communalism which is displayed in this House. With these words, Sir, I support the proposition.

Mr. S. O. Sen: Sir, I oppose this amendment. I do not understand the logic of it, nor do I think that there is any precedent for such a thing, except the single precedent of the wheat contract. What is the logic in putting forward this amendment? Certain people who are in the trade have entered into, I admit for purposes of my argument, a *bona fide* contract. When did they enter into this *bona fide* contract? From 1931 up to now, up to the introduction of this Bill, there was a violent clamour in the country against the Japanese competition with indigenous goods. In 1931, there was a Conference, if I remember aright, in Simla between the representatives of the manufacturers and also the representatives of the importers of hosiery and other articles regarding. . . .

Mr. A. H. Ghuznavi: Not the importers.

Mr. S. O. Sen: Yes, there were the representatives of the importers also.

Mr. A. H. Ghuznavi: I don't think so.

Mr. S. O. Sen: There was a Conference in Simla at which all these measures were discussed. Subsequently Government were moved to pass the Act which is now known as the Safeguarding of the Industries Act. At that time also, everybody knew that a duty would be levied on the goods imported from Japan. With this knowledge, Sir, which everybody in India had, unless these importers like Rip Van Winkle were sleeping all the time, if the traders had not taken timely action, they themselves are to blame. They knew that some duty would be imposed on the goods imported from Japan. The argument of some of the Honourable Members here is that such a high duty would not be imposed. What is the use of such an argument? All people knew, and especially the trading classes knew, that some duty would be imposed on the imported goods from Japan, whether it is five annas, three annas or even one pice, and if with their eyes open some of the people entered into contracts, they themselves are responsible. It was within their power to enter into an agreement with manufacturers in Japan fixing on them the liability of payment of the duty if that were imposed. Sir, in section 10 of the Indian Tariff Act it is provided that "in the absence of any agreement, the seller is entitled to realise the change in the duty from the buyer", so that, in the absence of an agreement, these manufacturers knew that they could get any difference in the increase of duty from the buyers, but they did not enter into any agreement of the kind. They can even now, if they have sold the articles to any *bona fide* buyers, realise the difference in duty from the buyers. As a matter of fact, all genuine contractors who import goods to India provide in their contracts not only

for any change in duty, but also for any change in the price of the basic articles by which the article is made. I myself know that to my cost, as in one case on behalf of a company I gave an order for Rs. 32 lakhs worth of materials from England. In the contract there was a clause that if there was a change of price in the basic material, then the prices would similarly be changed. The result was that, after eight months, instead of Rs. 32 lakhs, the prices rose to Rs. 75 lakhs. That was in respect of textile articles. So we had to shut up the company and go into liquidation. That is what every prudent man ought to do. In this case, if the importers had been prudent, if they had been honest, they could have provided themselves against any ultimate loss which they knew the raising of the duty, whether by one pice or by one rupee, would entail upon them. In these circumstances, I do not understand the logic of this amendment. We have now heard so much cry about these gentlemen losing. What is the amount they are losing? I have made some enquiries into the matter and I give you some of the prices in Calcutta and in Delhi. 32 inches undervests are treated by the Government as the basic one, and, on the basis of that, they are going to impose certain duties. The c.i.f. price of that article with the 25 per cent duty, as it is now charged, comes to Rs. 2-13-0 per dozen. The retail price of that is Rs. 4-8-0, so there is a clear profit of Rs. 1-11-0 per dozen between the importer and the ultimate consumer. As regards 30 inches, the difference is Rs. 1-9-6 per dozen; as regards 20 inches, the difference is Rs. 1-15-0 per dozen. That is the profit they make upon goods which are deliverable here. With the price at 15 annas per dozen, they get a price of Rs. 2-4-0. Then, what is the loss which the consumer is expected to sustain if the duty is increased? In these circumstances, I oppose this motion. I say that no case has been made out for exempting these articles from the operation of the Act. The motion is for exempting these particular contracts from the operation of the Tariff Act.

Sir Cowasji Jehangir: For how long?

Mr. S. C. Sen: That is not material. You say those goods, which have arrived in Calcutta, should not be charged any enhanced duty. Therefore, you are exempting these goods from the operation of the duty which this Bill is going to impose.

Sir Cowasji Jehangir: I rise to support Mr. Azhar Ali's amendment. I am afraid it suffers to some extent by another amendment moved by my Honourable friend, Mr. Ghuznavi, who has constituted himself the champion of lost causes. I would ask the Honourable House not to be prejudiced against the amendment of my Honourable friend who sits behind me, because a somewhat similar amendment happens to have been moved by an Honourable Member who has now become rather famous in all tariff Bills. I also regret that my Honourable friend, Sir Muhammad Yakub, should have spoken on the merits of the whole Bill and not on the amendment, and, in doing so, talked of this Bill having a communal complexion

Sir Muhammad Yakub: Not without reasons.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair should perhaps intervene at this stage and ask Honourable Members to keep out communal considerations from this Bill. The Chair does not think that any reference to such considerations is really relevant.

Sir Oowasji Jehangir: I was only replying to my Honourable friend, Sir Muhammad Yakub, and I am very glad that you should have given a ruling late as it may be. I only mean to say that, so far as this amendment goes, I personally repudiate any allegation that there is any communal complexion in this amendment. I am not here a champion either of the importer or of the manufacturer. I ask the House to consider this question purely and simply as a question of justice and equity. Importers may have got their imports in their harbour. They may have their imports on the high seas when Government very rightly proposed a Bill to tax certain imports. I do not think that there is any one in this Honourable House who will challenge the statement that those imports will be subject to a higher import duty very unexpectedly. I am not talking of forward contracts, I am merely talking of goods that may be on the high seas or in port, and that is all that this amendment asks you to do—to exempt goods that may be on the high seas or goods that may be in port. The matter, I admit, is not of great importance. It is a question of equity and justice. We are told that the importers ought to have known that such a Bill might be introduced in this House at any moment. I admit that fact. I admit that my Honourable friend opposite had moved a Safeguarding of Industries Bill. I admit that the most favoured nation treatment agreement with Japan was suspended. I agree that importers ought to have known that something was impending, and that too at a very early date. But what did really happen? We had the Safeguarding of Industries Act and nothing happened in this Honourable House. There was no Bill brought forward

An Honourable Member: No Bill intended to be brought forward.

Sir Oowasji Jehangir: There were no executive orders of Government which they could have issued under the Act. They went on negotiating with the Japanese for days, and weeks. Even now we do not know the exact terms of the agreement. Is it meant to be contended that during this interval all trade should stop, that all importers should stop importing goods, because, at some time or other, the Honourable the Commerce Member may issue an executive order increasing the duties or may bring in a Bill as he has actually done? Impossible. Therefore, all that this amendment asks you to do is to exempt from this particular duty goods that have left the country of manufacture and have not arrived in this country, or have not passed through the customs. It is not a very big thing that we are asking, and we are asking for this exemption in the name of justice and equity. Importers may be men of all communities. They may be Europeans, Hindus, Muhammadans, Parsis, they may be anybody.

An Honourable Member: So are the manufacturers too.

Sir Oowasji Jehangir: Therefore, this is merely a question, I will repeat of equity and justice. I have no desire to have in this House bad precedents or precedents that may be awkward both to this House and to the Government. But I do contend that this is rather an exceptional case and I would ask my Honourable friends opposite to consider it from this point of view. The revenue they are going to lose is not going to be very great. The manufacturer in this country is not going to suffer a great deal. If he has any cause for complaint that he has suffered, he must level his arguments against my Honourable friends opposite, who have

delayed in giving him protection for so long. This is only a question of delaying that protection for 15 days, to enable the goods that were ordered out and which have left, I may repeat, the country of manufacture to reach this country.

Mr. N. M. Joshi: They could come and pay the duty.

Sir Cowasji Jehangir: That is the point, and if there is a possibility, I am told it is not only a possibility, but it is a fact

Mr. J. Ramsay Scott: When the duty on cotton goods went to 75 per cent., I did not notice any protest from you then.

Sir Cowasji Jehangir: I have no doubt, that does not change the question of justice or equity of this case. My Honourable friend is a manufacturer. He has suffered for years. This is a question of a fortnight longer to do justice to a few importers. I would rather forgo protection than do an injury to one Indian in this country.

Mr. N. M. Joshi: You do that every year.

Sir Cowasji Jehangir: You bring out your budget which changes your tariffs. I admit that, but that is at a particular moment and with a warning. (*Honourable Members:* "No warning.") In this case, there is really no great reason to object, except that it is setting up a bad precedent. If that is my Honourable friend's argument on the other side, I will have no strong objection now and then to set up precedents which do justice and equity to even a few of the people of this country. With these words, I support the amendment moved by my Honourable friend behind me.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Anything that falls from my Honourable friend, Sir Cowasji Jehangir, is entitled to great consideration in this House and, if I say anything in reply to his argument on this particular point, it is not because I have ceased to have that respect for his opinions which I always entertain, but because this is not the first time when such an argument was brought forward and rejected in this House. If I may take the House back to 1924, when, for the first time in the history of India, a protective measure was passed, amendments somewhat to this effect, and as I will presently show, some amendments of a much more restricted character, were rejected and, among the Members who spoke strongly in opposition, were persons no less than Pandit Motilal Nehru and Mr. M. A. Jinnah. Now, if I might refresh the memory of the House on this point, I would just read out an amendment which was before the House in 1924 on which the discussion took place. This was an amendment to the Steel Protection Bill, moved by Sir Walter Willson (Mr. Willson as he then was), a very popular Member of this House. The date of this debate is the 2nd June, 1924. This is what Mr. Willson sought to add as a proviso to a similar clause we are now discussing:

"Provided that nothing in the said schedule shall apply to constructional and other steel arriving at Indian ports before 1st November 1924, which can be proved to the satisfaction of the Collectors of Customs to have been definitely ordered from abroad and definitely earmarked for specific constructions in India before the publication of the Tariff Board's Report and not for ordinary sale by the importers."

[Mr. K. C. Neogy.]

The House will realise the extremely restricted character of that amendment. Two more amendments were moved. One was for exemption in favour of certain goods ordered for the Bombay Corporation as early as 1922 and a similar amendment was moved for the benefit of similar orders placed by the Calcutta Corporation and all these amendments were defeated without a division on that occasion.

Now, Sir, I will just read out a few words from Mr. Jinnah's speech, because he explained the principle which should regulate the conduct of this House in regard to such taxation and protective measures. This is what he said:

"Why are the people entitled to come to this House and say: Exempt us because we gave our orders before the Tariff Board's Report was published. Why is not a man entitled to come and say 'Exempt me also because I have already given my order before this Act comes into operation'. Very well. Then where are you going to draw the line? We know perfectly well that the principle of tariff legislation—and here is a case which involves both taxation as well as protection—we know perfectly well that the principle of legislation of this kind is that it must come into operation the moment it becomes an Act and it must apply to every single ton of steel or iron that comes into our ports irrespective of any difference or distinction as to when the contract was given, and so on."

Then, further on, he said:

"I will say one word more and that is this. All these people in India knew perfectly well that there was a Tariff Board sitting. They knew perfectly well that there was a Tariff Board which was investigating the question whether the iron and steel industry should be given protection or not. Daily reports were published in every newspaper and I think he must be a very bad business man indeed who did not anticipate that some sort of protection was going to be given to this industry."

On that particular occasion, India was, for the first time in her history, going to have a definitely protective policy adopted, a policy which would operate as much to the disadvantage of the British Empire as to that of the other countries of the world, because in those days there was no question of Imperial Preference, and yet Mr. Jinnah argued that the people should have taken good care not to enter into these contracts or to have sufficiently covered their risks.

Sir Muhammad Yakub: Was there not a Tariff Bill about these articles?

Mr. K. C. Neogy: There was a far more serious thing. With my Honourable friend's concurrence, there was passed the Safeguarding of Industries Act last April. It gave a perfectly blank cheque to the Commerce Member to do whatsoever he liked in the way of imposing whatsoever duties he pleased with regard to whatsoever industries that he chose. Now, to go back to 1924, this is what Pandit Motilal Nehru said on that point:

"Now, I ask as a matter of principle and confining myself merely to the taxation Bill, is it any answer to any fresh taxation to say that this taxation comes upon us as a surprise, that we gave our orders long before this taxation was contemplated? Is it not always the case in every case of fresh taxation, that people are taken by surprise. In the case of ordinary taxation Bills, they do not even have the opportunities or the foreknowledge which they had in this case. I will ask the House to leave entirely out of consideration the fact that this is protection Bill when you are considering the question of exemptions from the tax."

So, as my Honourable friend, Sir Cowasji Jehangir, himself admitted, he was wanting an exemption to be granted in favour of certain contracts by way of exception to this principle which was so clearly laid down by

this House in 1924 and which was so clearly enunciated by no less popular leaders than Mr. Jinah and Pandit Motilal Nehru. Now, I should have thought that anyone who seeks to have a special measure of exemption of this character, forming as it does an exception to the general rule and principle of all fiscal legislation in this country, should at least come to this House with all material facts which would enable us to determine as to whether or not to agree to the exception being made in a particular case. What are the particular points on which this House is entitled to have information from my Honourable friend, Sir Cowasji Jehangir, before he can expect us to consider this amendment seriously? This Bill is intended to give a temporary shelter, as has been said by the Honourable Member in charge, to certain industries which have been hard hit by the abnormal depreciation of the Japanese yen.

Now, we are expected to know that these industries have been clamouring for a very long time for protection of this character. My Honourable friend, Sir Cowasji Jehangir, was very solicitous of the interests of the individual importer. I do not yield to him in my desire to see that no unnecessary injury is done to any party. Now, has he taken the trouble to inquire as to how far delay in Government action has already affected all the various industries covered by this Bill? Has he taken care to inquire how many of these industries are on their last legs today? My Honourable friend is interested in very large industries in Bombay, but if he goes through the list of industries set out in the Schedule, he will find that most of these are very small industries and they are literally tottering today for their very existence. Now, are we not entitled to know what the extent and the value of the existing contracts in respect of each item of this Bill are, before we can be expected to seriously consider such an amendment? Now, we must begin with item No. 1, fish-oil, and go through the list passing on to heavy chemicals, and so on, and anyone who wants an exemption to be granted by way of exception to a general principle of taxation is bound to furnish information which will enable us to find out as to how far letting in these goods covered by the existing contracts will affect the position of these industries that have been crying for protection all these months. The first point is, what is the extent and value of the existing contracts in respect of each item of this Bill? The second is, how will their exemption from additional duty affect each item? What is the present state of each industry? How long more can each hold out? To what extent and for how long will the proposed exemption delay their rehabilitation? These are points on which we are entitled to have definite information before we are expected to support such an amendment.

Now, a good deal has been said about justice and equity. I did not want to bring in the case of any individual industry in this connection, because what I have said relates to the general principle. But, Sir, I had occasion a few years back to introduce a Bill in this House for the amendment of the Merchandise Marks Act. That was intended to put a stop to certain fraudulent transactions that were being undertaken by the importers of certain classes of goods from Japan in order to facilitate their being palmed off as Indian manufactures. I have no intention of naming that class of goods, because I do not want to make any kind of attack upon any individual class of imports. That Bill has suffered from the usual vicissitudes of non-official legislation in this House, but it got strong support

[Mr. K. C. Neogy.]

from all the various sections in the House and, when it went into circulation, the opinions were wholly in favour of the principle of that Bill. But for your ruling, Sir, given this morning, I could have shown you today that the same deception which I sought to prevent in 1927-28 is still going on, and that hits one of the industries covered by this Bill. I am reminded, Sir, of a well-known legal maxim, that "he who seeks equity must come with clean hands". In this particular instance at least, I see that there is no justification for raising any point of equity. I feel bound to oppose this amendment unless some subsequent speaker can satisfy me from his place here on the points on which I have sought information. (Applause.)

Dr. Ziauddin Ahmad: Sir, I am not going to bring forward any logical or any statistical arguments before you. But I would just like, if I may, to appeal to the Honourable Members of this House. It has been said that the object of this Bill is to protect partially the industries of the country, but the object of this amendment is to exempt those goods which were ordered before the 22nd December and which already arrived here before the 15th of January last. So, if these goods, to which I have already referred, have already arrived here, then they cannot compete with the local industries, because only such goods as may arrive in the future may affect such local industries, but the goods which have already arrived cannot compete with the local industries as they are already in the country. There is one point. No doubt people had some kind of information, but since the conversations were going on with Japan, everybody understood—and I also understood—that the Government would lay all their proposals in the shape of one Bill after the conversations with the Japanese were over, and I think nobody expected that, during the conversations with the Japanese, a Bill would be brought forward by the Government in which the very same articles would be taxed again. The duties were not raised by ten or twenty per cent, but in several cases five times, six times, eight times, and even ten times. These, Sir, are the points which I would lay for the consideration of Honourable Members and especially of the Members of the Treasury Benches.

Mr. O. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir, I shall answer the two points that the Honourable the spokesman of the Independent Party has just laid before us. Sir, he said he wanted some benevolent consideration by way of exception for the goods that have already arrived and he added that they had already arrived, because those who gave the orders for those goods could not anticipate that after the Japanese conversations a Bill would be introduced. Sir, this much at any rate should be said for those who gave the orders for these goods. They should have first read the speech of the Honourable the Commerce Member which he made while denouncing the most-favoured-nation clause and giving a notice to the Japanese Government. It was necessary to read that speech before placing such orders, and I presume they must have read that speech. He clearly indicated in that speech, at any rate while replying that day, that negotiations would follow the denunciation. Any man, with a certain amount of commercial intelligence and common sense, could have understood that there would be the safeguarding of indigenous industries and the taking of action against those

who wanted to dump their goods on India. Sir, it was customary in Great Britain, for instance before the Safeguarding of Industries Bill was introduced into Parliament, for men who were importing goods to place orders beforehand. They did place orders there, and so they have done here; and if we were again making exemptions, we should be setting a bad precedent. We should look upon the policy of safeguarding indigenous industries alike from the point of view of the employer and the employee, the consumer and the industries which are being consumed by foreign invasions. For these reasons, I hope the Honourable the Commerce Member will not show any kind of sympathy for the vicious principle that is brought forward under cover of an amendment.

Mr. G. S. Hardy (Government of India: Nominated Official): Sir, I rise to oppose both of these amendments on three grounds, they are impracticable, and, with all respect to my Honourable friends, Mr. Ghuznavi and Sir Cowasji Jehangir and others, who have supported them, they are inequitable and quite unnecessary. The Honourable the Commerce Member, in an earlier stage of the debate, gave his reasons for holding that importers had no justification for complaining that they had not had notice of these additional duties; and I shall confine what I have to say to the practical difficulties involved in giving effect to these amendments and to the results which will most certainly occur if they are put into force.

A very large number of consignments have been imported since the 22nd December and assessed at these new minimum rates of duty. The reassessment of all these consignments on an *ad valorem* basis, most of the goods having already left the customs houses, will be an exceedingly troublesome matter and a matter with which I personally should be very loth to burden our Collectors of Customs unless I thought that some real injustice was being done. But I will not labour that point because there is another and much more serious practical objection. On a first glance at this amendment all that would appear to be necessary would be for the importer to go before the Collector of Customs with his books and say: "Here is an office copy of my letter which I wrote on the 20th November ordering the goods; here is the telegram I received a month later accepting the order". If that were all, I would agree that it would be a very simple matter for the Collector to decide on what consignments exemptions should be given. But that is only the beginning of the matter. It was made clear in the early stages of the debate on these amendments that what they were intended to do was to protect importers who were not in a position to repudiate contracts they had made before the new duties were imposed; and when this matter was mentioned in the Select Committee before which I was a witness, I said that I could not possibly contemplate having the duty put on Collectors of Customs of deciding whether contracts were or were not irrevocable. This amendment, which follows the lines of a similar provision in the Wheat Import Duty Act, has evidently been drawn up very carefully with that particular object in view, and it clarifies the issues which the Collector of Customs will have to decide before he can decide that a contract could not be repudiated. It says "goods must be shipped by the seller in compliance with a contract of sale". I am not a lawyer: I am a child in these matters; but I understand there are one or two lawyers in this House (*An Honourable Member*: "Two dozen"), and I hope I shall have their support in my statement that an agent can enter

[Mr. G. S. Hardy.]

into a contract on behalf of his principal, but that a principal cannot enter into a contract with his agent. The Collector has to satisfy himself first that the goods have been shipped by the seller and not by the agent of the importer, he has to be satisfied that there was a contract and that the contract, in pursuance of which the shipment is made, is not a contract between the importer at this end and his own branch at the other end, or between the exporter in Japan and his own branch or agency here. The Collector will have to investigate very carefully the relations between the different parties to the transaction and there may be many of them. We know from bitter experience, when we have had to suspect the genuineness of invoices, that it is no easy matter to find out what is the exact relation between the shipper and the importer. Very difficult legal questions are involved; and when we are merely dealing with valuation, we can avoid them and find some other way of valuing the goods. In this case, the Collector will be bound to come to a decision on these difficult legal points.

That is not all, Sir. Reference has been made to the Wheat Import Duty Act; and I should like to tell the House what happened when we tried to apply a similar concession under that Act. Then, everything was favourable to a concession of this kind. The importers were few in number; they were well-known firms and we knew what their relations with the shippers were. No question of agency arose; their contracts were all in one uniform standard form and yet we had endless trouble. The question continually arose as to whether a shipment was in direct compliance with the terms of the contract; we had to make exhaustive inquiries into the admitted practice of the wheat trade as to what variations were allowed in the contract before the goods could be held to be goods which the importer could not decline to accept. If we had all that trouble, with everything in our favour, I ask this House to consider what will happen when we deal with a dozen different miscellaneous trades, trades carried on between business houses having every possible variety of relationship and employing every possible variety of contract. I say that the legal problems involved would be sufficient to give employment for months, if not years, to the whole of the Original Side of the High Court of Judicature in Bengal. (Interruption and Laughter.) It is not a body of work that we could possibly impose upon our Collectors of Customs.

These are my reasons for regarding these proposals as impracticable. I also say that they are inequitable. As between two importers A and B, one is going to get a refund and the other is not; and the distinction between them is going to depend on a lawyer's argument as to whether a particular set of conditions constitutes an agency or does not constitute an agency, or as to whether a particular shipment is exactly or is not exactly in compliance with the contract. One might almost as well decide the matter by the spin of a coin. In the words of one of our famous British dramatists:

"See how the Fates their gifts allot,

A is happy and B is not."

And what about C, C who has a long term contract for regular monthly shipments terminable at a month's notice on either side? According to my Honourable friend, Mr. Muhammad Azhar Ali's amendment C, of course, would get no relief after January 15th. But according to Mr.

Ghuznavi's amendment, he would go on for years: he would be in the happy position of having a nice little private tariff all to himself on which he could go on making large profits till all was blue.

Now, Sir, I say that these amendments are also unnecessary. My friend, Mr. Sen, has already pointed out that section 10 of the Tariff Act gives all the relief that he requires to an importer who has already entered into a contract for sale before his goods arrive, and these miscellaneous trades, with which this Bill deals, are very largely indent trades in which the importer does not order his goods till he has got a contract for sale. But the Tariff Act does more than that. Because those importers who are dealing on the indent system, can add the additional duty to their price, it ensures an immediate rise in the market price, of which all other importers are in a position to take advantage. My friend, Mr. Ghuznavi, will no doubt tell me that prices before have not risen to the full effect of the additional duty and I agree with him. I absolutely and entirely agree with him, Sir. These importers have been making such enormous profits since 1931 that at least they are in a position to shoulder some of the burden of the additional duty. But what does Mr. Ghuznavi want to do? He says: "These importers were making a profit of ten rupees but now that you have raised the duty by ten rupees, some of the poor wretches are able to make a profit of only seven rupees. Let us give them all ten rupees". That is Mr. Ghuznavi's proposal under this amendment.

Sir, reference has been made to the Wheat Duty Act and it has been suggested that what was necessary then must be necessary now. There is really no parallel between the two cases. Under the Wheat Duty Act, we were dealing with importers of wheat who were importing it to grind into flour; they were not importing it for sale. The Tariff Act gave them no relief, because that Act does not allow them to add the additional duty to the price of flour which they had already contracted to sell. In this Bill, we are dealing exclusively with articles which are intended for sale. So the two cases are entirely different.

Now, Sir, if this amendment is passed, we shall probably have to make a large number of refunds. Who will get the benefit of all of them, I do not know. But of one thing I am perfectly certain and that is this: that not one anna of these refunds will find its way into the pocket of any consumer. Sir, the Government of India, as at present constituted, is an autocratic and powerful body. It can do many things by notification without consulting this House. But there is one thing it cannot do, even by notification: it cannot raise market prices with retrospective effect. That is what Sir Cowasji Jehangir and Mr. Ghuznavi are seeking to do. Sir, on behalf of Government I oppose both these amendments.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after clause 3 of the Bill the following new clause be added:

(4) The duty of customs imposed by or under this Act shall not be levied and collected on articles, mentioned in the Schedule to this Act, shipped by the seller in compliance with a contract of sale made by him under the following circumstances, namely:

- (a) where the proposal has been made by the seller and its acceptance by the buyer has been put in course of transmission to the seller before the 22nd December, 1933; or

[Mr. President.]

- (b) where the proposal has been made by the buyer and has been put in course of transmission to the seller before the 22nd December, 1933, and the seller's acceptance has been put in course of transmission to the buyer before the 9th January, 1934 :

Provided that in all cases documents showing that the contract of sale has been made under these circumstances are deposited with the Customs Collector before the 28th February, 1934'."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after clause 3 of the Bill the following new clause be added :

'4(1) The duty of customs imposed by or under this Act shall not be levied and collected on articles mentioned in the Schedule to this Act shipped by the seller in compliance with a contract of sale made by him before the 22nd December, 1933, and that such articles actually arrived in any port in India on or before the 15th of January 1934. But if any duty has already been collected on such articles the duties may be refunded to the importers.

Provided that in all cases documents showing that the contract of sale has been made before the 22nd December 1933 are deposited with the Customs Collector before the 22nd February, 1934.

(2) Where in the opinion of the Customs Collector it is doubtful whether any consignment of the articles mentioned in the Schedule is exempted from duty under sub-section (1) or not, the Customs Collector shall assess and collect duty thereon as if it were not exempted; and, on proof being furnished to his satisfaction within three months of the collection of the duty that the consignment of the said articles is exempted, he shall make a refund of the duty collected'."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 1 stand part of the Bill."

Does the Honourable Member (U Ba Maung) want to move his amendment?

U Ba Maung (Burma: Non-European): I want to get some assurance from the Honourable the Commerce Member. I am not keen on moving my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): If the Honourable Member wants to move his amendment, the Chair has to decide whether it is in order, because it seeks to amend the extent clause of the Indian Tariff Act which is not for discussion before this House. The Chair would like to hear from the Honourable Member how his amendment is in order.

An Honourable Member: Leave it to the Chair.

U Ba Maung: I am not acquainted with the rules to say whether my amendment is in order or not. Of course, I sent it to the Secretary, and in fact the Secretary has re-drafted it for me. (Laughter.)

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Joseph Bhore: Sir, I move:

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

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

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

Dr. Ziauddin Ahmad: Sir, I would be very brief and finish my speech within 15 minutes. I raised, in the course of the discussion of this Bill, four important principles. My first point was that the duty under the Bill was not a protective duty. It is not a duty for revenue purposes, but it is a duty to equalise the conditions of prices as they existed in 1931, or, in other words, to raise the price level of manufactured articles to the 1931 level. I said that the prices of agricultural products had fallen by 45 per cent. and the price of manufactured articles had fallen only by 22 per cent. and India being an agricultural country, any attempt by the Government to raise the price-level of manufactured articles without touching the agricultural products would very much aggravate the depression of the country. The second point was that this Bill would not have been necessary had the Government not stuck to the ratio of 1s. 6d. It was made abundantly clear and I gave this argument very clearly on the floor of the House that had the Government agreed to depreciate our rupee, this present Bill would not have been necessary, because it is really due to the depreciation of the yen. The third point which I raised on the floor of the House was about the specific duty being applied only to non-British goods. We have the Ottawa Agreement and, by that Agreement, we gave a preference of ten per cent. to British goods, but, in the case of the specific duties, the preference will work up not to ten per cent. but it may go up to any figure. It may go up to even 230 per cent. in some cases. Therefore, if a specific duty is to be applied, it ought to be applied to all goods. The fourth point which I raised was that certain articles were included in the two Bills with different incidence of taxations and we were required to pass them within the course of a few months. These were the four points which I advanced during the discussion. I never expected that the Members of the Treasury Benches will have any sympathetic consideration for them, because they are suffering from the intoxication of the fourth kind and that is due to their having a majority of votes in their pocket, and, therefore, I have nothing to say against them. But I have really something to say to my friends sitting on my left and in front of me, Members of the Democratic Party. But before I do so, I would like to relate just in two minutes a very small story. This is not a story but a historic fact.

Those who are students of Muslim history know the case of Mansur (Hallaj as he is sometimes called), who was one of the famous
3 P.M. Sufis and he used to call himself "I am God". "*Anal Haq*".

[Dr. Ziauddin Ahmad:]

The King ruling at that time thought it was heresy and against the Shariat and therefore ordered the people to stone him to death. Many came forward and threw stones at the man, but he laughed at all of them. But when another Sufi, named Shibli, went there and threw only a flower at Mansur, then he began to weep, and when people asked him the reason, Mansur said: "Those people were ignorant and did not understand me. They were justified in throwing stones at me, but Shibli, himself a Sophist, understands me." In the same manner, I have absolutely nothing to say against the attitude of Government, but I have some complaint against my sister party, the Democrats who understand the position of the Opposition. During the whole course of the discussion, they never contributed any argument, but the Democratic Party made only one contribution. It is this. My Honourable friend, Mr. Neogy, reminded me that I contradicted myself, because I delivered so many speeches, and that, therefore, I forgot what I said in April last on the occasion of the passing of the Safeguarding Act. I know that I have not got a strong memory in remembering the exact words, but I have got a good memory and I am always consistent in what I say. If I ever change my opinion, I always give my reasons for changing my opinion, because I am not ashamed in changing my opinion. I always place the House in full possession of the facts and tell the House why I change my opinion. Once my Honourable friends of the Democratic Party shattered the Nationalist Party simply on the ground that it was not sufficiently national. I expected that at least on these four principles which I enunciated there would be some kind of development from this Party at any rate in connection with the differentiation in the case of the specific duty and applying one kind of principle to non-British goods and another kind of principle to British goods.

Mr. B. Das: You passed the preference duties last Session. Nationalists as we were then, we opposed the Ottawa Pact which you yourself accepted, and why do you bring our name now?

Dr. Ziauddin Ahmad: Then both of us have changed places. The Democratic Party really opposed the Ottawa Agreement and from experience they have found that they were wrong and, therefore, they have not come forward to support with greater enthusiasm. Coming to the criticisms of Mr. Neogy, last time when I used the expression "benevolent despot" for the Commerce Member, I expected the Government to be benevolent and despot. They should hear the rival claims of either side and act in a benevolent spirit. No doubt we appeal to them to act in a benevolent spirit, but during the course of this discussion it has been proved that they may or may not be despots, but certainly they have not proved themselves to be benevolent. Coming to the industry of fish oil, there was absolutely no justification for stopping it. Had the Government taken action to stop the adulteration of ghee altogether, we would have supported them. But the action of the Government amounts to this, that they encourage the adulteration of ghee by means of vegetable ghee and they only want to stop adulteration by means of fish oil. The argument that Government advanced was that they have done so in sympathy with the sentiments of the Hindu population of this country. This is the first time that Government have introduced communalism in an industry. Had we started the same thing, the Government would have objected on the ground that we were introducing communalism. Now fish oil is certainly more nourishing than vegetable ghee and why should we, Mussalmans, be deprived of using fish oil? The Government ought to have taken steps to

stop all adulteration of ghee, but when they come forward and encourage adulteration with vegetable ghee and not with fish oil, they are showing partiality to one class of people and they are doing injustice to another class of people. Coming to the sugar-candy industry: I appealed last year, but it is now dead and gone. The epitaph written on the tomb of this particular industry will be "here lies buried in this grave an industry which has died because the Commerce Member did not take action under the Safeguarding Act which the Assembly gave him to do". The second thing I raised was about soft sugar. The Commerce Department did not know that there was something like soft sugar imported from other countries. The only reply that the Government gave me was that no such representations were made to them. But the persons who were to make representations are now under the grave and they cannot make any representation from the other side of the world. If our Commerce Department had been well informed, they would have at once jumped upon the idea, and as soon as the first instalment of soft sugar began to arrive, they ought to have started an enquiry at their own initiation and not wait for some representation. The Government ought to have taken timely action, but they always wait and wait and wait for some strong representation. Their arguments that no representation has been made have no force. What is the use of those representations? People are fools if they spend time and money to make representations to the Commerce Department, because it is well known that only those persons are heard who have a strong voice in the Assembly and who have a strong influence with the Government of India. Weak industries which are not strongly represented have got very little chance of being heard in this House.

Next I come to the hosiery industry, and I must say that injustice has been done. There is no doubt we have done some justice in the case of earthenware by having graded duties according to sizes. I submit that in the case of the hosiery industry also, there should have been a graded duty, a smaller duty on the smaller size and greater duty on the greater size. But what we have done here is:

"Takika baji Takika kaja."

"Sweets and vegetables all sold at half-anna per seer" and every kind of hosiery has been dealt with on the same level. This unscientific method is not unknown among the Treasury Benches. Two years ago, the Finance Member came forward and said that all duties, whatever they may be, should be increased by 25 per cent. They did not take the trouble to see whether any particular commodity could or could not stand the increase in duty. It is absolutely necessary that we ought to study everything very carefully. If the Government should be a tyrant to trade, they should be a benevolent tyrant, they should not do injustice to one particular trade and justice to another trade. The volume of trade has diminished very much and, I am afraid, by these Acts the volume of trade will in future deteriorate much further.

(Mr. Jog and Mr. Ranga Iyer both stood up, but Mr. President called on Mr. Jog to speak.)

Mr. S. G. Jog (Berar Representative): I am sorry I am coming in the way of my esteemed Deputy Leader. But I think that my Deputy Leader had so many chances in this debate that he will excuse me if I come in his way.

Mr. C. S. Ranga Iyer: I am sorry I could not look behind. (Laughter.)

Mr. S. G. Jog: I thought he looked all around. When the Bill was under discussion in the previous stages, I had a mind to intervene in the debate, because I wanted to make a few points, but later on I thought that, if I raised those few points, probably I would be out of order so far as those points were concerned. The only opportunity for me to raise those points is at the third reading of the Bill where I can give expression to my views and to my grievances.

I quite realise the fact that the Commerce Department, particularly during the last two years, has been hard working and they have been receiving so many representations from different industries that they find it difficult to cope with the work on the whole. The Commerce Department has on the whole done their best and they brought forward this Bill which touches only a few industries, but I think the Commerce Department have received representations from many other industries. I must congratulate the Members of the Select Committee who have expressed their regret for their handicap in not being able to touch some other industries although they deserved some relief. I am particularly referring to the lantern industry the grievances of which I brought to the notice of the Commerce Department by putting a few interpellations in November last before this Bill was introduced. Probably the Commerce Department, being busy with other industries, had no time to investigate the case of the lantern industry fully. What I mean to say is that, after this Bill is passed, the Commerce Department should not relax their energy, but they should be quite conscious of the fact that there are some other industries which also deserve some protection, some shelter, either temporary or permanent. This lantern industry particularly is an industry of some importance in India and I know from personal experience that it has taken some time to develop and it is producing very good articles. Recently it has come into competition with America and Japan, and the depreciation of the dollar, like the depreciation of the yen, has brought this industry in danger of extinction. This industry, so far as I know, has supplied even our Military Department with lanterns. I am not going to tire the House or the Commerce Member with any additional figures, because I have got their full case with me. What I want to impress upon the Commerce Member is that they should fully investigate this case. I do not want to be partial to this industry only. There may be other cases and I cannot suggest in what proper way relief should be given to them, whether by bringing them under a similar Act or by a bounty or by a subsidy. But the thing is that these industries, whatever their magnitude may be, must be protected as they are in the national interests. It is not for me to suggest how these industries should be protected, but I earnestly appeal to the Commerce Member to find out ways and means by which they may be protected. Taxation is always a difficult and delicate matter as it involves the interests of the consumers, the interests of the producers and the interests of the importers. But taxation is the only thing where communal considerations do not play any part at all. The God of Death and the Commerce Member's taxation are the only two institutions which make no difference between community and community. They decide questions on the merits of each case. And I must sincerely congratulate the Commerce Member that in spite of the difficult and delicate issues involved in these questions, where Japan, Lancashire and British industries are concerned, he has been able to pilot this Bill to the satisfaction of many people. It may not have come up to their expectations or it may

not have satisfied the expectations of some people, but in tariff measures it is inevitable that it will do some harm to a small section. We must, however, take a broad view of things, and we have to see what is in the interest of India as a whole. If we protect these industries and give them timely shelter, the consumers' interest is hidden in the interest of the industries. With these words, I again appeal to the Commerce Member not to neglect the industries that have not been covered by this Bill and not to relax his efforts in any way and to see that protection is given to the other industries which deserve to be protected.

Mr. B. Das: Sir, it is a very small consolation to me that at last this belated measure will be placed on the Statute book. Sir, I wish to give Government a warning. They are between the devil and the deep sea. They want to protect the small industries, some of which, as I have shown in my minute of dissent, are going to vanish for ever unless the Commerce Member bucks up and tries to protect such other industries as are not included in the present Bill. But he is afraid of the Japanese people. The Japanese delegation is still in Delhi and probably the Japan Foreign Ministry is sending frantic wires to London, and India is told that Japanese industries are threatened with dire distress, which view point also was reflected in the speeches of some of the Honourable Members on the floor of this House. Naturally I can see why the Commerce Member, though he expresses so much sympathy, does not go whole-heartedly to give a certain amount of protection, as my Leader pointed out a few minutes ago, to certain industries which have been excluded. I am very much grieved that my Honourable friend, Mr. Lahiri Chaudhury, subscribed to, and the Commerce Member accepted, the variable protective tariff on the earthenware and pottery industry of India. Everybody knows the immoral commercial policy of Japan. Japan will never manufacture 7½ ounce tea cups or eight ounce tea cups. The market will be flooded soon with seven ounce tea cups. The same will happen with 19 ounce tea pots and 11 ounce tea pots; so that the trades people of India, the importers, who are always out to make a little more money, without having any business morality, will sell low sizes of goods and the pottery industry will be killed. (Interruption by Mr. S. C. Mitra.) My Honourable friend, Mr. Mitra, suggests to the Commerce Member that if he puts a higher duty, the Japanese commercial immorality will vanish. I do hope, the Honourable the Commerce Member will accept that advice.

Mr. S. C. Mitra: There is no question of immorality; it is business.

Mr. B. Das: I am entitled to my views, and the words that I use are not unparliamentary and I proclaim here that the Japanese have been immoral in their aggressive commercial policy and India must beware of them.

Sir, my friend, Dr. Ziauddin, challenged us, the Democrats. The Democrats have always been patriots. They support this measure as patriots as they opposed the Ottawa Agreement as patriots and I challenge the Independents to show the same patriotism when the Textile Protection Bill will be discussed on the floor of this House a fortnight hence.

Mr. S. C. Mitra: We will satisfy you.

Mr. B. Das: Then we will know that you stand by India and are not influenced by other extraneous considerations.

Sir, I will make one final appeal. I did not challenge a division this morning and allowed the provision about the crockery industry to pass, but I do hope Government will apply their genius and their experts will study the situation, not only of the pottery industry but of other industries also, to see if a certain amount of protection cannot be given to them in a supplementary Bill. Another thing is this. This is not a revenue taxation Bill. I want a reply from the Honourable the Commerce Member whether the Commerce Department or the Finance Department will examine from time to time the rise in price level or fall in price level of foreign commodities; so that we may know how they are going to adjust the price level and these tariff rates as are included in this Bill or as would be included in subsequent supplementary Bills. It is no use raising the tariff and leaving it to the future and Government not exercising any control to check these price levels or tariff rates.

Mr. A. H. Ghuznavi: Sir, if any of my words or statements gave the idea to the Commerce Member that I was saying that he deliberately brought this measure of raising the tariff to give imperial preference by the back door, I offer him my sincerest apologies. It has not been my intention to say so: all that I wanted to say is this: that by this rise in prices it will be possible for British goods to compete and it will not give any protection to our industries. I would welcome imperial preference if I knew that it was imperial preference that was being given here in raising these duties. But I find that, it will neither give any preference to Britain, nor any protection to our industries: it will give other countries—*not* Japan, but other continental countries—a chance to flood our market with their goods. After all, we Indians and Englishmen are destined to live together; therefore, what is our interest is their interest, and their interest is our interest. This is a temporary measure; a new Bill will be coming on shortly; what I want to say to the Honourable the Commerce Member is that if you really want to give protection to the Indian industries, you have our whole-hearted support; you must, however, bear in mind that Japan's efficiency and method of business is such that any amount of high tariff that you may put on will not be able to protect the Indian industries; only by way of friendly negotiation with that country you can restrict their exports to this country, through the quota system. By that method, their exports will be gradually diminished, and home manufactures (*An Honourable Member: "will die"*) will be increased.

My Honourable friend, Mr. Ranga Iyer, the other day remarked that Japan had increased the duty on pig iron by 200 and 300 per cent. Here is the import tariff of Japan

Mr. C. S. Ranga Iyer: If I may interrupt my Honourable friend, I made no such statement: what I stated was that Japan has not been taking our pig iron as she used to take before. He can read my speech if he has any doubts about it. I never spoke about import duties: they actually ceased to take our pig iron.

Mr. A. H. Ghuznavi: I think then that Mr. B. Das referred to it. He is not correct. He is absolutely wrong

The Honourable Sir Joseph Bhore: If I may explain, the point, I think, the real point at issue is this: if any mention was made, I think the point made was that they had increased their duty by 250 per cent.

Mr. A. H. Ghuznavi: That is what I was saying: they have not done so. The duty was, say, Rs. 5 *ad valorem* and they have now put it up to Rs. 15: that is 200 per cent. of Rs. 5, not 200 per cent. of the value *ad valorem*. That is the point. Here you are putting 200 per cent. on the value; there it is *ad valorem*

The Honourable Sir Joseph Bhore: But will my Honourable friend not deal with the commodity in which he is so interested, namely, hosiery, on which I pointed out what the duty was?

Mr. A. H. Ghuznavi: I am really surprised that the Honourable the Commerce Member compares India with Japan. Take the efficiency of their trade and their overwhelming production: certainly they must protect themselves: they produce all that they can absorb and then they proceed to capture the world markets. We cannot meet our own demands: we cannot manufacture even 20 per cent. of our needs. If there is that tariff wall—and I am told that it is not so, at least not as high as 250 per cent—they have got to have it, because their production is so overwhelming: they must find outside markets. Surely they will not allow outsiders to come in: and, of course, if they could, they would have stopped any imports entirely, but they cannot and, therefore, they are raising their tariff wall high. You cannot compare Japan with India. We cannot manufacture anything at all to that extent: they manufacture all that they require: the whole of Japan is provided for, except for food stuffs; and that is the reason why they are putting up their tariffs.

There is one other matter and I have done. These hosiery industries were started in 1905. I was the first pioneer to start the hosiery industry in Bengal. (Hear, hear.) What did the Government do then in 1905? Up to 1918 what have they done? (*An Honourable Member:* "Nothing.") Japan was not then in the field. Our industries were destroyed by the Government, not by Japan

Mr. F. E. James: Russo-Japanese War!

Mr. A. H. Ghuznavi: That opened our eyes and did a lot of good to us. As regards my Honourable friend, Mr. Neogy's eloquence, I have heard him with very great attention, the wonderful eloquence with which he opposed my amendment. But may I ask him where he was when this exemption was given in the Wheat Bill? We did not hear his eloquence then. Then, my Honourable friend, Sir Abdur Rahim, and Dr. Ziauddin Ahmad said the other day to the Commerce Member: "What have you done about agricultural products? What have you done to raise their prices?" The reply was: "Yes, I have done so: the Ottawa Conference helped to sell our goods." Dr. Ziauddin Ahmad asked: "But what about the prices?"; and the reply was: "Oh, prices: if we had not gone to the Ottawa Conference, we would not have been able even to sell our products." On his own admission, therefore, up to now he has done nothing to raise the prices of agricultural products—excepting one—that I must say—and his name will go down to history as a result of the master-stroke of statemanship with which he negotiated with the Japanese Government about their purchase of cotton from India.

Mr. K. C. Neogy: Does the Honourable Member propose to support any idea of stopping the imports of rice, very cheap rice, from Japan to India? If so, why? Is he not subsidising Indian inefficiency because Indians cannot produce rice as cheaply as Japan?

Mr. A. H. Ghusnavi: My Honourable friend knows nothing about rice. (Laughter.) The price of rice is bound to be cheaper in India than in Japan; labour is cheaper in India. You cannot say that Japanese rice is cheaper than the rice we get here. Of course, they do import a certain cheaper quality which most people would not care to take.

Well, Sir, I would request the Honourable the Commerce Member to do one thing. Whatever may be the result of this measure,—of course it will be passed as a temporary measure,—when he brings forward his new Bill, he should consider ways and means by which he can enter into friendly negotiations and save the Indian industry.

Sir, according to the *Statesman* which I read yesterday, my friend is reported to have said referring to me; "When I die, the word hosiery will be found inscribed in my heart". Sir, I am somewhat curious to inquire what word would be found inscribed in the heart of my friend, Sir Joseph Bhore, when he dies, for, Sir, even the occupants of the Treasury Benches will one day be translated to Heaven. I should have thought that some curious word would be found inscribed on his heart, but I need not trouble myself to find out the word, for I have very grave doubts whether a Member of Government has any heart at all.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I propose to be very brief and to offer just a few remarks on the occasion of the Third Reading of this Bill. I would be failing in my duty if I were not to congratulate the Honourable the Commerce Member on piloting this measure now before this House. Sir, some hard things have been said of the Honourable the Commerce Member and of the Commerce Department by some critics in this House, but I do not think the strongest of them will deny the fact that during the last eight or nine months, a peculiar and a very heavy strain has been put on the Honourable the Commerce Member and on his Department, and we should all be grateful to the Honourable Member and his Department for the indefatigable energy that they have shown, for the patience, the tact and ability with which they have conducted the negotiations, and for the amount of work that they have put on behalf of this country (Applause), and I would like to add in this compliment the name of my esteemed friend, the Honourable Sir Frank Noyce, who has been equally assiduous in the discharge of his duties on behalf of our country.

Sir, I should at the very outset deprecate the remarks that have been made by my friend, Mr. B. Das. Some of us more often than not speak in a very lax way in this House without weighing our words, and I venture to add, without a due sense of responsibility that attaches to us as Members of the Assembly.

Mr. B. Das: I feel as much responsibility as you feel.

Diwan Bahadur A. Ramaswami Mudaliar: I venture to think that no responsible Member of this House, particularly in these days when our country is in a position to directly negotiate commercial treaties with foreign powers, should make remarks about the *bona fides* or particularly

the moral character of that foreign country or its people. In the first place, it is much too ridiculous to classify a whole nation as an immoral nation, whatever that nation may be. In the second place, while in these days we are thinking of protecting the Indian princes, who live in our own country and are our own people, I think the time has come when we should be much more careful in weighing our words and describing the actions and conduct or the character of any foreign people, and of a nation so closely and intimately associated with our fortunes as the Japanese nation undoubtedly is. I have made these remarks not with a view to unduly criticising my friend, Mr. B. Das, but with a view to pointing out at a very early stage that the House as a whole and every Member of it must feel a sense of responsibility in these matters, and I would go further and say that my friend, Mr. B. Das, made those remarks merely in a light-hearted fashion and that he did not mean what he said about the Japanese people, and that no Member of the House will venture to corroborate or to confirm any of those statements about the characterisation of the Japanese people

Mr. B. Das: I am sorry I am not convinced.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, on the Bill itself, I have only one observation to make, and that relates to the very much discussed question of hosiery. The Honourable the Commerce Member has admitted himself that no protection is intended to be given to that industry under this Bill, and that, if any question of protection arises at all, it can only arise under the other Bill that he is going to introduce, I mean the Textile Bill. If you compare the duties that have been proposed, you will find that the duties are exactly the same but charged in a different manner, and, therefore, at this very early stage I should like to make an appeal to him. We on this side of the House cannot increase the tariff duties proposed by Government; any increase can only come from the Government, and I venture to put forward these considerations. It is true that the Tariff Board has examined these questions, but their recommendations are vitiated by one or two considerations. In the first place, much water has flowed under the bridge since the Report of the Tariff Board was made. It is almost archaic in some of its recommendations, and that in itself is a consideration why the Commerce Member should revise the decision of the Tariff Board and not be bound down too much and too closely by its recommendations. In the second place, I should like to make another statement. The other day, a gentleman coming from Assam, described that place as the cinderella of all Provinces; in spite of the fact that both my esteemed friends on the Treasury Benches come from Madras, I should say that Madras is the real cinderella of all Provinces. Here is a Tariff Board which sits and goes into all these questions, and examines the textile industry. Take its Report and read its opening paragraphs. Look at its itinerary. Bombay, Ahmedabad and Calcutta. They did not know that there was such a place as Madras in the geography of India. They did not care to visit it, in spite of the fact that the hosiery industry is a very important industry in Madras

The Honourable Sir Joseph Bore: May I point out that they sojourned for a long time at Ootacamund, and I think Ootacamund is in the Madras Presidency.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend, the Commerce Member, has used the right word—"sojourned". They

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sojourned at Ootacamund for rest. It is a delightful place, the best hill station in the whole of India, and it is perfectly true that, like many other Committees from the Indian Cinematograph Committee which established a precedent in this respect down to the Tariff Board, they sojourned in Ootacamund to write their Report, but they did not conduct any inquiry there, they did not care to go down to places like Madura where the hosiery industry is thriving. Probably they thought that these were only subsidiary industries and, therefore, they dealt with this industry in a very subsidiary manner, and I want to point out that if they had only calculated the cost of production with reference to the Madras industry and had gone into the figures, they would not have made the recommendation that they have made in their Report, and, therefore, my point is that the recommendation which they have made on the basis of that cost is vitiated by the fact that they had not got all the materials before them. Some of the industries did not come forward,—either the Tariff Board's communiqué was not broadcast as much as it was necessary or they did not make their itinerary sufficiently well known, or the fact that they were making this inquiry was not sufficiently understood by the industry, but it is a fact that when the Tariff Board was examining this question, they had not all the materials before them, as they themselves admit in their Report. And my idea in bringing this matter before the Honourable Member is to request him to see that before he comes forward with his next Bill and places it before the House, he should reconsider this question and see whether the protection afforded under that Bill is adequate and sufficient, for if it is not adequate, if it is not sufficient, it is worse than introducing any protection at all. Let me make it perfectly clear. It does not protect the industry; it throws a burden on the consumer unnecessarily. If the indigenous industry is not in a position to compete fairly and equally, that protection is worse than useless; it is harmful, it does no good to anybody, and it merely brings in a certain amount of revenue to the Government and does nothing else. I do not want that kind of false protection to our industry. If the industries are to be given protection, they should be given adequate protection. When the other Bill is taken up, I hope to show by facts and figures, and by calculations which are beyond dispute that the protection under that Bill is totally inadequate. Therefore, I venture to make a very humble appeal to the Commerce Member that, before he makes up his mind finally, he would consider the question. I read a hopeful message in the speech which he made the other day. He said over and over again that the decision under this Bill is not final. He asked the House to accept that he was not making a final decision and that the House was not making a final decision in respect of the amount of protection that should be given to the hosiery industry. If I understand that aright, it merely means that the Commerce Member is still open to conviction and I hope that the representations that he has received from the Madura Ramnad Chamber of Commerce, from the Southern India Chamber of Commerce and from other bodies in Madras which particularly deal largely with hosiery will be given due consideration, and that the Commerce Member will be in a position to revise his decision on the subject. I once more congratulate the Commerce Member on his piloting through a Bill by which the future of many small, petty industries and proprietors in this country has been ensured. (Applausé.)

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, discussions on this Bill have revealed to me, a new Member in this House, that this House contains a large number of Members to champion the cause of importers, a still larger number to safeguard the industrialists, and an overwhelmingly large number of Members advocating the cause of the commercialists. But, although the cause of the agriculturist, and, in a sense, the consumer, is so important, voices in his favour have been rather feeble though I believe that Government are in sympathy with him. This has been, I believe, because the agriculturists, although about 75 per cent. in the country, are not at all organised. Every trade and every profession in India is fairly well organised. A small group of men came from Calcutta interested in the enamel industry and by means of propaganda they could turn the tables today against the decision of the Select Committee. Such is the force of organisation and propaganda. But the vast number of men who are agriculturists cannot force their will in this House, because they are not organised.

There is another aspect of the thing. The public galleries are crowded with visitors interested in industries and commerce. Newspapers in this country are in the hands of industrialists and commercialists. Members of this House are always conscious of this. They know that they are being watched by men interested in industries. But the peasant in the country who sends them here won't know what they are doing here. After 150 years of British rule and 14 years of direct elections to the Assembly, the agriculturist does not know how to force his will in this House. The other day, rich men who have put their money in the film industry formed a Film Group in this House. What about the agriculturists? Another Tariff Bill is coming soon. Walls and embankments of protection are going up and up every day. Once protection is given to an industry, it never likes to part with the advantage and moves heaven and earth for continuing it. Where is an end to it? Protection may be given to an industry at its infant stage. But that infant stage never goes. For causes, over which he has no control, the agriculturist is the hardest hit person today. What I suggest is that the time has come when Members of this House, who sympathise with the woes and difficulties of the agriculturists, should organise themselves to safeguard the interests of agriculturists which are being horribly undermined every day. I hope my Honourable friend, Raja Bahadur Krishnamachariar, will interest himself in this matter and take the lead in forming an Agriculturist Group. These safeguarding and protection measures are all taxations in disguise, and the consumers and the agriculturists are the worst affected by them. I am not against them where they are necessary. But I think the present time is not opportune for it as the prices of agricultural products are still at the lowest and consequently the purchasing power of the people is also very low. I hope that a measure to raise up the price of rice will be brought in at an early date.

The Honourable Sir Joseph Bhoré: Sir, there is very little I think left for me to say in bringing this debate to a close. I think that it would be a futile task for me to attempt to answer my Honourable friend, Dr. Ziauddin, because no answer that has ever been given to him from this side is ever taken on its merits. I think that that is due very largely to the fact that like so many great minds he is afflicted possibly with absent-mindedness. (Laughter.) I am sorry he is not here, but a story was told to me about him when he was Vice-Chancellor of the Aligarh

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University. I was told that on one occasion he was deep in thought over a great problem. He went out for a walk and he returned from that walk. Then, Sir, in a fit of absent-mindedness thinking that he would rest, he left his walking stick on the bed and went and stood in the corner. (Laughter.) I am sorry that my Honourable friend is not here in the House, because I should have liked to have got confirmation of that story from him. I need only repeat that, as I said this morning, my Honourable friend, Dr. Ziauddin, being a great mathematician, and we all know, familiarity breeds contempt,—he has the utmost contempt for figures when they are produced by others than himself. (Laughter.)

I can assure my Honourable friend, Mr. Jog, that his appeal will not fall on deaf ears. In taking action in respect of the industries in this Bill, we do not mean to say that we have acted once and for all and that we are never going to enquire into the case of any industry that may come up to us in future with a reasonable case.

I think before I close I ought to express my deep appreciation and the appreciation of my Department, and if my Honourable colleague will permit me, his appreciation as well of what fell from Diwan Bahadur Ramaswami Mudaliar. With regard to the special point that he made in respect of the Textile Bill, which I have already introduced, I would merely say this that he could not expect us lightly to set on one side or to deal lightly with any recommendation that has proceeded from an authoritative body like the Tariff Board. But, Sir, when a Government measure comes before this House, I for one would never assume the position that Government have once for all finally made up their mind and that this House has no business even to advance arguments on the other side. I, Sir, am always ready to keep an open mind. I hope that that remark will in some measure prove a consolation to my Honourable friend. I do not know whether it is a very material consolation, but I shall look forward to the debate in which he promises to satisfy me, by arguments and by figures that the duties which we have entered in the Bill are insufficient. Sir, I thank the House for the way in which it has accepted the Bill and the manner in which it has passed it.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

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

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 16th February, 1984.