

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 14th MARCH, 1934

Vol. III—No. 3

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Wednesday, 14th March, 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.

QUESTIONS AND ANSWERS.

MEETINGS OF THE LEGISLATIVE ASSEMBLY AND ATTENDANCE OF MEMBERS.

467. *Sirdar Harbans Singh Brar: Will Government be pleased to state the number of days on which the Legislative Assembly sat, and the number of days each of the elected Members of the Assembly attended it:

- (i) during the year 1931,
- (ii) during the year 1932,
- (iii) during the year 1933, and
- (iv) during the year 1934?

The Honourable Sir Brojendra Mitter: The information asked for by the Honourable Member in the first part of his question is as follows:

Year.	Number of days on which the Assembly sat.
1931	84
1932	88
1933	97
1934 (From 24th January to 14th March, 1934)	33

As no provision is made under the Indian Legislative Rules or Standing Orders of the Legislative Assembly for keeping an attendance register, the information asked for in the second part of the question cannot be furnished.

EXPENSES OF THE OAKGROVE EUROPEAN SCHOOL.

468. *Pandit Satyendra Nath Sen: Will Government please refer to Mr. P. R. Rau's answer to my starred question No. 1162 of the 27th November last, and state whether the East Indian Railway pays the

entire expenses of the East Indian Railway Oakgrove European School minus the fees and the United Provinces Government grant, and whether it pays only a definite grant to the East Indian Railway Indian Schools? If so, what is the reason for this discrimination?

Mr. P. B. Rau: The reply to the first part of the question is in the affirmative, except that the Government of the United Provinces is I understand not now making a grant. As regards the second part, the question is under consideration.

Pandit Satyendra Nath Sen: May I know the approximate amount that is being spent on the Oakgrove School side by side with the amounts spent on other railway schools?

Mr. P. B. Rau: I think I gave the information with regard to the Oakgrove School some time ago. If my Honourable friend wants the further information, I shall be glad if he would put down a question on the point.

SHORTAGE OF STAFF IN THE MONEY ORDER BRANCH OF THE CALCUTTA GENERAL POST OFFICE.

469. *Mr. S. C. Mitra: (a) With reference to the reply to part (c) of question No. 81, dated the 5th February, 1934, will Government be pleased to state whether the Postmaster General, Bengal and Assam Circle, has since reviewed the work of the Money Order Branch of the Calcutta General Post Office?

(b) Will Government please also state whether the two time-scale Supervisors get any special pay or not?

(c) With reference to the reply to part (e) of the above mentioned question, are Government prepared to sanction additional supervisors? If not, why not?

The Honourable Sir Frank Noyce: (a) The review has been taken up but has not yet been completed.

(b) The reply is in the negative, but the question as to whether any special pay should be granted to the holders of these posts and as to whether additional supervisory appointments are required is being examined by the Postmaster General.

(c) As I have already stated, the question is being examined by the Postmaster General.

RETIREMENT OF THE PRESENT POSTMASTER GENERAL, BENGAL AND ASSAM CIRCLE.

470. *Mr. S. C. Mitra: (a) Is it a fact that the present Postmaster General, Bengal and Assam Circle, is going to retire very soon?

(b) Will Government be pleased to state who will be posted there?

(c) Is it a fact that for the last several years officers of the Telegraph Engineering Branch have held charge of this circle and most of them worked there for a very short period?

(d) Will Government be pleased to state why the Engineering Officers are all along posted there as Postmaster General?

(e) Is it a fact that retrenchment on the postal side has been excessive and very little retrenchment has been made on the telegraph side?

(f) Do Government propose to post such an officer as Postmaster General, Bengal and Assam Circle, who is likely to stay there for some years and can study the needs of the Circle? If not, why not?

The Honourable Sir Frank Noyce: (a) Yes; about September, 1934.

(b) Mr. M. N. Crawford, Officiating Postmaster General, Central Circle.

(c) A statement is laid on the table indicating the officers who held charge of the Bengal and Assam Circle since May, 1924, and the duration of their charge.

(d) Does not arise in view of the information furnished in reply to part (c) of the question.

(e) No; retrenchments have been, and are being, made wherever feasible in all branches of the Department.

(f) Government are unable to give any undertaking on the point but the desirability of securing continuity is always borne in mind when postings are made.

Statement.

Postal officers	{	A. J. Hughes, C.I.E.	.	.	.	8-5-24 to 3-1-26.
		R. B. P. N. Bose	.	.	.	4-1-26 to 3-10-26.
		A. J. Hughes, C.I.E.	.	.	.	4-10-26 to 16-11-27.
		R. B. H. K. Raha, C.I.E.	.	.	.	17-11-27 to 7-9-28.
Engineering officers	{	B. C. Wrenick	.	.	.	8-9-28 to 9-12-28.
		F. T. deMonte	.	.	.	10-12-28 to 10-4-30.
		C. J. E. Clerici, C.I.E. (Postal officer)				11-4-30 to 10-3-31.
Engineering officers	{	N. N. Banerji	.	.	.	11-3-31 to 13-3-31.
		A. Brokenshaw	.	.	.	14-3-31 to 25-3-31.
		Khan Bahadur Syed Niaz Qutb (Postal officer).				26-3-31 to 20-3-32.
Engineering officers	{	W. D. MacGregor, C.I.E.	.	.	.	21-3-32 to 7-7-32.
		J. N. Mukerji, O.B.E.	.	.	.	8-7-32 to 2-1-33.
		M. L. Pasricha, C.I.E.	.	.	.	3-1-33 to ..

STENOGRAPHERS IN THE JUDICIAL DEPARTMENT IN DELHI.

471. ***Maulvi Sayyid Murtaza Saheb Bahadur:** (a) Will Government please lay on the table of the House a statement showing the strength of Muhammadan and non-Muhammadan stenographers in the Judicial Department in Delhi, together with their various grades and also the class of the court to which each of them is attached?

(b) If attached to the courts of the Senior Sub-Judge and First Class Sub-Judges, are Government aware of the fact that quite apart from the

question of national economy, no stenographer is given to such courts in the Punjab except to the courts of the District Judge and a few selected Senior Sub-Judges?

The Honourable Sir Harry Haig: I have called for the information asked for in questions Nos. 471 and 474 and will lay it on the table when received.

†472-473*

PROMOTIONS IN THE JUDICIAL DEPARTMENT IN DELHI.

†474. ***Maulvi Sayyid Murtuza Saheb Bahadur:** (a) Will Government please state which of the two principles, *vis.*, seniority or efficiency, governs generally the rules of promotion in the Judicial Department in Delhi?

(b) Will Government please state if there are any selection appointments in the ministerial establishment of the Judicial Department in Delhi?

QUARTERS FOR INFERIOR SERVANTS IN THE POSTS AND TELEGRAPHS DEPARTMENT AT POONA.

475. ***Sardar G. N. Mujumdar:** Will Government be pleased to state:

- (a) whether, in the Posts and Telegraphs Department, residential quarters have been built by Government and they have been allocated to certain classes of employees;
- (b) whether these quarters are built in accordance with a certain standard prescribed for each class of employees and, if so, what standard has been fixed for the class of porters and peons in the Railway Mail Service;
- (c) whether the inferior servants in the Posts and Telegraphs Department stationed at Poona are given a house-rent allowance of Rs. 3 per month; and
- (d) whether one room for each from the out-houses, in the compound of the old Post Office building at Poona, has been allotted as residential quarters to some peons and porters of the Railway Mail Service in lieu of the house-rent allowance sanctioned to them and, if so, what are the dimensions of each room?

The Honourable Sir Frank Noyce: (a) Yes, though only in certain places. Orders were issued on the 3rd December, 1932, regularising the position in respect of the grant of available quarters of the Posts and Telegraphs Department to certain classes of its employees under certain conditions.

(b) Certain standards of accommodation have been laid down for certain classes of officials and these are followed as far as practicable. For the lower grade staff including postmen the standard provides for a living room measuring 144 square feet, a small cook shed and a latrine.

(c) Yes, when departmental quarters cannot be provided.

†These questions were withdrawn by the questioner.

‡For answer to this question, see answer to question No. 471.

(d) Yes, in lieu of the house-rent allowance of Rs. 3 a month. Three of the rooms measure 12' x 12' each and one room measures 11' 9" x 12'. The assessed rent of each room is Rs. 3-11-0 a month, approximately.

GRANT OF MONEY TO THE ALWAR STATE.

476. ***Mr. S. G. Jog:** (a) Is it a fact that Rs. 25 lakhs have been granted to the Alwar State?

(b) Has the entire amount been given, or only a portion of it has been transferred to the State? If the latter, how much?

Mr. H. A. F. Metcalfe: (a) Yes, as a loan.

(b) Rs. 20 lakhs have so far been advanced.

PAYMENT OF SINGLE-PAYMENT STERLING POLICIES OR PREMIUMS BY INSTALMENTS FROM PROVIDENT FUNDS.

477. ***Mr. A. Das** (a) How much money from the various Provident Funds, Civil and Military, has gone towards payment of single-payment sterling policies or the payment of premiums by instalments from each Presidency or Province for the last 3½ years ended the 30th September, 1933?

(b) What is meant in the circular letter F.-20-VI-R.-11/32, dated the 13th November 1933, issued by Mr. W. Christie, Deputy Secretary to the Government of India, by the words "pure endowment policies"? Do they include endowment assurances payable at a specified age or death, if earlier?

N. B.—In "Pure Endowment Policies" there is no liability in the event of death before maturity.

(c) Of which Insurance Offices did with-profit rates come under examination, by which the opinion was formed that a return of four per cent. is not reached? Was the rebate of income-tax taken into account in the calculations?

(d) What was the reason for the issue of Mr. Christie's circular letter? Are Government aware of the pamphlets widely circulated by the late Mr. Henderson, I.C.S. (Retired), who belittled Indian and Australian Government Securities and advised the services to take out sterling policies from Provident Fund monies?

(e) Were first policies in the Postal Insurance Fund only allowed up to Rs. 4,000, and was the amount raised to Rs. 10,000, and recently to Rs. 20,000? If so, why has this Government competition taken place?

(f) Is it a fact that for endowment policies in the Postal Insurance Fund the with-profits added are under one per cent. i.e., '98, as money is only invested in Government Securities at 3½ per cent.? Was this Postal Insurance Fund taken into the calculations of Mr. Christie?

The Honourable Sir George Schuster: Full information on all the points raised by the Honourable Member is being obtained and will be laid on the table in due course.

INSPECTORS OF POST OFFICES AND HEAD CLERKS TO POSTAL SUPERINTENDENTS.

478. ***Mr. D. K. Lahiri Chaudhury:** (a) Will Government please state whether it is a fact that before December 1919 the minimum pay of Inspectors of Post Offices or Head Clerk to Superintendents was Rs. 60 and they had to pass through grades of Rs. 80, Rs. 100, and Rs. 100—150 to reach the grade of Rs. 150—200?

(b) Is it a fact that after entering into the grade of Rs. 150—200, their names were placed along with officials of general line, i.e., other officials of the same grade and they were promoted in the grade of Rs. 200—300 according to seniority in the combined list?

(c) Is it a fact that there is now one grade of the Inspectors of Post Offices or Head Clerk to the Superintendents, viz., Rs. 160—250?

(d) Is it a fact that junior officials, some of whom with eight or nine years of service, are promoted into the grade and then their names are placed in a combined list with the selection grade officials of the same grade?

(e) Is it a fact that in Calcutta officials with 20 years' or more service get promotion in the grade of Rs. 160—250 and if so, they cannot compete with the Inspectors who are very junior officials?

(f) Is it a fact that in Calcutta all appointments in the grade of Rs. 250—350 are now being filled up by the Inspectors of Post Offices and in the next ten years not a single official of Calcutta will get promotion into that grade?

(g) Is it a fact that before the revision of 1927 two selection grade appointments, viz., Rs. 145—170 and Rs. 175—225 were reserved for Calcutta?

(h) Is it a fact that the above grades have now been raised to the grades of Rs. 160—250 and Rs. 250—350?

(i) Do Government propose to reserve those two grades for Calcutta, so that officials working there may get a fair chance of promotion? If not, why not?

(j) Is it also a fact that up to the year 1916 all appointments up to the grade of Rs. 200—300 were reserved for Calcutta?

The Honourable Sir Frank Noyce: (a), (b), (g) and (j). Information is being collected and a reply will be laid on the table in due course.

(c) Yes.

(d) Yes.

(e) The fact is substantially as stated by the Honourable Member.

(f) The Honourable Member is referred to the reply given to part (e) of Mr. S. C. Mitra's starred question No. 78 in this House on the 5th February, 1934.

(h) No. The grades of Rs. 145—170 and Rs. 175—225 were raised to the grade of Rs. 160—250 and the grade of Rs. 250—350 which was introduced with effect from the 1st December, 1919, was not altered by the revision of 1927.

(i) The grade of Rs. 160—250 in the Calcutta General Post Office group is already reserved for officials of that group. As regards the grade of Rs. 250—350, the reply is in the negative. This grade is open to all men in the postal clerical cadre in the Bengal and Assam Postal Circle, and Government see no reason to make an exception to this rule in favour of the clerks in the Calcutta General Post Office.

BAN ON INDIAN STUDENTS FROM JOINING THE UNIVERSITY TRAINING CORPS IN ENGLAND.

479. ***Mr. S. G. Jog:** (a) Is it not a fact that in the English Universities there is an O.T.C. (Officers Training Corps) on the lines of University Training Corps in India?

(b) Will Government please state whether Indians in England get admission into it or not?

(c) Is it a fact that Indian students are banned from joining the University Training Corps? If so, why?

(d) Are Government prepared to get information on this point from the High Commissioner and do they propose to ask the High Commissioner to get the ban, if any, removed?

(e) Is it not a fact that some students made complaints in the matter to the High Commissioner?

Mr. G. R. F. Tottenham: (a) Yes.

(b) No.

(c) Yes, as membership is restricted to British subjects of pure European descent.

(d) Government have already represented the matter but without success. It is understood that it is the Universities that are opposed to the removal of the restriction.

(e) Government have no information.

REPRESENTATION BY A RECOGNISED LABOUR UNION OF THE GRIEVANCES OF ITS MEMBERS TO THE AGENTS OF STATE RAILWAYS.

480. ***Lieut.-Colonel Sir Henry Gidney:** Will Government please state whether a Labour Union which has been recognised as such by the Railway Board is entitled to represent the grievances of its members to the Agents of State Railways? If not, why not?

Mr. P. R. Rau: So far as I know the question raised by the Honourable Member has not previously come up for consideration. His suggestion will now be examined.

Mr. N. M. Joshi: May I know what is exactly the question which has not been considered?

Mr. P. R. Rau: Whether a labour union recognised by the Railway Board is entitled to represent the grievances of its members to the Agents of State Railways.

Mr. N. M. Joshi: Are Government aware that the Royal Commission on Indian Labour has recommended that recognised unions should have the right to represent to the authorities the grievances of individual members of unions?

Mr. P. R. Rau: So far as I understand it, the question that my Honourable and gallant friend put is not with regard to labour unions which are recognised by individual administrations, but with regard to labour unions which represent the employees of more than one railway.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether labour unions registered under the Trade Unions Act have got the right to appeal or send representations to Agents of the State-managed Railways?

Mr. P. R. Rau: Labour Unions recognised by the railway have the right of sending representations to the Administrations.

Mr. M. Maswood Ahmad: My question was whether a labour union registered under the Trade Unions Act has got this right or not.

Mr. P. R. Rau: The mere fact that it is registered under the Trade Unions Act does not confer any rights on it.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform the House whether the Railway Board or the Government of India in the Railway Board recognises the Railwaymen's Federation as a whole?

Mr. P. R. Rau: They have periodical meetings with the Federation.

Lieut.-Colonel Sir Henry Gidney: Does that *ipso facto* connote recognition? If so, does the Railway Board accept or recognise individual railway unions who go to form that Federation?

Mr. P. R. Rau: The individual unions are not recognised as such by the Railway Board. As a matter of fact, the unions are recognised by the Railway Administrations themselves. The Railway Board have not accorded formal recognition to any union, but the fact that they meet the All-India Railwaymen's Federation twice a year may be taken as, for all practical purposes, recognising them. !

Lieut.-Colonel Sir Henry Gidney: Then, will the Honourable Member kindly issue instructions to the Railway Agents to recognise those unions that are incorporated in the Railwaymen's Federation?

Mr. P. R. Rau: No, Sir. Government have left it to individual Railway Administrations to examine the particulars of every union and to recognise it or not as it seems fit to them.

Lieut.-Colonel Sir Henry Gidney: But if the Railway Board recognise a Federation consisting of unions, is it the right of any Agent to deny or question such recognition?

Mr. P. R. Rau: The Government of India have decided that this is a matter which should be left to the individual Railway Administrations.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether their employees are at liberty to be members of registered trade unions?

Mr. P. B. Rau: I think, Sir, this question was answered yesterday.

Mr. M. Maswood Ahmad: I want to know today whether Government employees are entitled to become members of trade unions which are registered.

Mr. P. B. Rau: I suggest, Sir, that the Honourable Member should not expect that every question of his should be answered every day on the floor of this House. (Laughter.)

Mr. M. Maswood Ahmad: Will my Honourable friend state to what question that reply was given yesterday?

Mr. P. B. Rau: The question was replied to by the Honourable the Home Member yesterday. I do not exactly remember the number of the question, but it was probably No. 451.

Mr. B. V. Jadhav: Do I correctly understand the Honourable Member to say that the Government of India have decided to recognise the labour unions, but that they are leaving the Agents of the various Companies free to recognise them or not as they like?

Mr. P. B. Rau: They have left it to the Agents of Railways, whether State-managed or Company-managed, to examine the particulars of membership, etc., of each union and accord or refuse to accord such recognition as seems fit to them.

Mr. B. V. Jadhav: Have they not themselves examined the particulars of these things when they decided to recognise labour unions?

Mr. P. B. Rau: As I have told the House already, Government have not recognised any railway union as such.

Dr. Ziauddin Ahmad: In view of the fact that the number of employees directly under the Railway Board is very few and most of the servants are employed under the Agents, is it or is it not a fact that the Railway Board have given the entire power of recognition to the Agents and that they have washed their hands of the question of the recognition of the unions?

Mr. P. B. Rau: My Honourable friend has expressed the reasons quite correctly.

Dr. Ziauddin Ahmed: Then, may I know whether they have got the right to issue an order that a certain union should not be recognised by the Agent, and, if so, under what authority?

Mr. P. B. Rau: It is an academic question, but they have not exercised that right.

Dr. Ziauddin Ahmad: When my Honourable friend cannot answer a question, he avoids giving an answer by saying it is academic, but I want to know if it is a fact or not whether they have got the right to issue such instructions not to recognise certain unions.

Mr. P. R. Rau: I have already told my Honourable friend that they have not exercised that right.

Dr. Ziauddin Ahmad: Is it right to say that they issued orders to Agents not to recognise certain communal unions?

Mr. P. R. Rau: That is not an order of the Railway Board: it is an order of the Government of India.

Mr. S. C. Mitra: May I take it that it is the position of the Government that the mere fact of registration will not lead to recognition by Government?

Mr. P. R. Rau: Not necessarily, Sir.

Lieut.-Colonel Sir Henry Gidney: Arising out of this question, will the Honourable Member state whether in the event of an Agent refusing recognition of a labour union, the Railway Board will consider an appeal if one is made to them on the matter by a union?

Mr. P. R. Rau: I do not think the Railway Board have considered that question, and I should like to have notice of that before giving any reply.

RETRENCHMENT ON STATE RAILWAYS.

481. ***Lieut.-Colonel Sir Henry Gidney:** (a) Will Government please state whether or not all temporary subordinates and those with short service, were discharged by the Great Indian Peninsula Railway during the recent economic campaign?

(b) Will Government please state whether the same principle was applied in the case of officers?

(c) Will Government please state how many temporary engineers and officers were discharged as a measure of retrenchment from all the five State Railways?

(d) Will Government be pleased to lay on the table a statement showing, railway by railway, how many of such retrenched temporary engineers and officers have been absorbed by the various State Railways subsequent to retrenchment and how many have been absorbed in the lower gazetted service?

Mr. P. R. Rau: (a) and (b). Government have no information but will obtain it for the Honourable Member and will lay it on the table in due course.

(c) According to the information available, 43 temporary engineers in all were discharged on the five State-managed Railways. Similar information is not at present available with regard to temporary officers of other departments but will be collected and laid on the table in due course.

(d) From the information available it appears that only one discharged temporary officer has been re-appointed but I am obtaining precise information as to this.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member state whether it is not a fact that when the lower gazetted service was created, there existed a certain number of surplus officers in the superior railway staff?

Mr. P. R. Rau: I should like to know what my Honourable friend means by surplus before attempting to reply to that question.

Lieut.-Colonel Sir Henry Gidney: In the campaign for retrenchment or economy, call it what you like, is it or is it not a fact that when the lower gazetted service was created, there was a large number of officers surplus to requirements?

Mr. P. R. Rau: The lower gazetted service was created, to the best of my recollection, before the economy campaign started.

Lieut.-Colonel Sir Henry Gidney: Will you answer my question? Is it or is it not a fact that at the time when the lower gazetted service was created, there was a number of surplus officers?

Mr. P. R. Rau: I am afraid my Honourable friend has entirely misunderstood the word "surplus": the position was that when the lower gazetted service was created, it was decided that a certain number of posts, which were formerly in the superior service, should be transferred to the lower gazetted service, and it was intended to give effect to this as circumstances allowed. It was not intended that by this transfer, officers actually holding the posts should be discharged and subordinates promoted.

Lieut.-Colonel Sir Henry Gidney: Arising out of that, will the Honourable Member inform this House whether or not it is a fact that the policy adopted by the Railway Board in regard to the retrenchment of railway officials was on the one hand to show their retrenchment and on the other hand, instead of getting rid of these officers as they dealt with retrenched subordinates, to demote them by inserting all such officials into the lower gazetted service, a service which was originally created "essentially", to use the words of the Railway Board Circular, for the benefit of deserving subordinates, and thus denying to them opportunities of entering this service?

Mr. President (The Honourable Sir Shanmukham Chetty): That question is out of order, because it contains inferences and arguments.

Lieut.-Colonel Sir Henry Gidney: Let me ask it in another way. Are the Government of India aware of the fact that by demoting surplus officials in the lower gazetted service, instead of retrenching them, they have gone contrary to the very essentials and intentions underlying the formation of that service?

Mr. P. R. Rau: No officers have been demoted and appointed to the lower gazetted service. My Honourable friend is misunderstanding the whole position. As I have already explained, the position was that it was decided that when vacancies arose, instead of filling those vacancies in the superior service, they would be filled by promotion of subordinates to the lower gazetted service: there was no question of demoting people from the officer's grade to this service.

Lieut.-Colonel Sir Henry Gidney: With your permission, Sir, I desire on the floor of this House to challenge the accuracy of that statement, and I quote the Railway Board Circular in support of my statement. Again, I ask, is it or is it not a fact that the lower gazetted service is "essentially" a subordinate service?

Mr. P. B. Rau: My Honourable friend is quite correct in stating that the lower gazetted service was intended to be recruited mainly by promotion from the subordinate ranks.

Lieut.-Colonel Sir Henry Gidney: At the time the service was created, was there a single Class I officer in it?

Mr. P. B. Rau: There were certain members of the local traffic and provincial engineering services who were transferred to the lower gazetted service when it was formed.

Lieut.-Colonel Sir Henry Gidney: Is it or is it not a fact that, when the Secretary of State ordered the abolition of the local traffic service and provincial engineering service in or about 1914, it consisted of the promoted subordinates and no Class I officers were in these services?

Mr. P. B. Rau: My Honourable friend is quite incorrect.

Lieut.-Colonel Sir Henry Gidney: On the floor of this House: I challenge the accuracy of that statement. I say that these services were intended for and manned only by promoted subordinates.

Mr. P. B. Rau: I know of many people who were appointed direct to the local traffic service.

Mr. N. M. Joshi: May I ask whether it is not a fact that some superior officers were demoted by way of retrenchment and were absorbed in this lower gazetted service? I want an answer to that question.

Mr. P. B. Rau: I have already answered that question, but I shall repeat the answer. The position is that no officer was demoted: but certain officers were retained against vacancies left unfilled in the cadre fixed for the lower gazetted service.

Dr. Ziauddin Ahmad: Sir, this is a very serious matter. An Honourable Member has challenged the statement of the Government on the floor of the House, and I think there should be some kind of note from the Honourable Member to justify his statement.

Mr. P. B. Rau: I suggest, Sir, that I may claim to know a little bit more of this subject than my Honourable friend over there.

Lieut.-Colonel Sir Henry Gidney: I challenge that statement, Sir. I would ask another supplementary question. Is it or is it not a fact that fifty per cent of the lower gazetted service today consists of demoted Class I officers, i.e., officers, who were drawing higher salaries and who are now drawing a lower salary, and that only eight per cent of subordinates are permanently employed in this service today.

Mr. P. B. Rau: I think, Sir, I must despair of conveying the accurate facts to the Honourable Member. As I have already stated, there are no officers who are demoted and appointed to the lower gazetted service.

Certain vacancies in the lower gazetted service, that is, vacancies which would have existed if the whole scheme had been given effect to, have not been filled, because the number of superior officers is in excess of the number in the final scheme which would be ultimately given effect to. But I think, Sir, this is not a subject which can be discussed by means of question and answer in this House, and my friend has, I think, the option of bringing forward a Resolution in this House.

Lieut.-Colonel Sir Henry Gidney: Sir, I would ask the Honourable Member, with your permission, for a definite answer to a definite question. Is it or is it not a fact that fifty per cent of the personnel of the lower gazetted staff today were originally Class I officials or temporary engineers, eleven in number, surplus to requirements? Is this or is this not a fact?

Mr. P. B. Rau: I have already given an answer to that question about three times, and I would ask my Honourable friend to wait till the debates are printed and examine them at leisure.

Mr. M. Maswood Ahmad: Is it a fact that at the time when this service was constituted, 198 posts were sanctioned for the lower gazetted service and 123 posts of the provincial engineering service and the local traffic service were abolished?

Mr. P. B. Rau: That, I believe, is correct.

Mr. M. Maswood Ahmad: Against these latter 123 posts, there were only 38 permanent incumbents and they were transferred to the lower gazetted service or promoted to the superior service, is that a fact?

Mr. P. B. Rau: My information is that on all the railways taken together, there are at present 58 permanent officers in the lower gazetted service and 69 subordinates officiating in the lower gazetted service making a total of 127 officers.

Sir Cowasji Jehangir: Is it not a fact that some of the officers, who are retrenched, are Indians holding European qualifications and they have now been appointed to the lower gazetted service thus rendering considerable assistance to some of the retrenched officers?

Mr. P. B. Rau: I believe, Sir, in the G. I. P. Railway, there are four or five temporary engineers who have been retained in service against vacancies in the lower gazetted service.

Mr. S. C. Mitra: Is it not a fact that the same thing, more or less, has happened in the other Departments of the Government of India that retrenched officers have, as far as possible, been provided in lower posts and thus helped them to a certain extent from unemployment?

Mr. P. B. Rau: I believe that is so. I must also add that the only alternative to the action taken by the Railway Board was to discharge a large number of officers recruited within the last four or five years and practically cancel all the efforts of the Railway Department towards Indianisation.

Sir Cowasji Jehangir: Will the Honourable Member tell us whether Government will continue the policy of employing well qualified Indians who have been retrenched in the lower gazetted service? Will they continue that policy?

Mr. P. R. Rau: The policy of the Government with regard to the lower gazetted service is to recruit that service mainly by promotion from the subordinate ranks.

Lieut.-Colonel Sir Henry Gidney: With your permission, Sir, one more supplementary question. Is it a fact that whereas originally the cadre of the lower gazetted service was 197, today the cadre is 232 to make room for those retrenched officers, or temporary engineers? If it is a fact, is it not an absolute camouflage of your policy of retrenchment?

Mr. P. R. Rau: My Honourable friend's figures are incorrect as usual. The actual number of posts in the lower gazetted service at present sanctioned is 191.

Lieut.-Colonel Sir Henry Gidney: I have got the figures with me as supplied from the Railway Board. The Honourable Member's figures are incorrect.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member should ask the next question.

Lieut.-Colonel Sir Henry Gidney: Sir, I have got the figures from the Railway Board, and I can produce them.

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

DISCHARGE OF TEMPORARY ENGINEERS ON STATE RAILWAYS.

482. *Lieut.-Colonel Sir Henry Gidney: (a) With reference to the assurance given by the Honourable Member in charge of the Railway Department in reply to the supplementary questions to question No. 496 of the 25th February, 1933, will Government please state the form in which the "understanding to renew the contract of temporary Engineers" is embodied in the original agreement?

(b) In view of this understanding, will Government please state the reasons why they discharged many temporary engineers on the various State Railways, whose services had been found uniformly satisfactory, and why their contracts were not renewed?

(c) Is it a fact that only on the Great Indian Peninsula Railway temporary engineers were absorbed into the lower gazetted service and that the other State Railways have not done so?

Mr. P. R. Rau: (a) The question referred to by my Honourable friend was with regard to recruitment of covenanted officers in the Signal Department of State Railways; it had no bearing on the question of temporary engineers.

(b) The discharge of certain temporary engineers was unfortunately necessitated by the curtailment of the construction programme of railways.

(c) As I have already stated, a few temporary engineers have been retained on the G. I. P., North Western and Burma Railways against vacancies in the lower gazetted service. The question of their further retention is under re-examination at present.

Lieut.-Colonel Sir Henry Gidney: One supplementary question, Sir. Is it a fact that whereas, in the G. I. P. Railway, five temporary engineers were discharged and re-engaged in terms of this agreement, temporary engineers discharged on other railways such as the E. I. R., North Western and E. B. Railways, have not been re-engaged even in the lower gazetted service?

Mr. P. R. Rau: My Honourable friend is anticipating a question which he is going to ask the day after tomorrow, but I have no objection to give him a reply. The position with regard to temporary engineers is that a large number were discharged, but it was considered desirable to retain a few on account of their qualifications and experience. Some 20 officers were specially selected by a Committee of senior Engineers of the different State-managed Railways and two Members of the Railway Board, and the Railway Administrations were authorised to employ temporary engineers in this list against vacancies in lower gazetted service. At present there are ten such on all State-managed Railways, five on the G. I. P., two on the North Western Railway and three on the E. I. R.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that the Railway Board intimated Railway Agents, *vide* their Circular Letter No. 3931, that 15 of these discharged men should be re-employed? Regarding his figures, the Honourable Member is, as usual, inaccurate.

Mr. P. R. Rau: No, Sir; so far as I am aware, the facts are as I have stated.

Sir Cowasji Jehangir: Will Government continue this policy further and re-employ more and more of these retrenched officers in the lower gazetted service?

Mr. P. R. Rau: I do not think, Sir, that Government can promise to take more retrenched officers against vacancies in the lower gazetted service.

Sir Cowasji Jehangir: You have been doing that, is it not so?

Mr. P. R. Rau: Only in special cases.

Sir Cowasji Jehangir: Will Government consider the desirability of increasing such special cases instead of the policy advocated by Sir Henry Gidney?

Mr. P. R. Rau: That question is under our examination at present, that is to say, whether the people who have been retained should be further retained or not.

Sir Cowasji Jehangir: Does the Honourable Member realise that there is great dissatisfaction amongst the officers who have been retrenched, and that it is the duty of the Government to find employment for them as soon as possible?

Mr. P. B. Rau: Government must balance the dissatisfaction felt by these officers against the dissatisfaction felt by the subordinates whom my friend, Sir Henry Gidney, speaks for.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that of the officers who have been insinuated into the lower gazetted service, the majority of them are Europeans?

Mr. P. B. Rau: I have not got their names before me. I should like to have notice of that question.

OFFICERS OF THE LOWER GAZETTED SERVICE ON STATE RAILWAYS.

483. *Lieut.-Colonel Sir Henry Gidney: Will Government please state:

- (a) whether an officer of the lower gazetted service, officiating or permanent, is an official or not;
- (b) whether he has the right of appeal to the Railway Board in regard to supersession, etc.;
- (c) whether a State Railway official, temporary or surplus, who has been absorbed into the lower gazetted service, has a right of appeal to the Railway Board; and
- (d) whether a State Railway official, other than a lower gazetted service officer, has a right of appeal to the Railway Board?

Mr. P. B. Rau: (a) I presume the Honourable Member wants to know whether an officer of the lower gazetted service is considered a gazetted officer. If so, the answer is in the affirmative.

(b) to (d). A permanent gazetted officer has the right of appeal to the Railway Board in regard to supersession and certain other matters. For further particulars, I would refer the Honourable Member to the Railway Services (Classification, Control and Appeal) Rules, contained in Railway Board's Notification No. 3352-E. of 28th April, 1932, copies of which are in the Library of the House. These rules do not apply to subordinates officiating in the lower gazetted service, who are governed by the rules applicable to them as subordinates.

Lieut.-Colonel Sir Henry Gidney: Does the same distinction exist between lower gazetted service officers promoted from subordinate ranks, permanent or temporary, and officers who are surplus to the staff and who are now employed in the lower gazetted service? In other words, have those, who were once superior officers, a right of appeal to the Railway Board, and subordinates, even though temporary, have no such right?

Mr. P. B. Rau: A permanent gazetted officer has a right of appeal to the Railway Board under certain conditions. Lower gazetted service officers are considered as Class II Railway service officers.

Lieut.-Colonel Sir Henry Gidney: What is the difference between the duties of the temporary lower gazetted officers and a permanent lower gazetted officer, and why is this difference in the right of appeal to the Railway Board.

Mr. P. B. Rau: The rules provide only for permanent gazetted officers. They provide for a right of appeal for a railway servant holding a permanent gazetted post in a substantive capacity.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member answer my question? Will he inform this House whether an officer, who was surplus to the staff or who has since then been employed in the lower gazetted service (not a subordinate), has a right of appeal to the Railway Board?

Mr. P. B. Rau: In the first place, I do not recognise that there is any surplus officer employed in the lower gazetted service.

Lieut.-Colonel Sir Henry Gidney: What! Of course you had any number of surplus officers at one time. They may not be surplus now.

UNSTARRED QUESTIONS AND ANSWERS.

ONE DR. BHAGAT RAM, HOMŒOPATH OF SIMLA.

195. Bhagat Chandi Mal Gola: (a) Are Government aware that a Homœopathic Dispensary has been opened by the Arya Samaj, Gurukul Section, Simla, and it is attended by one Dr. Bhagat Ram, Homœopath, for two hours daily?

(b) Are Government aware that the said Dr. Bhagat Ram is holding a permanent appointment as Head Clerk in the Translation Section of the General Staff Branch, Army Headquarters?

(c) Is it also a fact that the said doctor is attending patients during the office hours? If so, will Government please state whether there is not enough work for him in office?

(d) Will Government be pleased to state whether Dr. Bhagat Ram took permission of the Head of the Department before he started practising homœopathy and if so whether the Home Department was duly consulted?

(e) Are Government aware that Dr. Bhagat Ram is charging fee for visiting patients at their residences and that such fees are not even included in his income for purposes of income-tax?

Mr. G. B. F. Tottenham: (a) Yes.

(b) Yes.

(c) The reply to the first portion of the question is in the negative. The second portion does not arise.

(d) Mr. Bhagat Ram did not apply for permission, because he practises out of office hours as an act of charity.

(e) Government are informed that he charges no fees.

INTERPRETATION OF ARMY PENSION REGULATIONS.

196. Mr. S. G. Jog: (a) Will Government be pleased to mention the particular section of the Indian Army Act, or of any other enactment, under which the Army Department and the Adjutant General in India discharge

the two-fold function, i.e., (i) of composing the Pension Regulations and (ii) of interpreting them?

(b) Is it not a fact that the function of interpreting the rules is restricted to the Audit Offices, *vide* paragraph 4 of the Financial Regulations for the Army in India, which says that "in applying these rules audit officers may assume that all the provisions of Civil Service Regulations, the Army Regulations, India, Fundamental Rules and any other authorised code have received the sanction of the Secretary of State in Council, in all cases in which that sanction is necessary. They may therefore admit without requiring the sanction of the Secretary of State in Council, any pensions, acting allowances or other allowances, which are admissible under the rules of those codes"?

(c) Is this function of the Audit Officers mentioned in (b) above being shared, or monopolised by the two offices mentioned in (a) above? If so, from what date and under what orders? Will Government please lay a copy of those orders on the table?

Mr. G. B. F. Tottenham: (a), (b) and (c). The Honourable Member appears to be labouring under a misapprehension. The Pension Regulations are issued with the authority of the Government of India with whom rests the ultimate responsibility for interpreting them. The paragraph of Financial Regulations quoted in the question does not, as the Honourable Member implies, delegate to audit officers a monopoly in the matter of interpreting these regulations. It merely authorises them in the course of their duties to assume that the provisions contained in certain codes have received the sanction of the Secretary of State in Council in all cases in which that sanction is necessary.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

197. **Mr. S. G. Jog:** (a) Will Government be pleased to lay on the table a copy of letter of the Audit Officers, and of the concurrence by the Government of India thereto, deciding the point that disability contracted on field and foreign service in Regimental Matches, convened under authority is not covered either under the 1915 rules or under 1922 rules and that the participation in such matches did not constitute "military service", as it does now, after the issue of India Army Order 945 of 1924?

(b) Is it a fact that the Army Department, Government of India, *vide* their letter No. B./19835-I(A.G.14), dated 24th January, 1934, have concurred in with the views of Headquarters, Southern Command, stating that a disability contracted on field or foreign service, in Regimental Matches, during the War, is excluded from the domain of Recommendation No. V of the War Pensions Committee laying down "applicants for Great War disability pension should get the general benefit of the 1922 rules, and their claims should be dealt with under those rules, but Government should accept the presumption that all disabilities contracted on field or foreign service during the War, were, in fact, 'attributable to military service', unless there is sufficient evidence clearly to rebut such a presumption"?

(c) What disabilities do Government contemplate to regard as "privilege", so as to be not affected by the phrase "all disabilities contracted on field or foreign service . . .", occurring in the Recommendation and accepted by the Government?

Mr. G. R. F. Tottenham: The question is being examined and a reply will be laid on the table as soon as possible.

FIXATION OF SENIORITY IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

198. **Mr. S. G. Jog:** With reference to part (c) of unstarred question No. 360 asked by Lt. Nawab Muhammad Ibrahim Ali Khan on the 20th December, 1933, regarding fixation of seniority in the Government of India Press, New Delhi, will Government be pleased to state whether rule 27 of the Press Hand Book is followed in testing the qualifications of a reader when promoting them to higher grades? If not, why is the said rule kept in the Press Hand Book?

The Honourable Sir Frank Noyce: Rule 27 leaves it open to the Manager to hold a test if he considers it necessary. In promoting a reader from a lower to a higher grade his capacity can be tested without any examination; but such an examination may be held where there is a doubt as to the proficiency of the candidate.

READERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

199. **Mr. S. G. Jog:** With reference to unstarred question No. 370 asked by Mr. S. G. Jog on the 22nd December, 1933, regarding readers in the Government of India Press, New Delhi, will Government be pleased to state which are the grades of senior readers in the five grades of readers in the Government of India Press, New Delhi, and whether those are according to Press Hand Book?

The Honourable Sir Frank Noyce: There is no grade of senior readers in the New Delhi Press.

ALLEGED PREPONDERANCE OF BENGALIS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

200. **Mr. S. G. Jog:** (a) With reference to unstarred question No. 356 asked by Lt. Nawab Muhammad Ibrahim Ali Khan regarding alleged preponderance of Bengalis in certain branches of the Government of India Press, New Delhi, will Government be pleased to state whether vacancies which occur in the Departments of the Central Government are filled by persons from all provinces or a particular province?

(b) Will Government be also pleased to state whether the Government of India Press, New Delhi, is under the Provincial Government or Central Government? If under Provincial Government are the persons from Delhi Province debarred from the services? If so, why? If under Central Government why the preponderance of only Bengali community is allowed?

(c) Will Government be pleased to point out any rules in support of such preponderance of one community in the Department of Central Government as in the Government of India Press, New Delhi?

(d) If the answer to the last part of (c) be in the affirmative, will Government be pleased to state what steps they propose to take to regulate future recruitment so that men of one class or community do not preponderate in Government of India Press, New Delhi?

The Honourable Sir Frank Noyce: (a) Vacancies are not filled on a provincial basis.

(b) The Press belongs to the Government of India. The second part does not arise. The answer to the last part is that recruitment is not restricted to persons from any particular province.

(c) and (d). Do not arise.

QUARTERS ALLOTTED TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, SIMLA.

201. Mr. S. G. Jog: With reference to unstarred question No. 378, dated the 22nd December, 1933, will Government please state the number of Government clerks' quarters allotted to the employees of the Government of India Press, Simla, drawing less than Rs. 60 per mensem and drawing above Rs. 60 per mensem, separately?

The Honourable Sir Frank Noyce: Five quarters are allotted to men drawing less than Rs. 60 per mensem, one to a man drawing Rs. 60 per mensem and 15 to men drawing more than Rs. 60 per mensem.

RESTRICTIONS IMPOSED ON THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, SIMLA, TO SEE THE DOCTORS IN HOSPITALS.

202. Mr. S. G. Jog: With reference to unstarred question No. 380, dated the 22nd December, 1933, will Government please state if it is a fact that the employees of the Government of India Secretariat and Army Headquarters are permitted to see the doctors in the hospital without any letter of authority? If so, will Government please state how the said doctors identify them whether they are employees of the Government of India or not?

Mr. G. S. Bajpai: The answer to the first part is in the affirmative. The doctors are apparently satisfied that there is no false personation.

HOURS IN THE GOVERNMENT OF INDIA PRESS, SIMLA.

203. Mr. S. G. Jog: (a) With reference to unstarred question No. 381, answered on the 22nd December, 1933, will Government please state if it is a fact that according to the Hand Book of the Government of India Presses (page 2, fifth line from bottom), the Government of India Press, Simla, is situated at a distance of about two miles away from the town in the site of Tutikandi?

(b) Is it a fact that in the Calcutta and New Delhi Presses fifteen minutes of grace time and six lates during each month are allowed? If so, will Government please state whether they are in their respective Municipal limits or not?

(c) Is it also a fact that in the Simla Press only ten minutes of grace time and five lates during each month are permissible? (Hand Book page 27 and paragraph 28).

(d) If the replies to parts (b) and (c) be in the affirmative, will Government please state the reasons for this differential treatment?

The Honourable Sir Frank Noyce: (a) This is stated in the handbook, but the Press is within municipal limits.

(b) and (c). The facts are as stated.

(d) The point has already been noticed and the rules are being revised.

CASUAL LEAVE ADMISSIBLE TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESSES.

204. Mr. S. G. Jog: (a) Is it a fact that according to Hand Book Rules (Page 32 and paragraph 34) ten days' casual leave is admissible to the Simla and Delhi Government of India Presses employees?

(b) Is it also a fact that under the same rules employees of the Calcutta and Aligarh Presses are entitled to 15 and 12 days' casual leave, respectively?

(c) If the replies to parts (a) and (b) be in the affirmative, do Government propose to state the reasons for this differential treatment?

The Honourable Sir Frank Noyce: (a) and (b). Yes.

(c) The attention of the Honourable Member is invited to the reply given by me on the 7th April, 1933, to part (a) of starred question No. 1154, asked by Maulvi Sayyid Murtuza Saheb Bahadur.

CREATION OF CERTAIN APPOINTMENTS IN THE GOVERNMENT OF INDIA PRESS, SIMLA.

205. Mr. S. G. Jog: (a) Is it a fact that in the Government of India Press, Simla, there is no accountant, assistant accountant and head computer and estimator?

(b) Is it a fact that in other Government of India Presses the said appointments are on their establishments?

(c) Is it also a fact that according to the Hand Book of the Presses the following duties are to be performed by the incumbents of the said posts:

- (1) Preparation of Establishment Pay Bills.
- (2) Preparation of Absentee statement.
- (3) Preparation of Revised and Supplementary Absentee statement.
- (4) Preparation of statement No. II.
- (5) To prepare Estimates and to work out Cost of Production for the various Departments.
- (6) To prepare weekly and monthly returns to the C. P. O.
- (7) To prepare monthly statement of debit to be raised against various Departments and supply the same to the Accountant General, Central Revenues and the Controller.
- (8) To prepare bills for the work done on cash payments?

(d) Is it also a fact that all the above noted duties in the Government of India Press, Simla, are carried out by the computing staff in addition to their legitimate duties without any remuneration?

(e) If the answer to part (d) be in the affirmative, will Government please state if they are aware that the computing staff are so much overburdened with the work that some of them have to stay late in the evening, some of them have to come early in the morning and some of them have to work in tiffin time?

(f) If the replies to above parts be in the affirmative, do Government propose to accord their sanction for the creation of the said appointments? If not, why not?

The Honourable Sir Frank Noyce: (a) and (b). There are no appointments with the designations stated in the Government of India Press, Simla. The clerks in that Press are required to perform various classes of duties. There are separate posts of accountant in the other three Presses. The post of Head Computer exists in the Calcutta and New Delhi Presses and that of the Estimator only in the Calcutta Press.

(c) Yes, except that the Central Printing Office does not exist now as a separate entity.

(d) No; they are carried out by the clerical staff; computing is a part of their duties

(e) and (f). Do not arise.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to starred question No. 210 asked by Haji Chaudhury Muhammad Ismail Khan on the 21st February, 1934

ABSENCE OF MUSLIM EMPLOYEES OF THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, CALCUTTA, ON THE ID DAY.

*210. (a) (i). Yes. As the 17th of January, 1934, was not a holiday (the holidays being the 18th and 19th), those among the Muhammadan employees who absented themselves without report or previous permission were asked to explain.

(ii) No.

(iii) No. The late attendance was excused as a matter of course.

(iv) Information with regard to all other offices is not readily available. The action taken by the Deputy Accountant-General, Posts and Telegraphs, was against an infringement of office discipline and Government do not, therefore, consider that it was irregular.

(b) Does not arise.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 80 asked by Mr. Gaya Prasad Singh on the 23rd August, 1933; and

(ii) the information promised in reply to part (b) of starred question No. 1391 asked by Pandit Satyendra Nath Sen on the 12th December, 1933.

TELEPHONE CONNECTION OF INDIA WITH LONDON, ETC.

	Rs.
*30. Estimated annual cost incurred by the Indian Posts and Telegraphs Department in connection with the provision of the overseas wireless telephone service, including interest, depreciation and operating costs and making full allowance for the cost of existing staff and plant utilised	16,000.
Indian Posts and Telegraphs Department's share of the annual revenue, estimated on the basis of the earnings for the first seven months during which the service has been open ...	17,000
Estimated profit per annum ...	1,000

On a commercial system of accounting, there will thus be a small estimated profit, allowance being made for the fact that the service is a new one to which the public have yet to become fully accustomed. The estimated working charges include allowance for existing staff and charges for lines which are jointly used for the overseas service the full cost of which would otherwise have to be borne by other Branches of the Posts and Telegraphs Department.

PAYMENT OF THE LATE FEE CHARGES IN RESPECT OF WEATHER TELEGRAMS TO THE TELEGRAPHISTS.

*1391. (b) It is reported by the Postmaster-General, Punjab and North-West Frontier Circle, that there were no cases of payment of late fees on weather messages to the staff of the New Delhi Central Telegraph Office during the last summer months. It has also been ascertained that only eight offices in other parts of India paid late fees on weather messages without the amounts having previously been passed by the Meteorological Department; it is improbable, however, that the Posts and Telegraphs Department will incur any loss on this account as in some of the cases the amounts have already been realised and in accordance with normal procedure steps are being taken to obtain the balance from the Meteorological Department.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table:

- (i) the information promised in reply to unstarred question No. 325 asked by Mr. S. G. Jog on the 14th December, 1933;
- (ii) the information promised in reply to unstarred question No. 329 asked by Mr. S. G. Jog on the 14th December, 1933; and
- (iii) the information promised in reply to unstarred question No. 99 asked by Mr. S. G. Jog on the 26th February, 1934.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

325. (a) Not previously.

(b) No.

(c) No. It is obvious that all relevant documents, whatever their date, must be taken into consideration in deciding an appeal. For instance, recommendation V, itself says that Government should accept a certain presumption *unless there is sufficient evidence to rebut it*. Previous decisions given on the strength of previous Medical Boards may clearly constitute such evidence in certain cases.

(d) Does not arise.

(e) The disability in question was Asthma and a medical board held in 1916, had come to the conclusion that the man was a chronic sufferer from this disease, that it had not been contracted on Field Service, and that it was *not* aggravated by such service. This opinion was confirmed by a subsequent medical board held in 1929. The proceedings of these boards clearly provided sufficient evidence to rebut the presumption that the disability was "contracted on field or foreign service during the war": the whole case had been most exhaustively examined before the War Pensions

Committee took place; and no new facts of any kind have been brought to light which would warrant a reconsideration of the case in the light of the recommendations of that Committee—see, especially Note (ii) to the orders on Recommendation XXI. The appeal was therefore rightly rejected in accordance with the penultimate sentence of the orders on Recommendation XXI.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

329. (a) Not before this question was asked.

(b) The orders on Recommendations No. VI and VII are certainly intended to apply to claims already disposed of by the Government of India, provided that representations with regard to such claims comply with the orders on Recommendation No. XXI.

(c) and (d). There is nothing to show that the petitioner in the case did prove that "special reasons existed why arrears should be granted for a longer period than that actually allowed", as required by note (iii) to the orders on Recommendation No. XXI. In the absence of such reasons, the Deputy Controller was justified in rejecting the claim, but in order that the position may be quite clear to that authority a copy of this Question and Answer will be sent to him.

RECOMMENDATIONS OF THE WAR PENSIONS COMMITTEE.

99. Pneumonia cases, like all other disability cases, are considered on their merits. There is no hard and fast rule that Pneumonia is never to be regarded as attributable to military service.

Mr. H. A. F. Metcalfe (Foreign Secretary): Sir, I lay on the table the information promised in reply to starred question No. 264 asked by Seth Haji Abdoola Haroon regarding the arrest of Mir Abdul Aziz Khan Kurd, and Abdul Samad Khan Achakzai.

ARREST OF MIR ABDUL AZIZ KHAN KURD AND KHAN ABDUL SAMAD KHAN ACHAKZAI.

*264. (a) Mir Abdul Aziz Kurd was arrested and tried by the Kalat State Jirga for interference in the administration of that State. Abdul Samad Khan was arrested for the purpose of an enquiry under section 40 Frontier Crimes Regulation, a report having been made that he was disseminating seditious. As the result of this enquiry sanction has been applied for and given to his trial under section 124(a) Indian Penal Code.

(b) Abdul Aziz Kurd has already been tried by the Kalat State Jirga while Abdul Samad Khan will, as an Achakzai tribesman, be put before a local Jirga in Pishin in accordance with the established law and procedure of Baluchistan. Pleaders are not permitted to appear before Jirgas in Baluchistan.

Mr. P. B. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to unstarred question No. 186 asked by Mr. M. Maswood Ahmad on the 5th April, 1933;
- (ii) the information promised in reply to part (b) of starred question No. 76 asked by Mr. G. Morgan on the 5th February, 1934;
- (iii) the information promised in reply to unstarred question No. 30 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934; and
- (iv) the information promised in reply to starred question No. 252 asked by Mr. S. G. Jog on the 24th February, 1934.

INADEQUATE REPRESENTATION OF MUSLIMS IN THE PERSONNEL BRANCHES OF CERTAIN OFFICES OF THE NORTH WESTERN RAILWAY.

186. (b) and (c). The Agent, North Western Railway, reports that he had already sent copies of the speeches referred to to the Divisional Superintendents and other officers concerned for guidance.

(b) There is no information in the Agent's office to show whether applications had been made by Muslim employees for transfer to the Personnel Branch. If any such applications were made they would be considered on their merits.

PURCHASE OF COAL BY STATE RAILWAYS.

*76. Messrs Agabeg Brothers, Balmer Lawrie and Company, Kusunda-Nyadee Colliery Company and Industry Colliery Company, whose tenders for the supply of coal to State Railways were accepted for the year 1932-33, were in arrears with their supplies at the end of March, 1933. These arrears accrued owing to the inability of the East Indian and North Western Railways to take the full contracted quantity within the contract period.

Similar particulars for the 1933-34 contracts cannot be furnished, until the end of the contract period, viz., 31st March, 1934. I shall lay a further statement regarding this on the table later.

RULES GOVERNING THE PROMOTION OF THE STAFF ON THE EAST INDIAN RAILWAY.

30. Agent East Indian Railway reports:

"(i) Employees who had become surplus in their regular line of employment as the result of the economy campaign might in some instances have been found suitable employment in another spheres of work as an alternative to being discharged. They would in that case be eligible for promotion according to the grades in the new sphere to which they were appointed.

(ii) Employees filling posts in an establishment which is reorganised are normally faced with the prospect of being discharged unless they are suitable and can be accommodated in posts in the reorganised establishment. The avenue of promotion which existed in the establishment that has been replaced automatically disappears and the employees retained in the new establishment are eligible for promotion in the ordinary course within the revised organisation.

(iii) Employees who are selected for posts outside their regular line of advancement usually derive a benefit in the shape of better pay and prospects than those available to them in their ordinary line. If such betterment is not ultimately realised the case would be treated on its merits."

CLOSING OF THE IRON BRIDGE OVER THE RAMGANGA RIVER NEAR MORADABAD.

*262. (a) I am informed that the Ramganga Bridge is closed to road traffic whenever repairs become necessary either to the roadway or the bridge, but this is done only after a bridge of boats has been constructed in the vicinity and due notice has been given to the public.

(b) A bridge of boats is constructed regularly every year by a contractor, who secures the contract from the Public Works Department.

(c) The contractor charges a toll from all kinds of traffic using the bridge of boats, even when the railway bridge is open to road traffic.

(d) No.

(e) No royalty is paid to the railway.

(f) No.

(g) The Honourable Member is under a misapprehension in assuming that any employee of the railway has anything to do with this.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the motion* moved by the Honourable Sir Joseph Bhole for referring the Bill to Select Committee and the amendment† moved thereon by Mr. B. Das.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Once again I have to plead before the House the cause of the textile industry. It was four years ago that this Assembly first approved of a measure of modest relief to the industry after a debate which proved to be one of the most memorable in the history of the Legislature. Since then a great deal of water has flown under the Jumna bridge. The citadel of free trade has been stormed in every country and cobdenism has been swept away by the rising tide of economic nationalism. The Act of 1930 was merely intended to provide a temporary shelter to the industry, and the substantive measure of protection was left to be determined by a Tariff Board enquiry. That enquiry was held at the proper time, its report was issued a few weeks ago, and it is now before the country. Unfortunately for the industry, unfortunately for India generally, the plight of the industry has become even worse than that from which the measure of 1930 sought to rescue it. Figures have been quoted in this House by my Honourable friend, Sir George Schuster, for the purpose of showing how the industry has developed and expanded. That may be, but production last year has shown a substantial decline, a decline of, I think, as many as 250 million yards; but I do not lay much stress on these figures which in my opinion do not tell by any means the whole tale. A much better index of the prosperity or otherwise of the industry is to be furnished by the general price level, and as my Honourable friend, the Commerce Member, has repeatedly pointed out, as he pointed out also yesterday, the prices realised by the manufacturer are even lower than in the days when protection was of an absolutely negligible character. That, I admit, is partly due to the depression which has overtaken the world, but it is also in my opinion very largely due to foreign competition.

Now, Sir, that being the case and with these figures before us, I cannot understand how any Honourable Member can get up in his seat and place the consumer's argument before us. Mr. Maswood Ahmad attempted the task yesterday. He said he was a consumer. He looks the part all right. (Laughter.) And if there are more such consumers, both growers and manufacturers would be very happy indeed. (Laughter.) But, Sir, what do his arguments really amount to? He says in effect: "Never mind whether I am paying less for my cloth than I did even before 1930; I am entitled to get my cloth at the cheapest possible rate and I do not want

*"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection) be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhuria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

†"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

any protection whatever". That is really tantamount to saying that we do not want in this country any industries at all, and that we shall continue to be producers and suppliers of raw materials to the rest of the world. What would happen if my Honourable friend's logic were carried a little further? Is my Honourable friend prepared to admit Japanese rice and Australian wheat into this country in order to benefit the consumer? Sir, I venture to submit to my Honourable friends that the consumer's argument can be pushed too far. All that the House needs is an assurance, which has been officially given and can be supported by facts and figures, that the price of cloth today is even less than what it was when there was no protection of any sort. In this connection I would like to quote the testimony of the Tariff Board itself. They say:

"In the case of every important class of piecegoods manufactured in India the majority of the mills will find it impossible without the aid of protection to realise any return on capital or to find adequate sums for depreciation and in several cases to meet even the whole of their out of pocket expenses."

Now, Sir, what I would like the House to bear in mind is that this examination by the Tariff Board is based, not upon what are labelled as inefficient mills, but upon what are described in the Tariff Board's report as mills which are run with a reasonable degree of efficiency. Sir, it is ununderstandable how in the face of all that the Tariff Board has stated, Member after Member should get up and repeat the parrot cry of inefficiency.

My Honourable friend, Mr. B. Das, went round and round the subject and could only come to one point, namely, the inefficiency of the mill-owners in the Bombay "Island". I do not know whether the term "Island" was intended as a sort of reproach. There is a small Island somewhere which rules the world, and Bombay is not ashamed of being an island. (Hear, hear.) The other day I read the case of a man who went through life with only one set of clothes, probably he was a Scotsman. (Laughter.) My Honourable friend, Mr. Das, is much too popular a figure in society to allow him to have only one set of clothes, but I do feel that he is certainly going through life with only one set of ideas. (Laughter.) He cannot get away from the Bombay millowners and their inefficiency. You have only to open the speech which he made in 1930 to realise what a paraphrase he has placed before us yesterday.

Mr. B. Das (Orissa Division: Non-Muhammadan): Quite a different speech I made.

Mr. H. P. Mody: I challenge Mr. Das, I challenge every single Member of this House, I challenge every single member of the public to prove by facts and figures that the industry as a whole is run inefficiently.

Mr. N. M. Joshi (Nominated Non-Official): Is it Bombay?

Mr. H. P. Mody: Bombay knows its business just as well as any others.

My Honourable friend, Sir Joseph Bhole, put the whole case very correctly and very fairly. I entirely agree with his presentation of this particular point. We do not say that we are the most efficient people in the world. We do not say that we have carried out every single recommendation which has been made to us by the Noyce Committee. We do

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not say that improvements in equipment and in organisation have been carried out to the utmost limits possible. All that we say is that at a time of unexampled difficulty we have done our best, and from the Report of the Tariff Board one can see that that best is good enough. Do not forget, Sir, that, before the Tariff Board, evidence was led by a most clamant association. I do not criticise that association; it is doing good work. It put up a most formidable indictment before the Tariff Board, attacking every single phase of the managing agency system, and, in spite of that, the Tariff Board after investigation have come to the conclusions which are to be found in their Report. Sir, the managing agency system came in, because of the peculiar conditions of India. Industry in India was undeveloped. Capital was shy. The managing agent came forward, supplied the enterprise, the energy and the capital. He pioneered many enterprises; he financed them, and he goes on financing them today. That, Sir, is sufficient justification of the managing agency system, and it is a curious circumstance that even when new industries are growing up, like the sugar industry, they are unable to do without the managing agency system. From the figures supplied to the Tariff Board, I pointed out, taking the case of Bombay, that during the last five years the average commission drawn by a managing agent per month did not amount to more than Rs. 2,500. I would like to know whether you can get a Managing Director for that amount who would be worth his salt. This talk of fat commissions drawn by managing agents is a pure myth. Unhappily for Bombay, not only are the commissions very modest, but several managing agents, out of their own pockets, have dropped enormous sums of money.

Sir, I cannot possibly understand why there is all this hostility to Bombay amidst a certain section of this House, amidst a certain section of the public. Is it because Bombay's purse strings are always opened for every good cause? Is it because Bombay knows how to spend money even more than she knows how to make it? Is it because Bombay has produced some of the greatest sons of this country, whose contributions to the national cause in every sphere of national activity, political, social and economic, have been very solid? Sir, it pained me to read yesterday the report of a meeting which was held in Bengal to protest against certain things which are being said in Bombay over the budget proposals of my Honourable friend, the Finance Member. I would tell my friends from Bengal that this charge of Bombay having exploited the Swadeshi movement is based on an entire misconception.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Nothing of the kind.

Mr. H. P. Mody: It is certainly nothing of the kind if mere emphasis is going to make it so.

Mr. K. C. Neogy: You will hear the facts.

Mr. H. P. Mody: I am a man for facts. I will answer my friend presently. I cannot understand why he should take exception to my remarks. I was not criticising Bengal. I was not condemning Bengal. All I was saying was that this charge of having exploited the Swadeshi movement is based on a misconception, and I repeat that.

Mr. K. C. Neogy: That is what I dispute.

Mr. H. P. Mody: After all, the law of supply and demand will always prevail, but to say that we in Bombay, and I am now talking of the City of Bombay, exploited Bengal is a misconception. For goodness' sake, if you want to lay a charge of exploitation at the door of anybody, do not lay it at the door of the Bombay City.

An Honourable Member: Is it Ahmedabad?

Mr. H. P. Mody: I am not going to say a word about that. I am merely pleading for exoneration from the charge so far as my own City is concerned.

Sir, the Tariff Board Report has been issued, but, so far as its main recommendations are concerned, the situation has wholly changed. Owing to the denunciation of the Indo-Japanese Trade Agreement, a Japanese Delegation came out to this country to try and negotiate with the Government of India a Trade Agreement in place of the one which had been denounced by the Government. There also came to this country a Lancashire Delegation which in many senses arose out of the projected visit of the Japanese Delegation. The result of these visits have been two Pacts, first the Indo-Japanese Pact, and secondly, the Indo-Lancashire Agreement, that unhappy offspring of mine which has caused me so much trouble and worry!

Now, taking the first, the Indo-Japanese Agreement, I will only say this, that it is not much use criticising it at any length in view of the fact that it is very nearly concluded. It is about as useful as telling a hair raising story to my Honourable friend, the Leader of the House. (Laughter.) I have on many occasions, during the last few months, placed the view point of the industry before the Government of India on the questions arising out of the Indo-Japanese Agreement. I must say a few words, however, on the only public occasion on which it is possible for me to do so. I will say at the outset that we welcome the Agreement with Japan. We want to live at peace, not only with Japan, but with every Power—great or small. The industrialists of this country want an economic peace as much as any section of the people, but the caveat I would lay is that any Agreement which may be entered into must safeguard essential national interests, and I regret to have to say that the textile interests of this country have not been adequately safeguarded by this Agreement. Take, Sir, the main item, the quota of piecegoods which has been fixed at a maximum of 400 million yards. The unofficial advisers to Government, hailing from all parts of India, placed before Government a figure which was much less, a figure which they felt was justified from what has happened during the last ten years. Their figure was in the neighbourhood of 250 million yards. Now, Sir, if we were convinced that it was essential, in the interests of the grower of cotton, that the textile industry should be asked to make a sacrifice, we certainly would not cavil at the settlement. We would say: "Well, if it is really in the interest of the agriculturist that the quota of Japanese piecegoods should be fixed at this high figure, we shall not object". But holding as we do the opinion that Japanese dependence on India for cotton must continue for some years to come at any rate, that Japan does not buy Indian cotton out of any motives of philanthropy, but because she must, holding that opinion, we feel that a better bargain could have been struck in the matter of the quota of piecegoods. Now, how was this decision of Government influenced? By the employment of a weapon of a most unfriendly and wanton character—I refer to the boycott practised

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by Japan against the Indian agriculturist during those months in which it was a matter of great importance to the agriculturist, but was of no moment whatsoever to Japan. What was the reason for the boycott? What was the offence of the Government of India? They felt that, owing to the imports of cheap Japanese products, many of the smaller industries which have sprung up in this country were threatened with extinction. Therefore, they found it necessary to denounce the Anglo-Japanese Trade Convention. The answer was a boycott, a method of coercion unworthy of a great nation.

In this connection I would like to draw the serious attention of the Government and of the public to the way in which Japan is trying to live up to the spirit of the Agreement which has been concluded. Sir, for several years past an arrangement has come into being by agreement between the Japan Cotton Spinners' Association and the Conference lines by which the allocation of freight space is controlled by a representative of the Japan Cotton Spinners' Association. It worked well all these years. What happened immediately the boycott was lifted? The Japan Cotton Spinners' Association took control of the proceedings at the other end, upset the whole basis of the arrangement, and, in the result, allotted an overwhelmingly large space to the three exporting houses in India. Indian and British traders alike, who had bought cotton for shipment to Japan, found that they could only get space for a fraction of the quantity which they had contracted to sell, and Japanese boats actually sailed with a lot of cargo space available, while all this cotton was waiting to be shipped. What was the result, apart from the very serious dislocation of the market and injury to a large class of people engaged in the trade? Prices have sagged; it could not have been otherwise. I do not wish to be offensive, but I am bound to say that the game seems to be to manipulate prices to the advantage of the Japanese industrialist and to the great detriment of the Indian cotton grower and trader.

I come to another aspect of the Indo-Japanese Agreement, namely, the reduction of the duty from 75 per cent to 50 per cent. What was the object with which the industry approached the Government of India in July, 1932, and asked them to raise the duty? The object was not merely to check the flow of Japanese imports, but also to raise their price to a level which would be remunerative to the Indian manufacturer. Now, if the duty, which was for a few months 75 per cent, is pushed back again to 50 per cent, it stands to reason that the threat of price-cutting which existed before would recur. It has always been the claim of the Japanese industrialists that they have sold their manufactures at economic rates. If that be so, then it would pay them to reduce the prices which were in existence a couple of months ago, and which even were not sufficient for the purpose of giving the industry a reasonable margin.

Mr. N. M. Joshi: How would it pay them to cut the prices?

Mr. H. P. Mody: In this connection I would like to tell my Honourable friends that the handloom interests are equally affected with the manufacturing interests in securing that the price level should be remunerative. The Tariff Board has said:

"The reports which we have received from Directors of Industries throughout the country emphasise the danger to the handloom industry from the severe competition of imported piecegoods."

There is one other point about which I wish to say a few words and that is with regard to the most-favoured-nation treatment clause. I would not have any grievance whatsoever about the retention of this clause in the new Agreement were it not for the fact that the Government of India have interpreted it very rigidly in the past, and have not followed the example of other countries in repudiating the most-favoured-nation clause when abnormal circumstances justified that course. France, in 1930, as soon as she found that currencies throughout the world had depreciated, immediately by a Presidential decree, gave the go-by to the most-favoured-nation clause, and raised the duty against at least a dozen countries. I admit, Sir, that the code of honour of the Government of India is very high, but it is precisely because of that that I say that the retention of a clause of this character is likely to be very prejudicial to Indian interests. I am glad that any further depreciation of the yen has been provided for. But, I would very much wish that not only if any further depreciation of the yen took place, but if any other abnormal circumstances rendering inoperative the scale of protection which has been given to the industries supervened, the Government of India would take the necessary action. I also wish that the system of specific duties which has been applied to grey piecegoods should also be applied to other classes, if and when the occasion arises; otherwise we may find, for example that bleached goods are selling cheaper than plain grey goods. I urge my Honourable friends on the Government Benches to keep a watchful eye on the situation; and if they feel that the interests of the industry require the extension of the principle of specific duties, I trust they will take the necessary action. I have made these criticisms not in any carping spirit. I realise, as few other people in this House realise, because I saw quite a great deal behind the scenes, the difficulties which my Honourable friends of the Government Delegation were confronted with, and I desire to pay a most willing tribute to the ability, thoroughness and devotion with which they tried to safeguard the interests of this country in the Agreement (Loud Applause.) To my Honourable friend, Sir Joseph Bhore, I desire to pay a special tribute; and I can say no more than this that his elevation as the first Indian to the high and responsible office of Commerce Member has been brilliantly justified. (Loud and prolonged Cheers.)

There are two other items which I shall deal with as briefly as I can before I come to the subject which is uppermost in my mind
12 Noon. and which is probably uppermost in the minds of my Honourable friends also. I will say something about the yarn duties. They are hopelessly inadequate.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): They are very high.

Mr. H. P. Mody: I recognise that Government have gone a little beyond the recommendations of the Board in order to help the industry, but the recommendations of the Board were based upon certain misleading data as I shall try to show to the Select Committee. They were obsessed by what they conceived to be the interests of the handloom industry. My submission is that it cannot possibly be in the interests of the handloom industry that the power industry should find its occupation increasingly unremunerative and should turn more and more to the production of cloth. The last state of the handloom industry is bound to be a great

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deal worse than the first if such a process was carried on, and if the handloom weaver was placed entirely at the mercy of foreign yarns. My Honourable friend, Mr. Raju, yesterday in a speech which, I think, we all greatly appreciated, spoke up for the interests of the handloom industry, and tried to argue that it was being killed by the competition of the power industry and also by the protection which that industry was receiving. Might I point out to my Honourable friend that there is no other country in the world which can provide the same strange phenomenon which is to be witnessed today here, namely, that side by side with a rapidly growing power industry, the handloom industry also is expanding and producing more and more of the requirements of the country? I do not think that there is any country in the world where this very happy phenomenon can be said to exist. One would have thought that with the rapidly expanding production of the industry—it went up by 800 million yards in the course of a few years—the handloom industry should have been snuffed out of existence as so many like industries have been snuffed out of existence in every industrialised country. That happily is not the case, and we find today that side by side with the growth of the power industry, the handloom industry is also advancing.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The percentage is being diminished though the volume is increasing.

Mr. H. P. Mody: Now, Sir, what are the recommendations of the representatives of the handloom industry? They are the people who put up a strong fight for the handloom industry in their capacity as unofficial advisers to Government. They said that they would have no objection to the retention of the present duty, that is to say, 1½ annas. They were even willing to increase it on all counts up to and including 60's to enable the mill industry to compete with China and Japan. Sir, this is the opinion of people like my Honourable friend, Mr. Ramakrishna, who put up a strong fight, and with whom I had, in the course of the Simla negotiations, many arguments. They have no objection to an adequate duty which safeguards the industry against the inroads of China and Japan. Arising out of that, is a small point which I would like to place before the House. Our agreement with Lancashire in respect of yarn was that the duty should be five per cent. and an anna and a quarter specific on all counts. Taking the view which the Government of India did with regard to counts above 50's, they have removed the specific duty and in this one particular they have departed from the recommendations of the Indo-Lancashire Agreement. In the Select Committee I shall press for the incorporation of this specific duty as against Lancashire. There is one circumstance which I might as well mention in this connection. It is applicable to more things than yarn, and that is the impending reduction of the working day to nine hours. It is going to make things very difficult for the yarn industry and it is also going to make things difficult for every other section. The Factories Bill was before a Select Committee only a few weeks ago, and owing to the persuasiveness of my Honourable friend, Sir Frank Noyce, who piloted that Bill, I gave in on that question. I induced my Association to give in also. I have induced also other organisations, representing practically 95 per cent of industrial labour in this country, to give up their opposition. We have agreed to the 9-hour day, though it is going

to make things difficult for us. I should have thought that my Honourable friend, Mr. Joshi, would be bubbling with enthusiasm and with affection for us after that generous gesture that we made, but, as usual, he indulged in a tirade against the mill industry, particularly in Bombay, and entered into a philosophic discussion on the rights of labour and capital which in Mr. Joshi's philosophy mean only the rights of labour. I would ask my Honourable friend what he has done for labour. What has he done to help Capital on which labour exists? Everyone knows that a rationalisation scheme was recommended by an authoritative body in 1928. Did labour respond to it in any sense? And if it did not, what were the efforts of my Honourable friend, Mr. Joshi, to induce labour to accept the scheme which has both in its own interests as well as in the interests of the industry? Mr. Joshi did nothing, for the simple reason that Mr. Joshi has no time between his peregrinations from Delhi to London and London to Geneva and Geneva to Simla and back again to London. These peregrinations, which are provided by an obliging Government, leave Mr. Joshi no time to look into the ordinary problems of labour and capital, which seem to be beneath his notice. I hope that when my Honourable friend, Mr. Joshi, next gets up on his feet, he will make a useful contribution, a real contribution, to the problems of the industry.

Another question which arises is with regard to the artificial silk duty. All that I want to say is that it is perfectly true, as my Honourable friend has contended, that imports have been reduced in the last few months. But the reason is that imports have been reduced all round, and that it is just a reflex of the general depression. Otherwise, I cannot understand how it is that the handloom industry, which consumes an enormous quantity of artificial silk yarn, suddenly dropped its requirements to a very low figure in the course of a year. There is another circumstance. I am not at all sure that the published figures are an absolute gospel. I am not sure at all that these figures are not coloured by what is happening in the Kathiawar States. I promised my Honourable friend, the Finance Member, a return to the charge which I made the other day. I am going to support that charge with more facts and figures. For my purpose today, I am only going to tell him of one incident which has come to my notice. A telegram was sent about a week ago to somebody from somebody from some place. (*Voices*: "And to some place.") It stated:

"Whites," (that is to say, bleached goods) "cannot ship March shipments. Could we ship to any non-Indian Ports, say, Baluchistan or Cutch."

I shall deal with Baluchistan and Cutch and many other places besides, when I have an opportunity to speak on the Finance Bill, but for the time being my object is merely to draw the attention of the Government to the circumstance that there is a possibility of stuff getting in which does not find its way into the Trade Returns. It is noteworthy, when we are considering the duties on artificial silk goods, that the price level of these classes of goods has not risen in spite of the increased duties which were imposed against them very recently. The Tariff Board recommend that the duties should be high enough to discourage the import of artificial silk goods, the extraordinary cheapness of which is having a marked effect on the demand for the finer classes of handloom products. It is of interest in this connection to know that in Japan the duty on particular types of artificial silk piecegoods is as high as 300 per cent. and even 400 per cent. Sir, there are many other items, hosiery, for instance,

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in which my sympathies are entirely with my Honourable friend, Mr. Ramsay Scott, artificial silk yarn, farina and the like, on all of which I will make my submissions to the Select Committee.

I come now to the Indo-Lancashire Agreement, the much maligned, little understood, grossly misrepresented "Mody-Lees Pact". What is the genesis of this Pact?

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muham-madan): Your visit to Manchester.

Mr. H. P. Mody: But something came before that.

Mr. K. C. Neogy: Sir Ness Wadia's mission.

Mr. H. P. Mody: What happened was this. I was asked to proceed to England in connection with the deliberations of the Reserve Bank Committee. My arrival seemed to have been known to a few people there, and through the good offices of some mutual friends, within a very few days, contact was established between me and some of the leaders of the Lancashire industry in London where they had come for the purpose of meeting me. This meeting was followed by a great many more with other people representing the industry, and I also had the opportunity of expounding my point of view before the larger public in a series of interviews which I gave from time to time to the Press, which seemed to be very keenly interested in the matter. I had discussions besides, with many people connected with the Government. The object of all my negotiations was first of all to establish a better understanding between the two countries in the field of the industry which counts for so much in the life of both. The activities of the Millowners' Association, Bombay, and myself in particular had created a great deal of suspicion and resentment in Lancashire. Equally also some of the things said in Lancashire had been strongly resented by me. I remember now with some amusement that when a very important person in Lancashire made a provocative speech, I gave *Reuter* an interview which began "Lancashire seems to be in danger of losing her head as well as her trade". This was the atmosphere which existed when I went to England. My object was to try and bring about a better understanding, and that better understanding could only come about by a free and frank exchange of views, by a proper understanding of each other's position and by the realisation of the cardinal fact that the industry in India had come to stay, and would pursue its natural development to its utmost limits. There was another matter which had to be set right. When I went, I found that the stage has been set for discussions between the Japanese and the British industrialists in London. I found that was more or less a *fait accompli*. I pointed out to my friends—I would ask the House to forgive me if in talking of these matters I sound a personal note, and perhaps sound it a little too often; I cannot help it, I cannot make the narrative impersonal—I tried to convey to my friends in England that any attempt on their part to settle with Japan or with any other power the problems of the Indian market would be strongly resented. I do not wish to deal with all the difficulties which I encountered with the people whom I had to meet; all that I would say is that, as a result of dozens of interviews and discussions and the invitation which was finally extended to me by Manchester and my talks with

the various organisations in Manchester, it was finally arranged that a tripartite conference of industrialists should be held in India. I submit, Sir, without claiming anything for myself, but purely because this circumstance has received very little notice, it was of some historic importance that delegations from two such powerful countries should come to this country and seek the hand of friendship of the Indian industrialists and attempt to solve economic problems by mutual adjustments. (Cheers.)

The two Delegations arrived; we started first with the Lancashire Delegation and had a number of meetings. Nothing very definite was decided, but there was one important principle which was decided in our first conversations, and that was that under present conditions, and I want to emphasise the words "under present conditions", the Indian industry requires a larger measure of protection against Japan than against Lancashire. That principle was accepted, not only by me, but also by my friends from every part of India who were in Bombay, some of whom later on broke away from me on other issues. We had a meeting with the Japanese Delegation as well, and then we all came to Simla. Our friends from Japan did not seem at first to be keen about meeting us, but a series of meetings was ultimately brought about. It appeared from the very start that our Japanese friends felt that they could get more change out of the Government of India than out of us, and so the discussions became absolutely unreal and we parted with an exchange of courtesies. (Laughter.) Then, Sir, the question of resuming negotiations with Lancashire arose, and here most unfortunate differences developed between me and my three other colleagues who hailed from other parts of India. I did my very best to bring about some sort of agreement, and from one position I went to another and tried to put before them various formulæ designed to secure their acceptance, and when finally I found that no agreement was possible, then, during the very last week of the stay of the Lancashire Delegation, I returned to Bombay and put the whole position before my Committee. Sir, my Committee, after a very prolonged discussion, accepted my view of things

Mr. B. Das: Did they accept unanimously?

Mr. H. P. Mody: Unanimously, and the whole agreement which was reached at the committee meetings was endorsed by the general body of members by an overwhelming majority, with, in fact, only one dissentient, and that dissentient was one of my colleagues who had disagreed with me all throughout at Simla. In other words, representatives of every centre agreed to endorse the Pact which I had asked my Committee to accept. What does this endorsement mean? My Honourable friend, Mr. Das, with that cheerful disregard of facts which he usually betrays, and which makes him so delightful a speaker, said, "Oh, these are fellows who are all more or less on the verge of bankruptcy. Whom do they represent? About 40 mills in the Bombay Island". Mr. Das could not have misrepresented the position more thoroughly. The facts are that my organisation is the leading organisation in this country, that it represents fully 50 per cent. of the spindles and looms in this country, that there is not a single centre of the industry which does not owe allegiance to it, and that the record of work of this Association of an all-India character is one to which tributes by the score have been paid, not only by Government, but by the public all these years.

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Now, Sir, ever since I appended my signature to the Pact, I have not ceased to hear about it. I should accordingly like to tell the House what the Pact really means. I am afraid, I have seen very few criticisms which seem to show an appreciation of its true meaning. The central feature of the Pact is the provision with regard to the duty on piecegoods. So far as the yarn and art silk duties are concerned, nobody seems to have worried about them at all. If we had agreed to admit them duty free, some of my critics would not have raised any voice at all. But when it came to the question of the duties on piecegoods, then the howl went up from the country that I had sold its interests, that I had sold the industry. Now, what is the nature of the Agreement recorded on this question? To understand that, it is necessary to go back just a little. In 1930, when the first measure of protection was given, the duties against Lancashire were 15 per cent., and the duties against Japan and other countries were fixed at 20 per cent. I heard some one say that in 1930 the Nationalist Party were trying actually to help the country by reducing the duties. On the contrary, what they were trying to do was not to bring down the 20 per cent. to 15 per cent., but to raise the 15 per cent. to 20 per cent.

Mr. B. Das: They opposed Imperial Preference.

Mr. H. P. Mody: I am coming to that presently. Now, this duty of 15 per cent. was raised by two successive surcharges to 20 per cent. and 25 per cent. What does the Pact do? The Pact merely says, keep this duty at the figure at which it exists today, but if the Government of India remove the general surcharge of five per cent. which was imposed in October, 1931, then, and then alone, the industry will not raise any objection to the equivalent relief being given to Lancashire. Now, what is the measure of that concession? In the first place, it is not I who am making a present of five per cent.; it will be the Government of India who will remove the surcharge if and when the occasion arises. And then, too, what do we give up? We give up merely the right to talk, the right to demand from the Government of India that there shall be an equivalent protective duty because of the removal of the surcharge. Sir, I am leaving it to you to say whether that is a concession which can, by any stretch of imagination, be regarded as being in the nature of a complete surrender of the country's interests. What does the Tariff Board's own recommendation amount to? Many of my friends who disagreed with me were banking on the supposition that the Tariff Board would not recommend Imperial Preference. But while the same scale of duties is recommended, the Tariff Board's own figures are a condemnation of that recommendation. I am very sorry to have to say so, because I have the greatest possible respect for the Board and for its very able Chairman. If Honourable Members will turn to page 149 of the Report, the Tariff Board have given figures which carry their own refutation. Lancashire grey *dhotis* of 37 counts selling at 16·85 annas; the approximate Japanese cloth of 35½ counts is selling at 18·2 annas. Mark the difference in the prices of the two products. White *nainsooks*, counts of 84½ from Lancashire, 15·45 annas; counts of 83½ from Japan, 12·20 annas. There is another little circumstance also to be noted, and that is that the Tariff Board's own recommendations amount to a differential duty. Refer to page

210 and the summary which they have given. This is what the Tariff Board say in paragraph 120:

"In cloth of medium counts 25s to 40s the specific duties will at first average 33½ per cent. *ad valorem* on British goods and considerably more on Japanese goods. It is anticipated that within a year or two the prices of these goods will be determined mainly by internal competition

In cloth of counts 40s to 50s the specific duties will represent a general *ad valorem* rate of 25 per cent.; and in cloth of counts above 50s they will not exceed 20 per cent."

Now, is the Agreement which we have reached very different in substance from what the Tariff Board themselves have supported? While the specific duty may be the same against Lancashire as against Japan, its incidence on these two classes of goods will be very different. Sir, I leave it to you to consider whether an arrangement of this character can be said to be a surrender of the industry's interests. Now, Sir, who approved of this arrangement? People seem to imagine that it was I alone who entered into this arrangement, that it was I who forced it through. They forget that it received the endorsement of an organisation of an all-India character. And, who are the leaders of that organisation? Some of them are amongst the most successful mill-agents in India, men who have grown grey in the service of the industry, men who fought its battles when many of its present-day critics were not even born, or had not emerged out of the nursery. Sir, in this connection permit me also to say that when people charge me with having betrayed the industry's interests, they forget that I too have fought the battles of the industry for many years, and not without a measure of success, I hope. One of our critics is the Indian Merchants' Chamber. Far be it from me to criticise that body even though it passed a resolution against the Pact. All that I am trying to do is to point out that this Pact which the Indian Merchants' Chamber condemn was not only entered into by one of its past Presidents, that is to say, myself, who had the privilege of being its President in 1928, but it was actively supported, whether before or after, by four other past Presidents, including, if you please, the very founder of that body.

Sir, some of the critics are the very people who fought tooth and nail on the floor of this very House against the five per cent. differential duty which came about in 1930. If their efforts had succeeded, the industry would have been extinguished; there would have been no protection to be had against Japan, I shall tell you why.

The section of the Indian Tariff Act, under which the industry received two successive rises of duty, namely, in the first instance to 50 per cent. and secondly to 75 per cent., that section is only applicable to cases where a differential duty exists. There is no other weapon in the armoury of the law which would have enabled Government, even if they had been convinced that the industry was being driven to extinction, to help it, and it is only by the fortuitous circumstance that in 1930 there was a measure which established a differential duty that made all these increases against Japan in later years possible. I ask my friend, Mr. Das, and my other friends what would have happened if they had carried their point of view in 1930.

Amongst my critics are also those who condemn the Ottawa Pact and the part which I took at that time in getting it ratified by this Legislature. I have every confidence that the Ottawa Pact is going to justify

[Mr. H. P. Mody.]

itself. Already in certain classes of commodities, rice, linseed and others, enormous expansion has taken place in the United Kingdom market, and the time is coming—and the Legislature will soon have an opportunity of seeing it for itself—when we shall find that the Ottawa Agreement has reacted to the benefit of both countries. My Honourable friend, Mr. Raju, reminded me yesterday that this was not the first time I had expressed my belief in Imperial Preference. Most certainly I believe in trading arrangements mutually beneficial in character, but my Imperial Preference is not of the variety practised by the sailor, who, on being asked whether he had a wife in every port, indignantly replied “Certainly not: only ports within the British Empire”. In the same way in which the Ottawa Pact is justifying itself, I venture to submit that the Indo-Lancashire Pact is going to justify itself. Already Lancashire’s takings of Indian cotton in this country have been double of what they were in the corresponding period of last year. I have every confidence that, within a very few years, if this present atmosphere continues, Lancashire will play a very important part as a customer of Indian cotton. When that day arrives, then those who have been subjected to so much vilification and abuse day in and day out for all these months, will have the satisfaction of feeling that it is they, and not their clamant critics, who are the true friends of the agriculturists.

I shall say very little about the political gains which have flowed in my opinion from this Agreement. My friend, Mr. Joshi, has challenged that. I would only like to tell him that my Honourable friend, Mr. Ghuznavi, on his return from his labours on the Joint Select Committee, gave an interview to the Press in which he gave his own view of what he thought had been accomplished by this Pact. Probably he will, in the course of this debate, give expression to his views at greater length. My friend, Sir Phiroze Sethna, another delegate to the Joint Select Committee, also gave an interview in which he endorsed what my friend, Mr. Ghuznavi, had stated. There are other members of the Joint Select Committee who have expressed to me personally their appreciation of the change which had been brought about in the mentality of Lancashire; and, after all, do not forget that Lancashire counts a great deal in the politics of Great Britain, commanding as it does a solid block of 70 members in the House of Commons. I say I shall not deal with this aspect of the case, because I know that some of my friends are going to deal with it, and I will leave it in their competent hands. All that I shall say is that I hope this Agreement, this much abused and much maligned Agreement, may be the forerunner of many arrangements of a reciprocal character between Great Britain and India. Our Pact has provided a great opportunity to Great Britain to seek the hand of friendship of this country, not only in the economic sphere, but also in the political, relying upon the assurance that there are people in this country who are always ready to approach these problems in a spirit of mutual goodwill, free from all political prejudices. If England lets go this opportunity, she will have otherthrown the work which began with Ottawa, which was merely continued by us, and which will go on developing, if the right spirit is preserved in the counsels of both countries.

There is only one thing more which I want to say, I have always claimed that the textile industry of this country is national in every sense of the word. The Tariff Board have stated “there can be no doubt

that the cotton textile industry has an exceptional claim to public support in view of the important national interests which it represents". The industry employs hundreds of thousands of people—altogether a million and a half people at least are dependent upon it. Indian capital, to the tune of something like 80 crores has been sunk in it; and it consumes practically half the cotton crop of India. Surely, when I plead before this House that this industry is national, that it subserves the interests not only of a small body of manufacturers, but also of agricultural interests and of every conceivable Indian interest, surely I am not pleading in vain. Surely my Honourable friends will realise the great, the enormous importance of this industry; I plead with them and with the various provinces of India also, who for some reason or other have found it necessary to oppose the protection given to this industry, on the basis of the national character of the industry, and I say that if this industry, which is the pioneer of all industries in India, were to be blotted out of existence, India will be thrown back a century and will just be for all time a producer and supplier of raw materials. I have said enough. I hope none of my Honourable friends will take amiss anything I have said on this occasion. I have put the point of view of the industry in perhaps very forcible terms, but it is a subject close to my heart, something with which I have been intimately connected for many years. All that I ask my Honourable friends to do is to view the issue dispassionately, and when they do so, I feel certain of their verdict. (Applause.)

Mr. V. Ramakrishna (Madras: Nominated Official): Mr. President, I am glad to be given this opportunity for making my first contribution to the debates of this House upon a subject of which I may claim some knowledge. As the head of a Provincial Department of Industries and more recently as one associated with the Indo-Japanese negotiations to represent the interests of the handloom weaving industry, I have had special opportunities for studying the problems dealt with in the Bill now before the House. The proposals of Government mark a distinct departure in our industrial policy in several respects. In the first place, they provide special protection for the weaker section of the Indian textile industry, the handloom weaving industry, by way of grants-in-aid. In the second place, they provide protection for an essentially agricultural and cottage industry like sericulture. It may be mentioned here that sericulture is more an industry of the Indian States than of British India. In the third place, they set the seal of approval upon the trade negotiations entered into between the representatives of Lancashire and of India. And, lastly, they give partial effect to the Trade Agreement negotiated on the soil of this country between the representatives of Japan and of India, a fact which ought to appeal greatly to Honourable Members in all parts of this House.

In dealing with our industrial problems and framing our economic policies, I venture to submit that certain conditions peculiar to our country have to be borne in mind. Honourable Members are no doubt aware of those conditions, but I venture to remind them of those, because they have an intimate bearing upon what I am going to say later. The first and the most important factor is our unlimited resources in man power. The second feature is the peculiar condition of our agricultural industry which provides employment for only a part of the year. The third feature is the low standard of living of the great majority of the people of our country; and, finally, there is the fact that most of our

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people live in villages. These conditions, I venture to submit, indicate that cottage industries and industries which provide employment to the agriculturist during the periods of his enforced idleness ought to receive the special protection of Government and the sympathetic consideration of this Honourable House. Rationalisation of industries has resulted in increased unemployment in countries like Europe and America, because the media of exchange and the instruments of distribution and consumption have not been able to keep pace with the changing requirements of rationalised industries. Therefore, I venture to submit that, so far as our country is concerned, man power must be preferred to machine power, wherever such use provides the worker with an income which is at least equal to what he could obtain from the only other competing source of employment, namely, agriculture.

Next to agriculture, the handloom weaving industry is the most important rural industry. Its importance has been recognised by all the Committees and Commissions which had anything to do with the economic life of the people of this country, beginning with the Famine Commission of 1888 and ending with the Banking Inquiry Committee of 1929. The Tariff Board have reiterated its great importance in the economic life of the country. In paragraph 160 of their Report, they have estimated the number of handlooms in the country at about 2½ millions, and the number of people supported by the industry, either wholly or partly, at about ten millions; while, on the other hand, the Indian mill industry provides employment for about four lakhs of people and supports about a million persons. In paragraph 69 of his Budget speech, the Honourable the Finance Member estimated the handloom production of piecegoods in the year 1933 at about 17,00 million yards and put the value at about 37.40 crores. In the same year, the Indian mill industry produced about 28,99 million yards of piecegoods valued at about 65.76 crores. It is, therefore, clear, I submit, that the handloom industry is at least half as important as the power loom industry both in respect of production and of value and many times more important in respect of the employment which it provides.

Sir, Honourable Members may ask whether the handloom weaving industry is economically sound. I venture to submit that it is economically sound and can withstand competition even with the power loom, provided certain defects in its organization are rectified. The duties on imported cloth are sufficiently high to give the handloom weaver a fair wage on the days on which he gets work. It will be seen from the figures already given that the average production of cloth per handloom in 1933 was about 680 yards. If we take 7½ yards as the daily average production per handloom, the figure adopted by the Tariff Board, the handlooms had work in 1933 for about 90 days. The handloom weaver has, therefore, to manage for four days on the earnings of a single day. What he, therefore, lacks is continuity in employment. Secondly, he has to borrow money for the purchase of yarn at exorbitant rates of interest. Thirdly, as pointed out by the Tariff Board, the price which the handloom weaver has to pay for his yarn in up country centres exceeds the price of yarn in, and the freight from, Bombay to those centres by anything up to about 25 per cent. The weighted average excess in price of the cases examined by the Tariff Board works out to about 6½ per cent. Fourthly, as he has no marketing organization, he

has to sell his goods through middlemen who charge heavy commissions. Lastly, as his appliances are crude and his designs out-of-date, he is unable to meet the changing needs and fashions of the consumers of his products. He is, therefore, in need of co-operative organizations which will purchase his yarn and sell his cloth, provide him with cheap credit, supply him with improved tools and up-to-date designs and secure for him continuity in employment as far as possible. These were the considerations which led the Government of Madras, which I have the honour to represent here, to place before the Tariff Board and the Government of India the case for the handloom weaving industry and press for the provision of funds for organising the industry; and these were the considerations which induced my colleagues and myself, when we represented the interests of the handloom weaving industry as unofficial advisers to the Indian Delegation at the Indo-Japanese negotiations, to press for financial assistance for the development of the handloom weaving industry. The grants-in-aid, Sir, which the Honourable the Commerce Member has so generously promised will enable the Provincial Departments of Industries to organise the handloom weaving industry. Though industries is a provincial transferred subject, and though, in common with all Governments in the world, the Government of India are faced with acute financial stringency, yet they have made a generous gesture for which the handloom weavers in particular and the country in general have ample reason to be thankful.

Before leaving this subject, I beg to answer the charge levelled against the Directors of Industries by my Honourable friend, Mr. B. Das. Handloom weavers, as Honourable Members are fully aware, are unorganised, and, therefore, practically voiceless. The Director of Industries in each Province is charged, amongst other things, with the duty of safeguarding the interests of the handloom weaver. I do not think any better testimony is needed to prove the devotion of the Directors of Industries to the cause of the people committed to their charge than the grants-in-aid promised by the Government of India.

Now, I may be permitted to consider the objections raised against the Indo-Lancashire Agreement. My Honourable friend, Mr. Joshi, questioned the propriety of permitting private persons or bodies to negotiate trade agreements. This policy is, I submit, in pursuance of the recommendations of the Imperial Economic Committee on Imperial Industrial Co-operation, subsequently endorsed by the Ottawa Conference, of which, you, Mr. President, were such a distinguished member. The Conference announced its conclusions on the subject of Industrial Co-operation in these terms:

"It should, in the opinion of the Conference, be the object of any policy of Industrial Co-operation within the Commonwealth to secure the best division of industrial activities among the several parts of the Commonwealth and the ordered economic development of each part, with a view to ensuring the maximum efficiency and economy of production and distribution.

It is further the view of the Conference that the precise nature and extent of the co-operation to be achieved in any particular industry must largely depend upon effective consultation between those engaged or proposing to engage, in that industry in any two or more parts of the Commonwealth.

The Conference therefore recommends to the various industries in which conditions are suitable for the purpose, the desirability of making arrangements for such

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consultation at the earliest possible date; but it records its belief that such consultation, to be fully effective, should be conducted between responsible persons or bodies adequately representative of the industry in each part of the Commonwealth concerned.

The Conference further recommends that the Governments concerned facilitate and assist such consultations by all available means."

Mr. President, the only point for consideration is, whether the consultations in this particular case were conducted between responsible persons or bodies adequately representative of the cotton textile industries of the United Kingdom and of India. None, so far as I am aware, either in this House or outside has questioned the representative character of Sir William Clare-Lees and his colleagues to represent the British cotton textile industry. My Honourable friend, Mr. Mody, in an eloquent speech, has established his representative character.

I am glad that my Honourable friend, Mr. B. Das, admitted that Mr. Mody represented at least the cotton mill industry of the Bombay Island. It is a well known fact that the costs of production of the Bombay mill industry are much higher than those of the other parts of India. This fact was brought to the notice of this Honourable House by my Honourable friend, Mr. Joshi, when he spoke on the subject yesterday. If the cotton mill industry of Bombay consider the rates provided in the Agreement sufficient to give them a fair return, why should those millowners, who are better placed in regard to their costs of production, complain about this Agreement? (Hear. hear.) This single fact, I submit, is sufficient justification for the Government to give effect to this Agreement. By accepting this Agreement, Government are giving effect to the principle of industrial co-operation between representatives of great and important industries of two parts of the British Commonwealth of Nations—a principle advocated by the Ottawa Conference and endorsed by this House when it ratified the Trade Agreement between the United Kingdom and this country.

Honourable Members will thus observe that the proposals of Government are conceived in the best interests of the country and are clearly intended to advance its industrial and economic development. I, therefore, appeal to the House to strengthen the hands of Government by accepting the proposals now placed before it. (Applause.)

Mr. A. H. Ghuznavi (Dacca *cum* Mymensingh : Muhammadan Rural) : Sir, unless we understand the implications of this Bill, and unless we have a clear conception of certain fundamental factors in this connection, it will not be possible to do full justice to the measure under consideration before this House. What are those fundamental factors? I will take India first.

India grows more cotton than she can turn into yarn and cloth for her teeming population which will soon increase to about 400 millions. She, therefore, has to seek profitable markets for her surplus cotton. That is the first factor. The second factor is that textiles are next to agriculture in importance in the case of India, and that is India's biggest national industry. As such, it requires safeguarding and protection by a proper regulation of tariffs. Thirdly, India is not yet in a position to meet her requirements in yarn and piecegoods, which, therefore, come in part from Japan and Great Britain. And, fourth, there is India's

political relations with the United Kingdom when she is aspiring at the present moment for a new Constitution more in consonance with India's self-respect. These are the four fundamental factors which we have to bear in mind in considering this question. I will now take Japan. Japan is not a grower of cotton, but a large manufacturer of cotton goods, a large importer of Indian cotton and an enterprising exporter of finished commodities to India, a rival of the United Kingdom in this respect. Let me take now the United Kingdom. She imports cotton, and is, therefore, in a position under certain circumstances to relieve India of a portion of her surplus cotton. She is naturally, therefore, desirous of having a reasonable share of Indian requirements of yarn and piecegoods. Now, looking at the problem from a more practical standpoint, India has much more surplus cotton for disposal than she can consume in India. As for piecegoods required for Indian consumption, about 1,000 million yards still have to come in from outside, and that is supplied by Japan and the United Kingdom. It is, therefore, a very difficult and complex question. It is not easy to reconcile these apparently conflicting and complex interests. We are apt to forget at times that India's economic relations with countries, both within and outside the British Empire, have got to be regulated in her best interests. I welcome this Bill, because it is an attempt at reconciliation so far as our textiles are concerned. There are three interests to be reconciled, the interests of the cotton grower, the interests of the Indian manufacturers and the interests of the manufacturers overseas,—in the United Kingdom and Japan. I welcome generally the proposals in this Bill because I find there is an honest attempt to reconcile all these three apparently conflicting interests, although it may be temporarily. After all, Mr. President, hardly anything is final in political and commercial relations amongst nations.

As I said the other day, I repeat my humble tribute to the Honourable the Commerce Member for the admirable way in which he has
 1 P.M. conducted these negotiations and brought them to a successful conclusion, and, I repeat, his name will go down in history. No scheme of tariffs should, in my humble opinion, be the result of dictation from outside. It should not involve any relaxation of the policy of protection introduced for the purpose of fostering industries. It should not create any misunderstanding between India on one hand and the United Kingdom on the other, particularly at a time when the two countries are engaged in parleying for vast and wide national interests and fourthly it should not provoke international ill-will but should promote friendly economic understandings. I find all these four conditions are fulfilled in this Bill. It is far from any dictation from outside. It is the result of a wise and statesman-like policy adopted by the Bombay Millowners Association, represented by my Honourable friend, Mr. Mody, and here I pay my humble tribute to Mr. Mody. I have listened to his speech with great interest, with rapt attention. I thank him from the bottom of my heart for the manner in which he carried out the negotiations in spite of opposition and arrived at a Pact which had an admirable effect in London when we were engaged in the deliberations in the Joint Select Committee. His name will go down in history as the man who brought about peace and harmony between the two nations.

Mr. Honourable Member: It will come.

Mr. A. H. Ghuznavi: It is bound to come. Secondly, the proposals also honour the protectionist policy on which India has embarked, and,

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thirdly, the proposals by removing misunderstandings between India and Lancashire have made the prospects of the coming Constitution brighter than before. Dealing with this political aspect of this question as to how far this Agreement will help us and replying to my Honourable friend, Mr. Joshi, who, I find, is sleeping

Mr. N. M. Joshi: I am not sleeping.

Mr. A. H. Ghuznavi: I made every attempt yesterday to find out from the proceedings of the Joint Parliamentary Committee what question he was referring to and from which page in regard to the Manchester Chamber of Commerce, he was reading from. He would not give me any information on the floor of the House. He went on reading and reading a few sentences here and here.

Mr. N. M. Joshi: May I inform the Honourable Member

Mr. A. H. Ghuznavi: It is now too late to inform me. It would have helped me if the Honourable Member had said it yesterday.

Mr. N. M. Joshi: I am not responsible for the Honourable Member's ignorance.

Mr. A. H. Ghuznavi: I must go into the details of this matter for the simple reason that there has been considerable misunderstanding about the Mody Pact. It has a great political bearing. I shall tell you how.

Mr. N. M. Joshi: I shall be delighted if the Honourable Member can show what he wants to show.

Mr. A. H. Ghuznavi: There are two die-hards in Delhi today. They are here. They are listening to what we are saying here. They are staying at the Maiden's Hotel. They have come here to examine the position as to how the Indian Legislative Assembly is taking up this matter. What happened in London was this. I have been one of the members of the Joint Select Committee who attended the meetings, day in and day out, without absence. I followed everything very carefully. I was the only Muslim Member in the Delegation who knew something about business. The Manchester Chamber of Commerce submitted a memorandum which was very annoying. I do not know why the President, Lord Linlithgow, postponed their examination from month to month, because in the agenda we found that they were to have been examined in July, but it was postponed till after the recess.

Mr. F. E. James (Madras: European): The Manchester Chamber of Commerce asked for it.

Mr. A. H. Ghuznavi: They were negotiating in July and that was the reason why they asked for a postponement, and I am sure, that it will be borne out by every member of the Joint Select Committee who is present here today.

Mr. N. M. Joshi: They are in the written records which are here in my hand.

Mr. A. H. Ghuznavi: And I have got it as well. I will read only a few passages to convince the House what a great change has taken place after this.

An Honourable Member: Let us hear that.

Mr. A. H. Ghuznavi: This is the prefatory statement, because they had submitted their annoying memorandum in June; after this Pact, they submitted this at the beginning of November:

"The evidence which is herewith submitted to the Joint Select Committee was prepared some months ago. Subsequent developments which have a significant bearing on the future of trade relations between India and Lancashire have encouraged the organization to add this prefatory and supplementary statement."

That is the language. And they say:

"In July last the Chairman of the Bombay Millowners Association, Mr. H. P. Mody, had a series of conferences with the representatives of the Lancashire cotton industry and in August a delegation comprising the representatives of the British cotton and artificial silk industries left for India where they have since been participating in discussions with the Indian Government and the Indian millowners."

I will read only one more passage from this and then I will come to the evidence.

Mr. N. M. Joshi: Read paragraph 5.

Mr. A. H. Ghuznavi: You can read that afterwards.

Mr. N. M. Joshi: I ask you to read, because you are challenging my statement.

Mr. A. H. Ghuznavi: I am reading from the supplementary memorandum:

"The Lancashire organizations are gratified to learn that discussions have been proceeding in an atmosphere of cordiality and friendliness. They accept this as significant Lancashire's own desire to bring about a mutually satisfactory understanding is shared in that country. The Lancashire organization give their complete moral support to these efforts at exploring the field of co-operation. They do not hesitate to express an emphatic preference, before all other methods, for the practical solution of the trade problems by a genuine demonstration of reciprocal goodwill."

That is what they said. I will read now what they said in their memorandum. I think on hearing that, the whole House will be up in arms. They say:

"Believing that reciprocal interest is the best and most permanent basis of international trade, the organization have welcomed the opportunity of sending a delegation to India. They trust that the work of this mission will be the forerunner of a new and fruitful basis of mutual co-operation in which all misunderstandings and differences may be forgotten and that as a result of the joint discussions, a new era of long-term agreement is at hand."

Mr. President (The Honourable Sir Shanmukham Chetty): How long will the Honourable Member take?

Mr. A. H. Ghuznavi: I will take one hour more.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now stand adjourned and meet again at a quarter past two. The Chair will once again remind Honourable Members that if this debate

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is to be comprehensive, there must be a little more co-ordination. If, for example, a particular point of view has been strongly put forward by one Honourable Member, another Honourable Member need not repeat the same argument at length. It is more important in a debate of this nature that the various points of view should be given expression to, and that is only possible if each Honourable Member takes not more than a reasonable time.

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

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

Mr. A. H. Ghuznavi: Mr. President, referring to the evidence of the representatives of the Manchester Chamber of Commerce, I will read out, with your permission, a few other passages. The Lord Chairman remarked :

"Do you desire to make any statement apart from the memorandum and the preface?—We should just like to say that since we composed this evidence, we sent out a mission to India to confer with Indian millowners and the Government of India and we have an emphatic preference" (My Honourable friend, Mr. Joshi, may mark these words) "for solution by co-operation as being preferable to solution by some of the arguments that we have advanced perhaps in the joint evidence."

Mr. N. M. Joshi: Have they withdrawn their demand for a safeguard?

Mr. A. H. Ghuznavi: He was present there when they gave that evidence. Surely he must have noticed that they gave away the whole of their case, and, I am sure, he must have heard what the die-hards had said about this. They said that if that was their evidence, what was the use of their coming there and taking up their time? They gave away all their case in preference to a solution by co-operation and they did not insist on these safeguards as they insisted in their first memorandum.

Mr. N. M. Joshi: May I ask where they withdrew their demand for safeguards?

Mr. A. H. Ghuznavi: It is difficult to make a gentleman understand who will not understand. I will not take up the time of the House by answering these interruptions, because I found that you, Sir, also expressed the desire that I should not take them up. So, I shall shorten my speech as much as possible. Lord Chairman says :

"You have been impressed by the results of that Delegation?—We have."

One of the die-hards now asked them the question. This was Mr. Rodier, who was giving the evidence :

"I hope I may be permitted to begin my few questions by offering you my congratulations on what seems to me, at any rate, so far as we know of it, the very successful result of the negotiations which have taken place. I understand you to say that the procedure of friendly negotiations which has been followed in this case is the one which you would always prefer and which you think is most conducive to the interests both of this country and of India?—Yes."

Mr. N. M. Joshi: At the same time, retain the safeguards.

Mr. A. H. Ghuznavi: They have not insisted on these safeguards.

Mr. N. M. Joshi: Why did you sign the Joint Memorandum, paragraphs 11 and 12?

Mr. A. H. Ghuznavi: It is much better to answer these questions outside this House.

I will now read the cross-examination of Mr. M. R. Jayakar. Surely Mr. Jayakar has defended the Bombay interests to the best of his ability, and what did he say? His question was this:

"Before I begin, may I congratulate you on the spirit of your preface?—Thank you Sir.

I suppose you are satisfied that the method of co-operation and good-will is the right method in such matters, as you said in your previous answer?—Yes.

But do you not think that you will get better terms from India by adoption of this method rather than by having strict provisions in the Constitution?—I think we have said so in the evidence."

Will that satisfy my Honourable friend, Mr. Joshi?

Mr. N. M. Joshi: No.

Mr. A. H. Ghuznavi: Another question:

"You agree that you will get better terms by the adoption of this method than by having strict provisions in the Constitution?—Yes. I think you realise that whatever rules there may be in the Constitution their working will have to depend on the good-will of the Indian people?—Certainly."

I will now take the cross-examination of Sir Phiroze Sethna. It is a long cross-examination and I will read out only a few lines just to give an idea to this House as to what extent they are now trying to buy Indian cotton:

"In para. 7 and also in para. 29 you refer to the Ottawa Agreement when Lancashire promised to help India by endeavouring to get more Indian cotton consumed. May we know what efforts have been made in that direction so far, or has any success been achieved or is likely to be achieved?—(Mr. Rodier) The matter engaged our attention and the attention of Lancashire as soon as the Ottawa Agreement was reached and at once before we arrived at Ottawa a Committee was set up to inquire into this matter and since then the Chamber of Commerce has formulated a Committee of merchants to inquire into it. The British Cotton Growing Association have been communicated with to do all that they can to foster it and also special meetings have been held by the Chamber of Commerce in Manchester."

He goes on saying what they have done and they have asked the President's permission if Mr. Gray would follow and give a detailed account and how far they have succeeded. It is all a very interesting statement. Mr. Gray says:

"My Lord Chairman, we are using every endeavour in Lancashire to encourage as far as possible the use of the Indian cotton. As Mr. Rodier has pointed out no doubt you are familiar with the fact that there is a great deal of Indian cotton that can only be used in relatively low qualities of yarns and fabrics and in the main these are not Lancashire production, but I might say here as a Director of the Lancashire Cotton Corporation that we are using ourselves between 20,000 and 30,000 bales of Indian Cotton every year and that use we are endeavouring to extend and to encourage its extension among all our spinners and our weavers."

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I shall take up no more of the time of the House in saying what he said further. I shall only make a statement from this book. He said:

"By putting up machineries to utilise the short staple cotton, which is grown in India, we will do all in our power, every cotton industry in Lancashire will use more and more Indian cotton than any other cotton."

This is in short what he says. He also said:

"There are many difficulties in our way, but we shall make every attempt to get over those difficulties and take over as much of Indian cotton as possible."

One more passage, Mr. President, and I shall finish with this evidence. Sir Hari Singh Gour said:

"Gentlemen, I also congratulate you on the tone of your memorandum and the preface."

Sir, after all, this Agreement with Lancashire expires in 1935. Surely you do not mean to say that the Indian cotton industry is going to give us all our cloths in these two years. What is all this noise about? Look at the effect which that Agreement had over the deliberation of the Committee in London. Whatever may be the reason, their examination was postponed from day to day. To my mind, it struck me that the Lord Chairman was very unwilling that anything said or anything expressed before the Committee might hurt the Indian Delegation. That was one of the causes which made him think twice before he asked the Lancashire people to give their evidence. It was fortunate that my Honourable friend, Mr. Mody, intervened and we got over that trouble. They came before us with their supplementary memorandum and the story was changed. They were friends and they wanted to negotiate as friends. If I had time, I could show that they expressed in their evidence their desire that India must make her own cloths, and that they had the utmost sympathy with the Indian industry.

Now, I come to Japan. Let us not forget that to a great extent we grow cotton in this country and that Japan is one of our biggest buyers. Our best attention must, therefore, be given to Japan. Surely there must be *quid pro quo* without which you cannot expect Japan to go on buying our cotton. I do not agree with my Honourable friend, Mr. Mody, when he said that Japan must buy Indian cotton. They said they would not, and you had to come down on your knees to bring about an Agreement. Therefore, you cannot offend that nation. We have to look to the interests of the agriculturists first and the industrialists afterwards. As I already said, look at the achievement of the Honourable the Commerce Member. I wish he could do something, so far as I am concerned, about jute in Bengal. He has made an Agreement with Japan that they are bound to buy 15 lakhs of bales of cotton. The cotton growers in India are assured to that extent and if Japan want to buy more, of course they are at liberty to do so provided also they can export to a certain extent.

I shall now come to the fourth point, and it is this, prevention of economic and political misunderstandings of an international character. I submit that the Indo-Japanese Agreement, which is embodied in this Bill, is a clear recognition of the international aspect of our economic life and

is an illustration of peaceful adjustment of international commercial hostilities. In this connection, it is probably not out of place to mention that the non-fulfilment of this condition, as well as the interest of the consumers which were effected by the imposition of the prohibitive duty on the Japanese hosiery, compelled me to raise my voice of protest against the former Bill which was recently passed in this House, and, therefore, I would again appeal to the Honourable the Commerce Member to reconsider the drastic character of the imposition of the duty on imported hosiery which puts practically a ban on the imports from Japan. We cannot afford to offend Japan, because they are our biggest buyers of cotton. I would also respectfully invite him to consider several classes of hosiery goods which are not as yet manufactured in India yet. Their exemption is justified on the same ground as was taken in 1930 for the exclusion of Lancashire goods from the protective duty then imposed. I will read a passage from the speech of Sir George Rainy:

"On the top of this a special protective duty of five per cent. was imposed. The scope of this duty however is limited to non-British goods, the Government's contention being that if the scope of the duty was not limited in this manner a vast range of goods in which at the moment Bombay was not interested would be affected to the needless detriment of the consumer, and that excluding British goods from the scope of the duty meant excluding just that class of goods which was not in direct competition with Bombay."

Therefore, I say, it is not fair to impose a high duty on those hosteries which we do not manufacture now. You laid down that policy yourself in 1930. If it can be shown that those classes are not made now, no case has been made out to put on such a high tariff even on those goods.

I was very sorry to see my Honourable friend, Mr. Mody, referring to the Bengal agitation. I wish he did not bring in that controversial point. It is very unfortunate that he did so. Coming as I do from Bengal, I have to tell him the real facts. He said that Bombay never exploited Bengal. Sir, the position in 1905 was this. We were agitating against the Partition of Bengal, and I was one of those who were against the Partition.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): But Mr. Mody was then in the nursery. (Laughter.)

Mr. A. H. Ghuznavi: Therefore, it is all the more regrettable that he referred to an incident of 1905 of which he has no knowledge whatever. Sir, in a public meeting held on the 3rd of August, 1905, ten lakhs of Bengal citizens assembled in the Federation Hall grounds

Sir Cowasji Jehangir: Ten lakhs?

Mr. A. H. Ghuznavi: If the Honourable Member wants to question that figure, I will give him the copy of the *Englishman* of that date which I possess.

Sir Cowasji Jehangir: Most probably my Honourable friend only exaggerates by one cipher.

Mr. A. H. Ghuznavi: Just as my Honourable friend always does. (Laughter.) I was the President of that meeting: (Hear, hear.) I have not that speech in my possession, but we passed a Resolution boycotting British goods. That was the first time in the history of India when we used the boycott movement as a political weapon. What was the result? We said we will not buy British goods; and thanks to my Honourable

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friend, Mr. Joshi, they have been reduced to the position of orphans in Bombay on account of his labour unions, and so on. The whole of the Bombay trouble has been due to my Honourable friend, Mr. Joshi. (Laughter.) But, I will come to that later on.

Now, what happened in 1905? Sir, I have the authority of Sir P. C. Ray for saying that the Bombay mills were then tottering and we came to their rescue. We told them we would buy their goods only and of nobody else; and the first thing that they did was to raise their prices by 400 per cent. (*A Voice*: "Ahmedabad did that.") Most of the Ahmedabad mills were not in existence then. There were only a few in existence in 1904 or 1905 and, excepting perhaps one or two mills, they were only dealing in yarns and not in *dhotis* and *saris*. I have been myself in the trade, and so I know all about this business. Sir, an Honourable friend the other day complimented me as being an expert salesman. That is perfectly true; I was an expert salesman. He complimented me again as the Member for Japan in this House; that is also perfectly true, because I defend Japan as I have a great admiration for that country, not only now, but from many years ago when I was a boy. It is they who showed us the light, not the West but the East; and probably tomorrow my Honourable friend from Cuttack will tell me that I represent the Lancashire interests in this House. Sir, what happened? Not being satisfied with making 400 per cent profits, they went on to do another thing at which you will be surprised. This is a statement which I am not making now for the first time. I have made this statement in 1927, in 1930, in 1931, in 1932 and now in 1934, I am making it again; and I have got documentary evidence, criminal Court records, which will prove, if I am challenged, that what I am saying is correct. And what is that? They bought up all the British goods that were in India. Of course it was not the mills that did it, but the managing agents and they made the profit. They never gave the profit to the mills. They bought up this cloth, sent it to the mills, tore off one yard containing the words "Made in England" and gave it a little rougher finish, brought it back and sold it as *swadeshi* at 400 per cent more profit. They did the same thing with Japanese goods. Not being content with that they placed orders with Lancashire and Japan to send out unfinished goods. And I have got records to prove that. A case was made out in the Calcutta Police Court that they were selling these goods as made in India,—all done by the managing agents. What was the result? They took the cloth to their mills, put the label "Made in India" or "Made in Jehangir Mills" (Laughter), sold it to Bengal, and then, Sir, as you are aware, Bengal absorbs 40 per cent of the piece-goods in India as Mr. Hardy has shown in his report.

Mr. President (The Honourable Sir Shanmukham Chetty): Did they sell it through expert salesmen? (Laughter.)

Mr. A. H. Ghuznavi: It is the same thing today. They are now shedding crocodile tears about hosieries. Do I not know what they did with the Japanese hosieries that used to come to Calcutta? They passed it on as "Made in Jehangir Mills". (Laughter.) And what was the result? The result was that they made tons of money,—the managing agents, not the mills,—and they squandered that in France in buying Villas and smoking expensive cigars. (Laughter.)

This was in 1905, and this went on till 1911 when Lord Hardinge annulled the Partition of Bengal, and we ceased to buy Bombay goods. The boycott movement was withdrawn. But they were again in trouble; there was no Legislative Assembly in those days before which they could come with a beggar's bowl. What happened was a stroke of luck. The War came in, and that enabled them again to make piles of money. Neither Manchester nor Japan could come; they speculated in cornering all the cotton in the world, but in doing so they lost all their money. The result was that after the War they were again in trouble and from that day they became the spoilt children of the Government of India, coming here year in and year out with a beggar's bowl.

Sir, at the moment we have no desire to go into all that and I would not have mentioned a single word about it if my Honourable friend, Mr. Mody, had not mentioned Bengal. If they had kept a reserve for the rainy day, their position today would have been different. They never kept a reserve; they speculated and here is the Tariff Report of my Honourable friend, Sir Frank Noyce. It is an illuminating report. The inefficiency disclosed is colossal; the hereditary managing agency with their relations auditing the accounts has been exposed, and they need not come and tell us here that they are very good and efficient people. But, nevertheless, so far as Bengal is concerned, let me tell my Bombay friends that we consider your industry as a national industry and every support that you ask us in this House we will give to you. You may have made mistakes, but you did not make them deliberately and your troubles are partly due to my Honourable friend over there (Mr. N. M. Joshi). Every time you come for some protection he says "Raise your wages". Poor fellows, how are they to pay? The protection was given to enable them to compete with others, not to raise the wages. That was the trouble in London. How did Lancashire lose its business in India? In the first place, of course, it was their own folly, which they now admit, in not taking a bit of Indian cotton. Japan took advantage of that and they have got the sympathy of India with them. The next difficulty was that of labour unions, and in this connection I will read just a few lines which a London friend of mine gave me when I was there last. What was their trouble? I had also seen these gentlemen of Lancashire and had a long and friendly discussion with them as to how to improve their trade with India, and so on. What my friend said was this: that in England cotton spinning and weaving were basic industries and were subject to an extremely large measure of protection. For this reason they were often utilised for political purposes. The British cotton industry developed on this account and it was now declining for the same reason—too much protection caused loss of force in the competition with foreign rivals. The British spinning workers nowadays complained of misdirected measures of the Government causing difficulty in their lives, although their work was as hard as their ancestors who used to live in comfort. No researches were conducted and no improvement was made. The British spinning industry since the European War had been completely under the sway of trade unionism,—my friend, Mr. Joshi. Owners of factories were in charge of purchase of materials and the sale of products only and all the management of the mills was under the control of trade unions. Those unions had refused to use the automatic weaving machines in order not to increase unemployment: they were not using automatic looms, which saved money

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because of unemployment. They would not also consent to use Indian cotton for sanitary reasons. The factory owners wanted to follow the example of Japan, but the workers would not listen to them and prefer to blame the Government for their loss of prosperity, which was due to their own obstruction and their employers' lack of enterprise. In Japan, one man was in charge of 20 weaving machines, while in England, one man had only six machines to take care of

Mr. N. M. Joshi: 20 automatic looms: it is quite a different matter.

Mr. A. H. Ghuznavi: Yes, these are automatic looms. Four years ago, one man had only four machines to look after, and it took four years after a hard struggle between capital and labour to increase the number to six.

Sir, I have almost concluded, and I shall now say just a few words in regard to the two Agreements, one with the United Kingdom and the other with Japan. Firstly, after all, their operation is confined to two and three years respectively. It is only for two or three years. Secondly, you have to bear in mind that India has to find a market for nearly four million bales of surplus cotton. You must be friendly with these two countries. England can buy our cotton and she has promised to buy Indian cotton more and more. Thirdly, it will be some years before India will be able to manufacture enough to clothe her entire population. As I said, in matters textile we must think nationally, and, if we do so, Bombay will be able to assert her rightful position. India refuses to recognise inter-provincial jealousies in this connection.

I shall also point out another matter to my Honourable friend, Sir Joseph Bhore, that a trial should be given to the rather belated experiment of securing and developing foreign markets for Indian products through the help of British agencies. This Bill takes a wider and mutual recognition of the needs, rights and conditions in India, the United Kingdom and Japan, where the textile industries make an essential contribution to national prosperity, and, therefore, they have to be preserved in all the three countries: I support the motion.

Mr. K. C. Neogy: Sir, I am as conscious as my Honourable friend, who has just sat down, of the very complex character and the great importance of the measure now before us; but I am also conscious of the fact that, having regard to the limitations of time, we cannot expect to deal with all the various aspects of this measure at such great length as perhaps one would desire.

There are two different industries concerned in this measure, one,—the largest organized industry next only to agriculture, and the other,—a cottage industry of very great importance, particularly to certain areas of this country. Then, there are two different agreements, one of an official character, the other of a non-official character. And I propose to confine myself to the question of the textile industry on the present occasion.

Sir, the present occasion is of very great importance to the textile industry, because, although in 1927 and 1930 we had two substantive measures dealing with this industry for a similar purpose, they were, as has already been pointed out, intended to give a kind of temporary shelter to the industry. In the case of the measure of 1927, it was almost exclusively designed for the benefit of the section of the industry situated

in Bombay, because that was subject to certain very special disadvantages on that occasion. In 1930, the entire cotton textile industry of the country was affected by unfair competitive conditions, but this is the first time when this industry, as a result of the Tariff Board inquiry, has satisfied all the conditions that the Fiscal Commission laid down for substantive protection being given to any industry. From that point of view, this measure is of very great importance, not only to the textile industry, but also to this House, and deserves our very closest consideration.

Now, Sir, during these few years, the cotton textile industry has passed through various stages of development in various parts of India, and it has been admitted by the Tariff Board itself, and it is also a patent fact, that Bombay does no longer enjoy the predominant position that she used to in this industry a few years back. That is a factor of very great importance that has to be borne in mind when particularly we come to deal with the non-official Agreement between certain textile interests of this country and of Lancashire. Now, Sir, another tendency that we find is that mills are growing up nearer local centres of consumption; places like Bengal, for instance, are going in more and more for the cotton textile industry. There are several mills already in working order in my Province, and there is one well established mill in my own constituency. And anybody who knows anything about Bengal knows that, in order to cater for the local taste, these local mills have to go in more and more for the higher counts in respect of which the competition from Lancashire is greater than in respect of the lower counts.

Now, Sir, my Honourable friend, Sir Joseph Bhore, said that, so far as the case for protection goes, he accepts the finding of the Tariff Board, namely, that this is an industry which deserves to be protected by legislative enactment. As for the definite tariffs to be imposed, he said his task had been very much lightened by the two Agreements. So far as the Lancashire Agreement goes, he practically, though not in so many words, admitted that he had abdicated his functions in favour of the representatives of the two industries who are parties to that Pact. With regard to the Japanese Agreement, this must be said in its favour that it was the result of negotiations between two Governments, and not between the representatives of private interests. Now, Sir, the Tariff Board is good enough for the purpose of making out a case for protection, but when we come to deal with the question of duties to be imposed for the purpose of carrying out that recommendation, well, then, there is Mr. Mody to dictate as to what the duties are to be. My friend said that the facts of the situation have been altered. My friend perhaps did not realise that there are other facts also which have altered. For instance, as stated by Mr. B. Das, when you look up the list of membership of the Bombay Association and you find 100 and odd mills as members of that body, you have also to take into consideration the fact that a large percentage of those concerns are no longer in existence for all practical purposes

Mr. H. P. Mody: No, no, they are actually working.

Mr. K. O. Neogy: They are closed down.

Mr. H. P. Mody: No, no, over 100 are working.

Mr. K. O. Neogy: Then, again, my friend, Mr. Mody, said that all the various centres of this industry are represented on that Association and it is in that sense a widely representative body. I am not going to dispute

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the fact that there are certain concerns belonging to different parts of India which are members of this particular body. But, Sir, when we are talking of competition with Lancashire, we have got to bear in mind what are the classes of goods in respect of which our own products enter into competition with Lancashire and we have then to find out as to which organization represents the interests that are more vitally concerned in the manufacture of those very goods.

Now, Sir, I took the trouble of looking into the figures that are available on this subject, apart from what appears in the Tariff Board Report, and here is a publication, a Government publication, dealing with the production of cotton yarn and cotton piecegoods throughout India, and I find,—and here I must apologise to my friend, Mr. Mody, because I have to refer to the Bombay Island separately from the other centres of production, because that is exactly what I find as being one of the distinct heads under which statistics have been published by the Government themselves,—when we look into these statistics I find that in respect of yarns between 31's and 40's and yarns above 40's, the Bombay proportion, that is to say, the proportion of the outturn of the mills in Bombay Island to their total production, is about $\frac{1}{3}$ th, that is to say, the counts in respect of which the competition is likely to be keener from Lancashire form about $\frac{1}{3}$ th of the total production of Bombay Island. Now, come to Ahmedabad, the next largest centre of production. There I find that counts between 31's and 40's and above 40's together form about $\frac{1}{4}$ th of the total quantities of yarn manufactured in that centre. If, again, you take into account the output of yarns of these counts of the mills in other centres of the country, mills which are members of the Bombay Millowners' Association, the proportion would be materially reduced, that is to say, if you take into account the production of counts between 31's and 40's and above 40's of all the mills that are members of the Bombay Millowners' Association, you will find that that production is of a negligible character compared to their total production. Now, Sir, it is very easy for my friend to be charitable at the expense of others. My friend enters into a pact which admittedly is designed to give some amount of advantage, comparative advantage, to Lancashire in the Indian market, and I do not think even my friend would dispute this proposition that the members of the Bombay Millowners' Association are not as interested in the manufacture of counts of those numbers as, for instance, the mills in Ahmedabad. Not merely that. I have referred to the fact that there is one mill, a well established mill, in my own constituency, a mill of not very long standing, a mill which has succeeded in establishing itself only through the advantage of the protective measures that have been in operation during these years. Now, Sir, a few questions were sent down to the agents of that mill, and the reply, which I have in my hand, shows that in that particular mill the coarser counts in 1933 accounted for 14 lakhs of pounds as compared to 11 lakhs of pounds of finer counts, which is a very high percentage for any mill in India . . .

An Honourable Member: Where is this mill situated.

Mr. K. C. Neogy: It is in Dacca, in my own native place. Then, again, they have given us their programme for 1934, and they point out that, as compared to 15 lakhs of pounds in coarser counts, they expect to have about 20 lakhs of pounds in finer counts, and they point out that,

if this Bill is passed into law, they will sustain a loss of at least Rs. 1,48,000 by reason of the fact that they will have to reduce their prices by at least five per cent.

Mr. H. P. Mody: Will you kindly say what they mean by finer counts?

Mr. K. C. Neogy: 31's to 40's and above.

Mr. H. P. Mody: Will my Honourable friend just allow me to point out that in coarser counts of 40's to 50's the Tariff Board proposed a duty of 25 per cent, and in counts above 50's 20 per cent. My agreement is more liberal than that.

Mr. K. C. Neogy: They deal with 31's to 40's and above 40's and it is not merely coarse counts that are involved in this. Therefore, we must remember that it is not merely Bombay, it is not merely Ahmedabad, but there are other growing centres of this industry which are vitally affected by this measure. While on this point, I also want to refer to the fact that the newly started Bengal Cotton Mills Association have protested against this particular measure, as reported in the *Indian Textile Journal*, a journal which is friendly to my Honourable friend, Mr. Mody's cause.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): It is about yarn.

Mr. K. C. Neogy: Yarn goes with cotton piecegoods which are woven out of those yarns.

Mr. B. Das: Mr. Mody has also the support of the Banga Lakshmi Cotton Mills. Does that mill join the Bengal protest?

Mr. K. C. Neogy: It is not, therefore, correct on the part of my Honourable friend, Mr. Mody, to say that when the Bombay Millowners' Association agrees to this Pact, every centre of this industry must be taken to have agreed. My Honourable friend, Mr. Mody, towards the conclusion of his speech, expressed the hope that the Agreement, which will go down in history as the Mody Agreement, will be followed up by similar other trade agreements. I do not know about that, but one thing about which I should like to know something from my Honourable friend, Sir Joseph Bore, is this, as to whether there is anything up his sleeves at the present moment, as to whether we have got the full picture before us, so far as the Agreement with Lancashire is concerned. There were certain questions in this House which my Honourable friend tried to parry, but the fact remains that when the Lancashire Delegation was here, it made certain representations officially to the Government apart from carrying on negotiations with the Bombay mill industry. This is what the press communiqué itself says, the press communiqué dated the 17th August 1933:

"They (the Government of India) note also that it is desired to take advantage of the presence of these representatives in India to make representations to the Government of India in respect of trade relations generally with particular reference to arrangements best suited to serve at the same time Indian and the United Kingdom textile interests."

Then, again, they give a promise to consider most carefully any representation that the Lancashire delegates might wish to make. At the conclusion of their labours in India, when the Delegation were about to

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leave the shores of India, Sir Joseph Bhore addressed a letter to the Head of that Delegation, and there he says this:

"You have made certain representations to the Government of India on behalf of the United Kingdom cotton and artificial silk industry. I can assure you that these representations will be carefully and sympathetically considered."

And so on. Now, Sir, I dare say, my Honourable friend's attention has been drawn to what has appeared in the *Manchester Guardian* with reference to this particular measure. The *Manchester Guardian* refers to the assurance that my Honourable friend conveyed in that letter to the Head of the Manchester Delegation, and is evidently not quite satisfied with the present Bill. This is what I find in a commercial journal which quotes the *Manchester Guardian* on this particular point. I have no desire to give any lengthy extract, but this is what I find to be particularly important:

"A new cause of anxiety has arisen in the Tariff Bill introduced into the Indian Legislative Assembly on the 6th February which completes a revision of the duties on textiles and which makes many changes which may do considerable damage to British trade."

And it refers to the expectation that this particular measure will be followed up by further negotiations between the Government of India and the British interests for something more than the Bill provides. A question was asked on this particular point in the House of Commons on the 5th February, 1934. Mr. Hammersley asked the Secretary of State for India:

"Whether negotiations have yet been commenced between the Government of Great Britain and the Government of India for a comprehensive trade agreement extending the principles of the Ottawa Agreement to include all textiles."

The Secretary of State's answer was this:

"The matter is under consideration. As a first step the Government of India are seeking to obtain legislative authority for the Bombay-Lancashire agreement."

And so on. What is the next step that is contemplated at the present moment, that is what I want to know from my Honourable friend. My Honourable friend, Mr. Mody, while dealing with the Lancashire Pact, was careful enough to omit to point out to the House as to what substantial gain this country can expect from that Agreement. We are asked to make some definite concessions by way of a Statutory enactment in favour of the United Kingdom industry. What is the *quid pro quo* in this particular case? Some vague assurances of more cotton purchases, some more vague assurances about finding a place in the quota which the United Kingdom may secure in respect of her textile industry in other countries! So far as the assurance about cotton purchases goes, it is well known that that was a condition which was expected of the Lancashire industry to satisfy as a result of the Ottawa Agreement. If you will look at the evidence given by the Lancashire witnesses before the Joint Parliamentary Committee, their written statement, which was composed many months before the Delegation came out to India, many months before even Mr. Mody imagined that there could be such an Agreement, before even the conversations were initiated in England—there they pointed out that

Mr. F. E. James: What is the date of that?

Mr. K. O. Neogy: The date is not given here, the evidence was given on the 3rd November, and it is stated that this memorandum was prepared some months ago—that is what I find from the preface to the memorandum itself. There they point out that they had been trying to carry into effect that understanding which was arrived at Ottawa in respect of larger cotton purchases. It is not, therefore, fair on the part of my Honourable friend, Mr. Mody, to trot that out in justification for this particular Trade Agreement.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): But will the Honourable Member read further what they said after the Agreement was reached or when the Agreement was about to be reached, for I distinctly remember that Mr. Jayakar congratulated the Lancashire people on their magnificent response to this economic agreement?

Mr. K. C. Neogy: My Honourable friend need not have interrupted me on that point, because I am going to deal with that evidence. What I was about to say is this. This was a consideration for the Ottawa Agreement, and it cannot be trotted out as a consideration for the Mody Agreement also. Now, my Honourable friend, Mr. Ranga Iyer, wants to know something about the change in the attitude of Lancashire brought about by this Agreement. So far as the purchases of cotton go, it may have given them a greater impetus in the matter of carrying out the understanding which they entered into at Ottawa, but nothing more than that.

An Honourable Member: Still it is something.

Mr. K. O. Neogy: Now, Sir, a reference has been made to the preface in the Lancashire statement before the Parliamentary Committee, the preface which is supposed to have directly resulted from the Mody Pact. Now, if my Honourable friend, Mr. Ghuznavi, had cared to read out a few lines from paragraph 5 of that preface as also from paragraphs 6 and 7, the House would have seen that the Manchester witnesses did not give up any single point which they had made in their previous memorandum with regard to the safeguards which they wanted. What they did was this and this is the result of Mr. Mody's conversation and the Agreement that was reached:

"It seems to the organisations that their wish for the inclusion of safeguards in the Constitution should not be regarded other than as a desire for a form of insurance against contingencies which, although possibly unlikely to arise, cannot be overlooked."

Having said that, the organisations would add "they believe that the Indian statesmen ought, of their own free will, to agree to safeguards in the Constitution". "Look at the splendid result that we had in India—free agreement on the part of Indians to what we wanted. Why should not the Indian statesmen similarly freely agree to what we want in respect of the safeguards to be provided in the constitution?" This is the splendid transformation that took place in the attitude of Lancashire witnesses as a result of the Mody Pact. "Why wrangle about it? Why not accept the safeguards?" That is what they say in effect. Now, Sir, they go on to express the hope in that very preface that the channels of trade between the United Kingdom and India are of equal importance to both and shall

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be preserved for all times. Now, the significance of this will be apparent when we come to the substantive memorandum where in paragraph 4 they express the hope that the Government of India would do nothing to encourage the expansion of the Indian cotton textile industry at too rapid a pace. This is what they say about the matter: "A far-seeing Government of India—(I do not know whether that term applies to my Honourable friends whom I see before me)—would have good cause to hesitate from saddling India with too rapid a growth of its cotton industry".

Now, reference has been made to the testimony that Sir Phiroze Sethna paid to the change in the attitude of the Manchester witnesses, which was brought about by Mr. Mody's Agreement. Now, let Sir Phiroze Sethna say what interpretation he puts upon this particular clause. Sir Phiroze Sethna, in the course of his examination, invited the witness to withdraw this particular statement. This is what he said:

"Would you not think it advisable to withdraw that paragraph, because the implication of that paragraph amounts to this, that you would like India to continue in perpetuity to supply the markets for British manufactured goods and not attempt to develop her indigenous industries."

"No we do not agree to that."

Sir Phiroze Sethna:

"That is the clear implication of that paragraph as I read it."

I leave it to Sir Phiroze Sethna to say whether he sticks to this particular interpretation of his today or whether he has changed his mind. Now, Sir, what does Lancashire think about the fiscal autonomy convention? Mr. Isaac Foot, it was, who put the question:

"Does your Delegation ask for any greater power in dealing with India than we have at present in dealing with Australia in regard to the fiscal independence which we are supposed to have under the convention at the present moment?"

Now, this is the reply:

"We ask for the power that has been brought out and formulated in the discussions this morning, which is rather different from Australia."

Here may I point out that it was Mr. Jayakar who obligingly stated that, in so far as it would lie in the hands of the Governor General to veto all legislation, and in so far as the Governor General acting at his discretion in this matter would be under the orders of the Secretary of State, the Secretary of State could be expected to control the veto of the Governor General in such a fashion as to regulate this fiscal convention, this so-called fiscal independence that India has got and it was to that among other things that the witness referred to when he said: "Yes, that is the situation which will arise in India and which certainly is different from Australia". Now, about the right on the part of the Indian manufacturers to participate in any quota that may be secured by Lancashire in other countries. I remember to have read a particular clause in the Ottawa Agreement itself where certain colonies are referred to, and the expectation is held out that Indians will be qualified to send their goods on preferential rates. Now, I would like very much my Honourable friend, Mr. Mody, or any one else who may speak in support of his Agreement to explain the real value of this particular undertaking in regard to quotas that Great

Britain may secure in foreign countries. I have already referred to the Lancashire opinion which certainly looks with disfavour upon the chance of expansion of the Indian industry, and you are expecting that particular industry in Lancashire to allow you to share with it any quota that may be assigned for its own benefit. A good deal has been said about the political gain which we might secure by agreeing to ratify this particular Agreement. It was you, Sir, who stated in 1930, as far as I remember, that we should be perfectly ready and willing to exchange an economic benefit for an economic benefit granted by another country. I personally would not like to purchase what are our fundamental rights, the right that we claim we have got inherently in the matter of governing our own country. I do not like the idea of purchasing those inherent rights of ours in this fashion by making economic concessions of this character. Sir, I realise how dangerous it is to promote a policy of preference in favour of an interest which rules this subordinate country. Now, if it were any other country, the risk would not be so great.

Reference has been made to the fact that these Agreements will have only a very short life, but ten to one the chances are that these Agreements will be continued, if not in their present form, perhaps to the greater advantage of the ruling country: and once you agree to the creation of vested economic interests of that character in favour of a dominant partner—if we can call England at all a partner in the British Empire—then, supposing it is possible for Lancashire at any time in future to come into severe competition with the Indian industry, then all chances of our being able to safeguard the interests of that industry as against the interests of the United Kingdom will be absolutely gone. (Hear, hear.) I, therefore, think that it is setting up a very bad precedent to establish a system of preferential tariffs on political grounds. As a matter of fact, the political risk involved in this is so very great that I for myself am not prepared to take the responsibility of assenting to such a discriminatory tariff system. Sir, I do not desire to take any more time of this House, but I should like to make the position of myself and my friends very clear. If we have agreed to include the names of some of our Members in the proposed Select Committee, it is on the understanding that the principle to which we will be asked to assent by agreeing to this motion to refer the Bill to a Select Committee is the broad principle, that the Indian cotton textile and silk industries deserve to be protected. If it is intended by Government, or if it follows as a matter of order under the rules of this House, that we agree to anything more than that, namely, to the principle of preferential tariffs, then we will have to oppose this motion and divide the House on that issue. Otherwise, so far as we are concerned, we are in favour of giving adequate protection to our own home industry subject to the condition that there shall be no preferential tariffs in favour of any country. (Loud Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The only principle to which this House will be committed by agreeing to refer this Bill to a Select Committee is that the Indian cotton textile industry and the Indian silk industry deserve to be protected. (Loud Applause.)

Sir Leslie Hudson (Bombay: European): Sir, I shall not occupy the time of the House very long. I desire to express the support of the European Group to the Bill now before the House, though there are certain

[Sir Leslie Hudson.]

directions in which we should like to see it amended or improved. To mention one particular instance, we think that the specific duty of 1½ annas on yarns should be extended to all counts and not limited to 50's and under. My friend, Mr. Mody, has pointed out that this was included in the Agreement made with the Lancashire representatives and we do not see why it should now be cut out if it was one of the items agreed upon in the discussion at Simla last autumn; and I understand that the delegates from Lancashire agreed to that at the time, as they recognised that the mills in India were spinning finer and finer and they realised that this protection to a developing industry was to be desired, and that it will, or it should, give an incentive to India for further progress along the lines of efficiency in spinning higher counts. We support the point that my Honourable friend, Mr. Mody, made in regard to the artificial silk goods. We consider that the duty on artificial silk goods at four annas a yard is too low and that it should be increased to six annas. The House knows, we all know, that there has been a tremendous increase in the importation of artificial silk piecegoods from Japan in recent years, and it is evident that there is a very considerable danger of these goods coming into India from Japan and ousting cotton goods made in India and getting round the quota which has been arranged between the Indian and Japanese Delegations. This increase to six annas a yard can hardly be cavilled at by Japan. Japan's own import tariff is an exceedingly high one, as has already been mentioned, going up to as high as four hundred per cent on artificial silk piecegoods imported into Japan.

My Honourable friend, Mr. Ramsay Scott, has referred to certain other matters which will be taken up before the Select Committee—for instance, the question of hosiery in regard to which there is a desire in many parts of the country that the duty, as at present fixed in the Bill, should be raised. As Mr. Ramsay Scott observed yesterday, we have recently seen in the press telegrams that Japan has announced her intention of taking powers to prohibit the import of certain goods altogether and to increase the duties on certain other goods up to 100 per cent. *ad valorem* and, incidentally, in the same press telegram we read that Japan is also taking powers by legislation to protect trade marks. There is similar legislation in this country, but it requires to be overhauled and to be put into effect. Japan is also, in the same press telegram, stated to be going in for legislation to prevent unfair competition, which is surely exactly what this Bill is intended for.

This brings me to the matter of the Indo-Japanese Agreement, and here I should like to join in the congratulations, which many in the House have already extended, to Sir Joseph and to all his colleagues in the Indian Delegation on the success with which their labours over so many months were attended. (Hear, hear.) There has been considerable criticism of the re-inclusion in the present Agreement of the most-favoured-nation clause. This clause, as the House knows, was originally designed for and under entirely different world trade conditions than exist at present. It was essentially intended to assist the scope of free trade between nations, and there are many people who consider that this clause, whether unconditional and even in its conditional form, is out of date when every nation is building up tariff walls for the protection of its own industries. But the more one goes into the subject, I must admit, the more complicated it becomes and on the whole I believe that the Government of India

have done the best that could be looked for under the circumstances. At the same time, I do not think it can be denied that the most-favoured-nation clause in trade agreements must be a handicap to present day trade treaties. Then, there is the matter of the rupee value of the yen which has been taken in arriving at the Agreement. The advantage which Japan will derive from the fixation of the basic point of the yen at the rate ruling last year instead of the par value of 137 seems to be necessarily generous even after allowing for the depreciation of sterling in terms of gold. As regards the quota, my Honourable friend, Mr. Mody, has already referred to the size of the figures which has been agreed upon. I think we have to realise that Sir Joseph Bhore and his colleagues did their best in this matter for India's interests, but I must admit that a great many of us feel that the figure is very high and that the greatest watchfulness will have to be exercised.

I turn to the Lancashire Agreement. We wish to express our admiration for the patience and the tact with which Mr. Mody conducted the negotiations last time with Sir William Clare-Lees and his Delegation.

Mr. B. Das: Hear, hear.

Sir Leslie Hudson: I thought you would say "Hear, hear" Mr. Das.

After all, -Mr. Mody has unfortunately been *badnamed* all over the country.

Mr. Gaya Prasad Singh: You admit that he has been *badnamed*.

Sir Leslie Hudson: Wrongly, I think.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Does he not deserve it?

Sir Leslie Hudson: But I am perfectly certain that Mr. Mody was working at that time in the interests of India, not in the interests of any particular corner of India, but in the interests of India as a whole. I am glad to say that there are many in this House who believe as firmly as I do that the interests of India are bound up with those of Great Britain. We have heard several of them say so in the course of recent weeks. In the matter of trade, the interests of India with Great Britain must be inter-dependent. The Honourable the Commerce Member said yesterday—and it cannot be stressed too strongly—that trade between all countries and nations must be mutual. It is axiomatic. If you want to sell your goods or if you want to sell your agricultural products, you must buy from the man that you will sell it to. We are merely going back to the original form of barter. Whatever may have been the origin of the determination of Lancashire to buy more Indian cotton, whether it was before Mr. Mody undertook his negotiations or whether it was during those negotiations that the necessity for Lancashire taking more Indian cotton was stressed, I do not know. But we do know that the Customs returns show that already more cotton is going to Lancashire than it has done in previous years. We do know that Lancashire has two qualified men in India at the present time going round the country ascertaining the qualities of cotton that India has to offer which will suit the Lancashire mills. We do know that one of these experts is to remain in India to assist in carrying out the intention of Lancashire to buy more Indian cotton.

Mr. Gaya Prasad Singh: Why was it not entered in the Pact?

Sir Leslie Hudson: I really think that if some of my Honourable friends would realise, as Lancashire has done, that inter-dependence of trade is a necessity, and would abandon some of their antagonism to everything British, it would be better for India, better for all of us. This view, I find, is growing. I will, with your permission, Sir, read an extract from the *Hindustan Times*. It is the statement by Mr. Chunilal Mehta, President of the Bombay Shroff Association and a Director of the East India Cotton Association, in which he says:

"The Japanese tactics of restrictions in allocating freight to non-Japanese shippers has brought about a serious situation in the Bombay cotton market to the great detriment of the Indian cotton-growers. Cotton, he pointed out, was being sold at distress prices that is considerably below parity. He did not think even the Government of India could effectively interfere with the Japanese tactics in this matter. At this juncture it is necessary and essential for the Lancashire spinners to come forward and take advantage of the very low prices of Indian cotton by buying a substantial quantity of Indian cotton. Lancashire spinners are much brought in front nowadays showing their very keen desire and great efforts to increase the use of Indian cotton. This is the time for them for practical demonstration of that desire by buying a good volume of Indian cotton and that too at a very cheap and advantageous rate. Otherwise the result will be that when they awaken to buy Indian cotton, they may find that it is dearer in parity and hence they cannot buy."

That shows that it is realised by the East India Cotton Association of Bombay, which is a very powerful body, that Lancashire is here to buy cotton and they realise that it is to be for the benefit of India that she should buy more and more.

Sir, I will not detain the House. There are other speakers who want to follow me and, as I have said before, there are certain matters which we hope, will be very carefully considered by the Select Committee and we should like them to be amended according to our view-point. I, therefore, oppose the motion for circulation and support the Honourable the Commerce Member's motion for reference to Select Committee.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadar. Rural): Sir, I shall be very brief in accordance with your ruling, but I must, in the first place, congratulate my Honourable friend, Mr. Ramakrishna, on his maiden speech and on the great interest he took on behalf of the handloom industry. I knew that, as a member of the I.C.S., he is fit to do any work that he puts his hands on. If he is the Diwan of Jaipur or if he is the Collector, or if he is an officiating Somebody in order to saddle upon us as much land revenue as he possibly can in the Tanjore district, I know he would have done it efficiently. And today we have got an instance as to how, after all these days of dabbling with land revenue in the State of Jaipur, he has taken on hand the interest of the handloom industry. He has fought for it, won its cause to some extent and will continue to do so, because I know that he is a young man with a great deal of energy. I have watched his activities in the Northern Circars, pushing up the Registrars of Co-operative Credit Societies and rushing up the growers of sugar-cane and other persons in order to enable them to make more money.

That said, Sir, I must thank you for your ruling, because otherwise I was going to take a great deal more time than I would, in order exactly to find out what the effect of this motion would be. I was particularly anxious for it for this reason that, so far as I remember, certain questions

were put in connection with this Mody-Lees Pact as well as the Indo-Japanese Agreement that we should have an opportunity here on the floor of the House to discuss the same. My Honourable friend, Sir Joseph Bhore, at that time I remember, I hope I am right, said that a full opportunity would arise when the decisions contained in those Pacts or Agreements, or whatever you call them, would be embodied in a Bill. The reason why I was going to raise this question was that in the Statements of Objects and Reasons, it is stated that the Government of India have accepted both these Agreements and, as a result, have embodied the terms of those Agreements in one case in modification of the Tariff Board's recommendations in this Bill. I have no doubt, in accordance with your ruling, we shall have every opportunity to discuss the principles contained in both these Agreements as well as the details, but though I am not a pessimist generally, I think I can place two and two together and can say, without the slightest fear of contradiction, that when the Government of India have accepted these and when they have come to the conclusion that it is good for our country and when they have embodied it in the Bill, I shall be greatly surprised at the powers of persuasion of all the Honourable Members on this side of the House who would go and sit in that Select Committee to alter any portion even in the dashing of the 't's and the dotting of the 'i's. That is past experience, but past experience may prove useless, and I do venture to appeal to the Honourable Sir Joseph Bhore, who, Sir, beneath a very very soft and quiet and nice appearance, is very strong, and when he takes up a position, he knows exactly where he is and he would not budge an inch. I would ask him to view it from our stand point and then take up that strong attitude and support us in the Select Committee in order to amend it in the best interests of our country.

An Honourable Member: Mend it or end it.

Raja Bahadur G. Krishnamachariar: No, you must go on with the protection, there is no use saying that you should end it.

I propose mostly to confine myself to the silk industry and I shall just pass in review the Mody-Lees Pact. There are two paragraphs with which the Pact begins. I do not know if ever you, Sir, have come across or if you have had occasion to study treaties that are generally made between high contracting powers, "the friends and enemies of the one shall be the friends and enemies of the other", that is always the *mantram* that they recite. Similar to that, there are two paragraphs here which say "that the parties wish to record their conviction that general benefit has been derived by all concerned from the full and frank exchange of views" and, in the next paragraph, they say "they are agreed that it would be in the best interests of the industries they represent to maintain and develop in the future the contracts which have been established and it will become a practice for views to be exchanged whenever circumstances render it desirable". I entirely agree with the spirit of the expressions contained in these two paragraphs. I have said already and I repeat it again that I do not think it is anybody's desire on this side of the House to show a hostile front towards Britain and British interests. We do not want to do that. We shall go on with them as long as they like that we shall go on with them, but there is only one condition. I do not want to hear about the rivers of blood which my Honourable friend, Sir Henry Gidney, said the other day in spite of his anxiety to be one of us. I say, treat us as equals, do not enter into secret agreements and say all these

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things that you have said in the evidence before the Joint Parliamentary Committee. We are your men, we do not want to part from you, we want to remain with you, we shall deal with you. We want that you should deal with us, but not on your terms, but upon equal terms. That is what I would submit with regard to this.

The first clause, as is in the Agreement, is very good so far as that goes. They say that it is agreed that, under the existing condition, India is entitled to protection against the imports of the United Kingdom yarns and piecegoods, and then they say about the Government of India removing the surcharge and then that they will not ask for any duty. I confess that, so far as that is concerned, I believe my Honourable friends who have already spoken have dealt with it. There is only one point and that is clause 4. I should deal with this in detail when I am coming to the silk industry. But it says here that at present the duties are respectively 50 per cent and 35 per cent and they have reduced the duty to 30 per cent in both cases as referred to in paragraph 4. I should very much like to know, I am asking for information, I do not criticise, I want to know how many members of this Bombay Millowners' Association represent the manufacturers of silk piecegoods or those who deal in silk. How many of them represent the interests of those large growers of silk, those consumers of silk and then have come to the conclusion that the duty should be reduced from 50 per cent and 35 per cent to 30 per cent all round. I hope my Honourable friend, Mr. Mody, will enlighten me on that point.

Mr. H. P. Mody: We have not dealt with silk generally, but only with artificial silk and silk industry.

Raja Bahadur G. Krishnamachariar: I shall come to that. I know this deals with artificial silk. The reason why I put silk and not artificial silk is, as I shall show presently, that artificial silk has practically killed the local industry. When I will read certain extracts and give figures that have been submitted by the Mysore Silk Association to the Honourable Sir Joseph Bhole, I will show the effects of the artificial silk on the silk industry in India.

Mr. K. C. Neogy: There is a good deal of competition as regards silk.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

Raja Bahadur G. Krishnamachariar: The Tariff Board having supported protection, unfortunately have become soft-hearted or soft in another part of their anatomy, and they do not agree to the full protection.

Mr. K. C. Neogy: The Tariff Board recommended a specific duty of one rupee per pound on artificial silk yarn, whereas the Government propose three annas.

Raja Bahadur G. Krishnamachariar: The Government have gone one step further, and I shall presently deal with the reason why they did so when I shall come to that. The most important thing in the Bill, as my Honourable friend, Mr. Neogy, has pointed out with such great force and

logic which I am sorry, I cannot command, I do not intend to repeat all that he said, is only one thing. I ask, what these Lancashire gentlemen are going to do hereafter is not specifically and clearly put forward in black and white in this Article VI. I tell you why. My Honourable friend, Mr. Ghuznavi, either as the salesman of the Japanese hosiery or the only Muslim who understood business among the members of the Joint Parliamentary Committee, I am sorry for my Honourable friend, Sir Abdur Rahim, I am more sorry for His Highness the Aga Khan, because these other members, who were members of the Joint Parliamentary Committee, none of them knew anything about this business, except my Honourable friend, Mr. Ghuznavi, and what did our friend do there?

Mr. A. H. Ghuznavi: I was the only businessman.

Raja Bahadur G. Krishnamachariar: Sir, I thought Mr. Ghuznavi had some other profession also. However, there is no harm in having two strings to your bow. But the trouble is this. If he was a businessman, I am afraid he overshot his mark. The greatest thing in an argument is to know where you should stop, and not where you should begin. My friend read something in great triumph for the edification of this House expecting that both his name and that of Mr. Mody will go down in history. By way of parenthesis, I may say that I am not going to read that history and God save our country from reading that history in which the names of these gentlemen will go down. I am not going to be alive when that history is going to be written, but I greatly pity the coming generation which would read the history of this subject where the thing is recorded that both Mr. Mody and Mr. Ghuznavi will go down to posterity. But that is only by the way. Sir, reading an extract from the evidence, he triumphantly pointed out the answer of those Lancashire people. What did they say?:

"We have appointed Committees. The other Associations have also joined in appointing Committees and we will do our very best."

But what is that best? It is that that I want to know. The question was if nothing has been done and, if so, how far what was done was successful. The answer is that Committees have been held and something will be done. I heard through the courtesy of my Honourable friend, Sir Joseph Bore,

Mr. A. H. Ghuznavi: Will my Honourable friend read the evidence? It is not that something will be done, but something has been done.

Mr. K. O. Neogy: As a result of the Ottawa Agreement.

Raja Bahadur G. Krishnamachariar: I deny that, so far as the evidence placed before the House was concerned. My Honourable friend flourished something in the face of this House. He said he was going to read a portion of that evidence. The first gentleman said something and the next gentleman said something more, and my Honourable friend, Mr. Ghuznavi, probably thought he had given himself away too much and said: "You read the rest of the evidence; it is very interesting". I have no doubt it is. After dinner today, when I feel sleepy, I shall keep that book in my hands and quietly go to sleep. But we are now more seriously inclined in this House. You wanted to place certain evidence before this

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House. These gentlemen from Lancashire, who have been showered with congratulations for all that they did,—what did these gentlemen do? That is the question that you proposed yourself to answer. And the answer is: “You go home and read it.” Sir, according to all rules of pleading, when you make a statement and you are not able to prove it, I say that statement is not correct until you are able to prove it. But I learn from Sir Leslie Hudson and Sir Joseph Bhore, the two gentlemen are here, that they are investigating, that they have got to adjust their machinery and all that and, therefore, it will take some time. But in the meanwhile we will buy such cotton as we possibly can. There is no such direct statement in this, and the reason why I want it is this. We are always told that the Indian mind is highly technical and they always want everything to be recorded in writing, whereas the habit of the English people is to allow everything to adjust itself and to muddle through, as Lord Rosebery said. But the reason why I want it is this. We have all heard of a document called the Queen’s Proclamation. I thought it was a sufficiently important document as not to be whittled away, but a certain gentleman, called Mr. H. S. Thomas, who, I am sorry to say, came from my district to represent the Madras Government in the old Imperial Council when the Marquis of Ripon was the Viceroy, and when there was great agitation over the Ilbert Bill, pointed out the words “so far as may be” in one of the clauses of the Proclamation. Then, up rose the Marquis of Ripon and pulled himself to his full height and said that it was a calumny upon his country and its sovereign to read that solemn document in the way in which a quibbling lawyer would do; and the Marquis of Ripon said that he hoped that what he had read in a book which he considered as authoritative would apply to the Government of India, namely, that righteousness exalteth a nation. Sir, that is the result even when you have everything in writing; and when you want a certain thing not to be done, you refer to what you have said and say “This is all that we have said”. But we people do not understand English; we do not know what the involutions and the convolutions of the English language are, and when they are confronted with a certain position which they took up, they say that is a settled fact. Sir, I suppose some day even Mr. Mody will leave this world, but this Agreement will last as long as the sun and the moon will last and whoever comes hereafter will have to read it and interpret it. That is the reason why I ask that this thing should have been entered in the form of a document.

Sir, there is only one point to which I will refer with reference to the rates that have been introduced. It is pointed out in the letter from the Joint Secretary of the U. P. Chamber of Commerce, Cawnpore, which is circulated to us along with this document:

“The protection enjoyed by the textile industry at present against the imports from Lancashire is 25 per cent. The protection in effect works out at 17½ per cent when the import duties on cotton stores and machinery which the Indian textile industry has to bear are offset.”

Then the result of this five per cent. decrease they point out in this way:

“The Lancashire-Bombay agreement aims at the reduction of the protection from 17½ per cent in effect to 12½ per cent which is bound to encourage larger imports from Lancashire to the detriment of the Indian industry.”

Now, what is the *quid pro quo*? Some day they say they will buy such cotton from us as they possibly can. That is all right, but if you put it as a business proposition, I say there ought to be a *quid pro quo* and what you have got is not a *quid pro quo*.

Now, Sir, I proceed to this silk industry. I do not intend to speak on the Indo-Japanese Agreement, because everybody who knew more about it than myself has already spoken, and there is no use wasting the time of the House by repeating what others have said. As regards the silk industry, my point is that the recommendations of the Tariff Board in connection with the sericulture industry has also been lugged in in this Bill as if it was a very subsidiary matter. The silk industry is a very important thing and, viewed from the agriculturists' standpoint, it confers today one of the subsidiary occupations for the agriculturist. The sericultural industry in India including the handloom weaving industry provides occupation to about two million people. Silk-worm rearing is of great economic importance to the agriculturist in the Provinces of India where it is being practised. About ten lakhs of families are eking out a decent livelihood by employing themselves in the several branches of the silk industry. About four crores of rupees have been invested in the industry by the poor agriculturists. In rural economy, sericulture plays a very important part. The cultivation of mulberry and the rearing of silk-worm afford a subsidiary occupation which enables the family of the agriculturist to turn its waste time to account by earning a return which in many cases makes all the difference between a half-starved life without any hope of improvement and a self-respecting confidence: |

"Persons who cannot participate in production on account of health, age or social custom, can pursue the silk industry to considerable advantage."

That is the position of the sericulture industry, and I say a separate Bill ought to have been brought in in order to embody the recommendations of the Tariff Board in respect of the protection granted to it, so that we might have greater opportunities to discuss that, and that alone upon its merits.

Now, the silk industry has got a long story, but there is one thing which I would say as a prelude to it, that so long as the East India Company was in existence, they encouraged it to a very great extent in Bengal at the instance of the Court of Directors by offering bounties to the producers and all those who manufactured silk. But since the transfer of the Government to the Crown, the industry began to dwindle even in Bengal; and the Government appointed two gentlemen, named Maxwell Lefroy and Anson; these gentlemen have submitted a report which, if it had been given effect to, would have found the silk industry very strong. The Government of India have not done that. On the contrary, the sad plight, to which this industry has been reduced by allowing large quantities of imports from abroad, is shown by this position—I am taking the export figures of silk from India—that in the year 1860-61, the quantity of our exports of raw silk was 1,955,656 lbs. while in 1932-33, it was only 5,432 lbs. The cause of the decline in the export of raw silk is due entirely to the foreign competition and lack of assistance from the Government. When the competition from abroad gets the better of our production, our production naturally goes down and here are some figures which might probably interest the House which will show how much the production has gone down.

[Raja Bahadur G. Krishnamachariar.]

While on this subject, I may point out that the imports of silk yarn, noils and warps into India from China and Japan increased—in the case of China from 307,799 lbs. in 1931-32 to 504,247 lbs. in 1933-34, while, in the case of Japan, it increased from 105,072 lbs. in 1931-32 to 580,884 lbs. in 1933-34. The Indian production, in consequence of this foreign competition, has gone down from 22·79 lakhs of lbs. in 1923-24 to 15 lakhs of lbs. in 1932-33. Similarly, in all kinds of industries, that we have got in silk, there has been a reduction, and, as has been pointed out here, the decline is due to want of Government assistance. Now, it is the fashion to say that in this country we look to Government alone for everything, and, whenever we do not get anything, we blame the Government for not taking care of us. That is not so in the case of silk. There is a gentleman of the name of Mr. Norton Breton, a great London authority on silk, and this is what he said before the Royal Society of Arts:

“Why should the Governments of these countries be so concerned in the establishment of sericulture and why should not private enterprise do it? I am all out for as little Government interference as possible but in the case of sericulture it is necessary to have the most stringent rules and regulations in regard to the industry if it is to prove successful. Silk worms are prone to infectious diseases and the reproduction of eggs has to be very strictly controlled. However careful private enterprise, in its own interests, might be to keep these diseases at bay, if there is no control, any Tom, Dick or Harry could start the business of egg production and start disease in the country. I think it is better that Governments should encourage the inhabitants to start the industry and exercise the necessary supervision in its early stages.”

Sir, how important it is for the Government to render substantial assistance to the silk industry is very well illustrated from the following extracts taken from the Tariff Board Report (*vide* para. 205):

“In no part of the world has the industry flourished without such assistance. The history of the sericultural industry in France is practically the history of the bounties paid to it from time to time by the French Government to enable it to make necessary improvement and enhance its competing power. Italian practice in this respect has not been dissimilar. The amounts which the Japanese Imperial Government and each prefectural unit spends on the industry are about 90 lakhs a year at the current rate of exchange. These financial sacrifices have been more than justified by the enormous incomes which these countries obtain from their respective silk industries. We believe that any expenditure incurred on this Indian silk industry will be returned many times over in the shape of increased wealth and prosperity.”

Now, I respectfully ask what has the Indian Government done as most of these other countries are doing? As regards China, we are in the habit of laughing at China and her ways—that it is all useless there and everything is in confusion and nothing is going to come out of China. What happened there was that last year the Banks had made advances on mortgage of the production of silk: and, as the prices of silk went down, all these dealers declined to redeem the mortgage, and what did the Government do? The Government came forward to help the silk owners by paying so much for a certain quantity of silk and in that way they relieved the owners of silk from their debt due to the Banks and enabled them to trade in silk without any difficulty whatsoever.

Now, Sir, if I had the time—I do not want to take up more of the time of the House than I would like to—I could show you that Chinese imports into India have increased to a very alarming extent. The table of imports of silk piecegoods shows that while in 1928-29 the number of yards imported was 21,872,848, in 1932-33 it went up to 34,957,981 yards,

and in 1933-34, during the first ten months alone, the figure was 32,875,168 yards. That is the position to which our silk industry has been reduced. Then, what about the import of artificial silk yarn into India? The imports of artificial silk yarn into India were only 5·77 million pounds in 1926-27 but these increased to 11 million pounds in 1933-34. For the first ten months of 1933-34, the imports are 7·5 million pounds. Sir, that is the position of this unprotected and yet very important industry.

Then, the Tariff Board at page 207 recommends the duty which could be imposed, but unfortunately the Government of India have reduced that duty and have made the following proposals. As against Rs. 2-6-0 per pound proposed by the Tariff Board and Rs. 3-3-0 as required at the present juncture, anticipated by Tariff Board, the Government have imposed a duty of Rs. 0-11-6 per pound, that is, Rs. 1-7-0 in all. That, Sir, is absolutely unfair to this industry, and I submit that, in view of the fact that this industry is handicapped in so many ways, the country is being flooded by foreign imports, while, at the same time, internal competition is increased, because there is no way of exporting the production from India, the protection that is afforded to this industry in this Bill is not at all sufficient.

Then, lastly, I want to say only one word with regard to the period for which this protection is to last. The Tariff Board has recommended five years. What they say is that if, within these five years, the silk industry people behave like good boys, if they alter their mode of manufacture, if they reduce their cost and become more efficient, then they would inquire at the end of the five years whether these people require this protection at all, or whether they require more or less. But look at what they did with the cotton textile industry. My Honourable friend Sir Joseph Bore, laid down three propositions as conditions precedent to the giving of protection to the cotton textile industry. All three of them, in one way or other, related to efficiency, and what is the reply? My friend, Mr. Mody, said "Not guilty". Yes, the reply was "not guilty",—but don't do that again,—that is what the Government of India said. So far as the Tariff Board Report is concerned, if I had the time, I could bring to the notice of this House that the efficiency on which they had insisted in their last Report is yet very far away, and one of the reasons why they have given ten years is that by that time they would make up for lost time, they would increase their efficiency and deserve the protection granted to them. Now, I quite admit that nothing is perfect in this world. I do not want absolute mathematical perfection. My point is that, if in the face of this inefficient industry like the cotton textile industry,—I admit of course it is a national industry, but it has no right to be inefficient,—if for that inefficient industry you can recommend a ten years' protection, what is the reason for giving only five years protection to this silk industry?

My friend, Mr. Mody, talked about managing agents and the great deal of obligation that they conferred upon these mills. Now, Sir, I am not a millowner in Bombay, nor do I know anything about . . .

Sir Gowsaji Jehangir: Go and buy some mills.

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

Raja Bahadur G. Krishnamachariar: I will do that but in the meantime, I am only troubled about what has recently happened to a group of

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mills in Bombay and about one mill of that group,—I think I read some report of the auditors which appeared in one of the papers. After reading that report, would Sir Cowasji, as my friend, advise me to go and buy a mill? No, Sir, I will never go and buy a mill.

Mr. H. P. Mody: Your accounts should be quite alright.

Raja Bahadur G. Krishnamachariar: My friend, Mr. Mody, said that the managing agency system was so nice and it was so absolutely necessary that even in the newly started sugar industry they had got a managing agency. The reason is this. Professor Marshall, the great economist, says that mankind which is generally foolish in its affairs does not become all of a sudden wise when it deals with economic questions. What has the cotton textile industry done? They have a managing agency system, and when somebody comes into trouble, then each one will come into trouble. I am not speculating. I am giving my friend the instance of this huge combine which has come to grief, and the story that the auditors give of the tactics of these managing agents is absolutely true,—Borrow plenty of money, use it for their own purposes, when the half-yearly period comes, borrow money from somewhere else and anyhow balance all their accounts and show, say, Rs. 13-4-6 to their credit. Then, on the 2nd of July, you find the whole of the amount is withdrawn. That, Sir, is the managing agents' efficiency, and I know that for want of money the managing agents of this huge combine went to an Indian State across and borrowed six lakhs of rupees over the mortgage of their managing agency. I did not know anything about it until I read the report of the case in the *Indian Law Reports* in which the question was raised as to whether the transaction connected with these six lakhs should be assessed to income-tax or not. That is how the whole story came up. So, what I submit is, that sort of managing agency does not do any credit to anybody. The Tariff Board was quite prepared to give a longer period of ten years of protection, but they would not recommend this period of protection to the poor silk industry which is tottering now, which would very soon cease to exist, if the Government do not, as the foreign Governments have done in regard to their own silk industry, come and help this industry. Why should the Government give only five years protection, Sir? I cannot understand the position. I, therefore, respectfully appeal to my Honourable friend, Sir Joseph Bore, that in the Select Committee he should give most careful consideration to this question and do his very best to aid this industry in the light of what the foreign Governments have done to their own industries, and thus rehabilitate the industry which, but for such aid, I am afraid, would cease to exist, and which is more national than the cotton textile industry. Sir, that is all I have to say.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair thinks today the House ought to sit till half-past five. Will that suit the convenience of every one?

Several Honourable Members: Yes, yes.

Dr. Ziauddin Ahmad: In a debate the Government Member has always the last word, and we can only reply from this side whenever a chance comes on a similar other debate. Last time, when we were discussing the Indian

Tariff (Amendment) Bill, my Honourable friend, Sir Joseph Bhore, in his speech, which is in my hand, brought out three very important points. I attended a course of lectures on the 'art of debates' in a school in London, and the lecturer pointed out three very important ways of meeting one's opponent. Whenever your opponent brings forward a very strong argument, you say that it is irrelevant. The second is that if he brings forward any other argument, say that you will give it the best consideration, but never think of it afterwards. The third is that when you expect any kind of reproach from your opponent, then begin to reproach him first. And I dare say, my Honourable friend, Sir Joseph Bhore, attended the same school at a different time. (Laughter.)-

Mr. President (The Honourable Sir Shanmukham Chetty): Does that tumbler of water indicate the time that the Honourable Member will take? (Laughter.)

Dr. Ziauddin Ahmad: He said :

"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 brought forward, in the course of that debate, four important points, and this was the reply that he gave. I myself was to point out that "our arguments are not tested on their merits", but he began to reproach first.

Again he said there :

"I think that that is due very largely to the fact that like so many great minds he is afflicted possibly with absent-mindedness."

I say, though my Honourable friend may not admit it on account of his modesty, that he has a greater mind, and, therefore, he must be afflicted with a greater amount of forgetfulness, and I have also got a story to corroborate what I say. One day, when my Honourable friend, Sir Joseph Bhore, was exceedingly busy with his discussions with the Japanese Delegation and was settling a question of great importance, he and Lady Bhore were invited by some of their friends in Old Delhi for the same afternoon—Lady Bhore, knowing the habit of her husband, who was very busy that afternoon, went herself to the Secretariat to fetch Sir Joseph Bhore, but as Sir Joseph Bhore was very busy with his discussions with the Japanese Delegation, he asked her to wait in the waiting room. In the meantime, the discussions were over, Sir Joseph Bhore, forgetting that Lady Bhore was waiting in the waiting room, went home and there waited for Lady Bhore, while Lady Bhore was waiting in the waiting room in the Secretariat and their friends were waiting for both of them in Old Delhi. (Laughter.)

An Honourable Member: Is that true?

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I must congratulate my Honourable friend on his flight of imagination. (Laughter.)

Dr. Ziauddin Ahmad: And so do I in his story of stick and corner.

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Sir, the next point which he said, in the course of the same debate, was:

"He has the utmost contempt for figures when they are produced by others than himself."

I have great respect for those figures which are printed and whose accuracy I can test myself, but I do not have any respect for figures which are not at our disposal and which my Honourable friend, on the authority of information which he may have received otherwise, quotes. For example, here, he says:

"I have it on absolute authoritative information that one single contract which has been placed in Japan, and which, I take it, would be effected if we granted such exemption, amounted to no less than 1½ million dozen pairs."

Such figures are misleading and actions taken on them are unjust.

About that the Japanese Delegation has brought to the attention of the Government the following:

"In cotton hosiery alone, the quantity that was cancelled is estimated to have amounted to 1½ million dozens."

The same figure was quoted in connection with two entirely different statements, in one case the order was placed for such an amount, but the fact is that this was cancelled by the whole of India, and these two are quite different statements. When figures are quoted, they must be quoted from printed statements, so that we may verify for ourselves. I have great respect for figures which are available to me and I have great disrespect for figures which are not available to me and whose correctness I cannot verify for myself. There is one remark about Mr. Mody. I call it an accident, that whenever there is a Textile Bill, there is always an "At Home" by Mr. Mody. There is absolutely no question of finding the cause or effect. This is an accident, but what logicians call an inseparable accident. Whenever there is such a Bill, there is an "At Home" simple or accompanied by cinema or *nautch*. (Laughter.)

Leaving out these stories, I come to the serious side of the question. There is a great difference between the position of India and England, so far as textiles are concerned. England is not a cotton producing country; we are cotton producers. England has got no cottage industry; we have got an established cottage industry. In England, the whole of the textile industry is concentrated in one particular place; in India, it is scattered all over the country. Though Lancashire could speak for the entire textile industry in England, nobody could speak on behalf of the entire cotton textile industry except the Government. What is the position of the Bombay millowners in this? Out of 100 persons, who are engaged in textile industry, I can say that 70 persons are engaged in cotton growing and 30 persons are engaged in the textile manufacture. How many in cottage industry, I can quote figures here:

"By 1911 the total number of persons supported by cotton spinning, sizing and weaving had declined by 6.1 per cent. but was still nearly 6,000,000, of whom only 237,000 were factory workers."

According to these figures, the percentage of factory workers to total persons engaged in weaving comes to less than five per cent., but the figures quoted today by my Honourable friend, Mr. Ramakrishna, show that the percentage is about ten per cent. So, I take his figures and consider that the number of factory workers compared with the entire

workers engaged in spinning and weaving is only ten per cent. Therefore, the millowners represent only three per cent of the entire textile interests in this country, and the Bombay millowners, representing half the mill industry, cannot possibly claim to speak for more than $1\frac{1}{2}$ per cent of the textile industry in this country.

Mr. H. P. Mody: Who represents the other 97 per cent?

Dr. Ziauddin Ahmad: 70 per cent are cotton growers, and, out of 30 per cent, 27 per cent to handloom industry,—and Mr. Mody can claim only half of the remaining three per cent.

Mr. H. P. Mody: How is that?

Dr. Ziauddin Ahmad: Mr. Mody has got a very good head for calculation and he wants me to explain it once again. Out of 100 persons, 70 are cotton growers, and 30 are left . . .

The Honourable Sir Joseph Bhoré: Will my Honourable friend produce the printed figures?

Dr. Ziauddin Ahmad: Yes, I am quoting from the census report.

Supposing the textile industry is represented by 100, from the census report you will find that 70 per cent of the population of this country is engaged in agriculture. Therefore, if it is 100, then 70 represents cotton growers and 30 is represented by manufacturers of textile.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): What about paddy?

Dr. Ziauddin Ahmad: And since the share of the millowners—the number of the hands in the mills is only ten per cent of the total, therefore the mills represent only ten per cent of 30, that is three per cent only of the total textile interests.

Mr. Mody has repeatedly said that he represents only half of the mill industry. According to my calculation, he represents only $1\frac{1}{2}$ per cent of the textile industry. When we come to discuss this question, we will see how far Mr. Mody is authorised to speak on behalf of the textile industry.

Now, we have got three things before us, the Tariff Board Report, the Japanese Agreement and the Pact between Lancashire and the Bombay millowners. I have read the Tariff Board Report very carefully. From the point of view of the millowners of Bombay, I respect it, and put it over my head, but, from the point of view of the handloom weavers, I throw it in the waste paper basket. It is practically nothing. They never made any local inquiries. They collected reports from the Directors of Industries and from various Governments, and from those they compiled their own report, and I am sure, had this duty been entrusted to Dr. Meek, he would have produced a better chapter on the handloom industry than the one given to us by the Tariff Board, because their conclusions are not supported by their own arguments.

When we come to the cottage industry, my friend, Mr. Ramakrishna, pointed out the importance of this, and I think time has come when a Tariff Board inquiry is needed for this particular industry. Here we find that this contest between the handloom industry and the mill industry

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is a long standing one. In 1894, a five per cent *ad valorem* duty was levied on cotton yarn, but it was found to effect adversely the cottage industry; so, in the year 1896, the duty on cotton yarn was abolished and an *ad valorem* excise duty of 3½ per cent was levied on the mill industry and this particular duty continued till it was abolished in 1926. This is a question which should be considered by a Tariff Board on the cottage industry, whether we should or should not reimpose this excise duty which was levied in the year 1896, in order to protect the cottage industry.

I now come to the Agreement with Japan. I take this opportunity to express my appreciation and the appreciation of the Assembly and of the country of the able manner in which Sir Joseph Bhore carried on the negotiations on behalf of the country and on behalf of the Government of India. Till we actually saw the Agreement, we never expected such an achievement, and I assure him that he has got the entire country behind him in this particular negotiation. We have given to Japan a quota of 325 million yards on the understanding that she takes one million bales of our cotton. We have given her 18 per cent of our entire import. We have further promised an additional quota and the maximum will never exceed 22 per cent of our entire import. It will come to about 20 per cent, that is, one fifth of the entire import. There is one small omission to which Mr. Mody also drew attention. It was said that we have made no provision for the manner in which cotton will be taken from India to Japan. At present this export is entirely in the hands of the Japanese shipping companies and they could so regulate their conditions as to dictate the price of cotton in this country. The price of cotton is a very fluctuating element in the country, and unless we sell cotton at a reasonable price, it will not be possible for us to continue its cultivation. I notice that the value of cotton was 19·23d. per pound in the year 1919-20, and now it has fallen to 4·32d., that is, about one fifth. This is an uneconomic price for the cotton grower, and unless we have some understanding with the Japanese Delegation about the export of this one million cotton bales, I apprehend that the transit may be so regulated that in practice they will dictate the price of cotton. I do not like to dilate on this. This has been discussed very carefully by my friend, Mr. Mody, and I hope, that in future discussions, this particular point will be looked into.

The next thing I would like to emphasize is that once we have fixed the quota for Japan, then I do not see any necessity for a system of specific duties. We had better agree to what Japan has herself said in her terms, that is, put on 50 per cent *ad valorem* duty or 5½ annas per pound. Take up her condition and remove the specific duty altogether. The specific duty was necessary for the protection of the home industry, but a quota has already protected them. Japan can no longer compete with us and in that case I do not see any necessity for introducing any specific duty and add unnecessarily to the burden of the consumers. My friend, Mr. Mody, pointed out that the price was rather uneconomic and then he said that he did not consider about the volume or the prices. He said that the only point he would consider was the price index, and that is just what I quote to him. I notice that the price index of the manufactured cotton has not fallen to the same extent as it has fallen in cotton itself. The people who purchase the cloth do so by selling their cotton, and we find that the index price of cotton has fallen much more than of the manufactured article. Here I have got a printed book

'A Review of the Trade of India in 1932-33'', and, on page 8, I find that the price index of cotton manufactured in June, 1933, was 150, while the price index of cotton was only 87. The price index of rice was only 65 and the price index of wheat was 86. Therefore, the price index of wheat, rice and cotton is much lower than the price index of manufactured cotton.

Mr. H. P. Mody: I will explain it to you afterwards.

Dr. Ziauddin Ahmad: Now, Sir, coming to the Lancashire Agreement, and here we have got three points of view, first the Agreement itself, second the manner of doing it and the third the effect on the Ottawa Agreement. As regards the benefit which India has given to Lancashire, the terms of the Agreement are very definite. They are giving this particular preference which is quoted in this Agreement and which is put out in this Bill, but as regards the benefit to our own country, that is something very indefinite and it merely says that "it was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower". That is really the whole of the benefit, and even my friend, the Honourable the Commerce Member, when he advocated the acceptance of this particular Agreement, had no other argument but one and he said: "We ought to keep up friendly relations with Lancashire and with England". Of course, there is no question on this side of any unfriendly relations with either Lancashire or with England. We never questioned it. We are really proud of being part of the British Empire, but when you have a kind of Trade Agreement, it must be to the mutual advantage of both, and it must not be one-sided. Sir, we had the discussion on the question of Imperial Preference in 1930. I was at that time a member of the Independent Party, and my Party decided to remain neutral.

Mr. H. P. Mody: No, the whole of the Party supported it. (Laughter.)

Dr. Ziauddin Ahmad: All right, at any rate I supported it at that time. When we came to the Ottawa Agreement, there was a good balance sheet before me, and, in spite of the opposition from some members of my own Party (*An Honourable Member*: "Most members"), very well, I supported it, because I saw very clearly the advantages and disadvantages on either side and I was convinced that the advantages outweighed the disadvantages and the balance sheet was in our favour. But, in this particular case, the balance sheet is entirely against us. On the credit side, it is zero, and on the debit side, there are all those preferences which are given here. Therefore, in this particular case, I do not reconcile myself, however well-inclined I may be towards Lancashire and towards England, to agree to this particular trade convention, because it is only one-sided. It gives everything to Lancashire, it gives nothing to us except expressions of goodwill which are mere platitudes and pious hopes. Sir, some of our friends raised this question that if we accept this particular Agreement, it will be exceedingly good for our future political reforms. Now, if they can guarantee to give us Dominion Status, with all the powers which Canada, Australia and South Africa enjoy, I tell you that we will sacrifice the entire mill industry in this country, we will wear nothing but Lancashire and cottage goods (Hear, hear),—and this is a good bargain—we will wear nothing but either Lancashire goods or our cottage goods made in our own

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country, and we will sacrifice two hundred Modis and three hundred Scotts, and other millowners in favour of Lancashire (Loud Applause), provided, of course, that our hopes on the constitutional side may prove something tangible. But if there are only vague platitudes and expressions of pious indefinite hopes, at least we would not agree. The debit is very high, but the credit side consists only in mere expressions of pious hopes of Mr. Mody—from which possibly he himself may have benefited. (Laughter.)

Sir, here I had better relate one more story. There was a magistrate who wanted to help a particular advocate A. Whenever any case came up before him, he asked his reader. "On which side is Mr. A—for the plaintiff or for the defendant?" Not being satisfied when he was on neither side, he sent for advocate A and said: "Though I know you are not appearing in this case, there is a law point which I want you to explain to me." And, afterwards, the value of that advocate grew up so high that he was always engaged and he was always paid a retention fee by many even if he was not engaged on either side. Now, I do not want to enter into these things, but certainly, whenever any protection is required anywhere, Mr. Mody will be always in demand.

Sir, I really think that this particular Agreement is really against the spirit of the Ottawa Agreement and it is really a repudiation of that Agreement. I will just give you a little story about that, to illustrate my point. There was a man who hired a *dagh*—that is, a very big kettle in which one can cook several maunds of rice. Next day, he returned it along with a small kettle. He said that that big kettle gave birth to the smaller one. The owner accepted the small kettle thinking that his client was a fool. The story was repeated half a dozen times. The seventh time, however, he came weeping, saying the big kettle died. He was seriously questioned and the client replied that anything which produces a child must also die. He was sorry for the death of big kettle. (Laughter.) Sir, we accepted the Ottawa Agreement and we gave ten per cent preference to British goods. If it is now desired to change this ten per cent to twenty per cent and twenty-five per cent, it is repudiation of the Ottawa Agreement. If we are entitled to change this figure by *plus* ten and *plus* fifteen, we are equally entitled change it to *minus* ten and *minus* fifteen. If we are entitled to discuss that the figure ten ought to be changed to twenty-five in the Ottawa Agreement, we are equally entitled to say, if we so desire, that the change should be *minus* ten in all items which are given in the Ottawa Agreement,—and a change by *minus* ten would restore the normal position. Therefore, I consider that this change of ten per cent to any other figure is really a sort of repudiation of the Ottawa Agreement: and if you seek to change it to a higher figure, we are also authorised to change it to a lower figure; and I think that is not a very desirable thing to do. Sir, I lay very great emphasis on the fact that this Agreement ought to have been taken up by the Government themselves. But Government have shrunk from their responsibilities in not taking prompt action and leaving it in the hands of persons who represent only 1·5 per cent of the textile industry in this country. Sir, the Government are the Government of the people, the Government are not the Government of the mill industry of Bombay. (Hear, hear.) Had the Government conducted the negotiations in connection with this particular Agreement, they would not have overlooked 75 per cent of our cotton-growing people, they would have put down in

the Agreement what quota they are going to have, what preference they are giving to our own cotton, and so forth, in order that they may come to the country with a good conscience. The case, Sir, that my friend, Mr. Mody, represented, was only a one-sided case. He really left the whole matter to be disposed of on the assurance of mere platitudes and pious wishes which the Government of a country could never have allowed to be done.

Now, the next point I take up is the question of cotton growing, which I will not dilate very long upon, because that has already been done by my Honourable friend, Mr. Ghuznavi. As I find from the book, India produced in 1931-32 about $4\frac{1}{2}$ million bales, but I find from the figures of the previous years that India could produce six million bales if there was demand for it. This year also, I am told by my friend, Seth Abdoola Haroon, that six million bales have been produced, but the report is not before me. The home consumption is about $2\frac{1}{2}$ million bales, and there we have to find a market for about four million bales somewhere else. Out of these four million bales, the Honourable the Commerce Member has already provided a market for one million bales. Therefore, it is but just and reasonable that we ought to provide a market for the remaining $3\frac{1}{2}$ million bales as well and sell them at an economic price. By economic price I mean that our cotton should be sold at six pence per lb. at Liverpool and that, I think, is the modest price in this particular case.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Is my Honourable friend talking about six million bales as the current crop or as the crop the country can produce in the most favourable circumstances?

Dr. Ziauddin Ahmad: I quoted only $4\frac{1}{2}$ million bales according to the figure of 1931-32 and the highest figure of six million bales was in 1929.

The Honourable Sir Frank Noyce: That is correct.

Dr. Ziauddin Ahmad: The figures of this year I have not got before me, but my Honourable friend, Seth Abdoola Haroon, has got more information, and he says that it is about six million bales this year. Even the Tariff Board on page 220, No. 45, accuses the Government for not doing anything for the export of cotton from this country and they have said that their recommendations have not been carried out *in toto* on account of the financial stringency. Therefore, very little has been done to find market for our cotton industry and also to fix up the prices at a really good level.

Now, the next thing that I wish to take up is the question of the cottage industry. I do not wish to go into detailed figures as they have been very ably produced by my Honourable friend, Mr. Ramakrishna, and I would just like to take them up where he left them. He has made out a case that the cottage industry requires very great support and I agree with him. I would, first of all, like to take up the report of the Tariff Board. They say that very little imported yarn is used in the Indian mills. They go on to say:

"And most of the yarn which is now imported is used by the handloom industry either for special purposes for which suitable Indian yarn cannot be obtained or because of a definite preference for its regularity and even quality."

[Dr. Ziauddin Ahmad.]

The Tariff Board, therefore, says that the imported yarn is used only by the cottage industry and not by the mill industry. Now, I have got another quotation from a book called "The Lancashire and the Far East". On page 281, they say:

"The imposition of a 5 per cent import duty on yarns in 1922 was a blow at the native handloom industry and the further change in the tariff in 1927 making the duty 5 per cent or $1\frac{1}{2}$ anna per lb., whichever is higher, will mean that the Indian Millowners will soon be in a position to keep up the yarn prices sufficiently high to drive the handloom weavers out of existence."

If the price of this yarn is kept up very high, then these handlooms will never be able to compete with the mill industry and will be driven out altogether. I have got some figures, and I would request the Honourable the Commerce Member to follow them carefully.

The Honourable Sir Joseph Bhoré: If the Honourable Member refers me to the printed document, that will be sufficient.

Dr. Ziauddin Ahmad: These figures are all from printed documents except that I have copied them. The cottage industry weaves
5 P.M. 13,012 million yards. This supports from six million to ten million persons. So really speaking, one person is to be supported by the income of 220 yards which he can weave all the year round. Since four yards of cloth is produced in one pound, therefore, his entire yearly income is the profit which he gains by weaving 55 pounds of yarn in the whole year.

My Honourable friend, Mr. Scott, gave me to understand that, it was in the interests of the handloom weavers, to raise the specific import duty from $1\frac{1}{2}$ anna to four annas and he said that the strongest argument that he could produce in favour was that I did not agree with him. That is really the argument that he brought forward in support of his raising the duty from $1\frac{1}{2}$ anna to four annas.

Mr. J. Ramsay Scott (United Provinces: European): I never said four annas. I said three annas.

Dr. Ziauddin Ahmad: You said three to four annas.

Mr. J. Ramsay Scott: Three or four annas, that does not matter: it is all the same.

Dr. Ziauddin Ahmad: I only took his maximum number.

Now, my friend, Mr. Mody, also tried to make me believe that the increase of duty on cotton yarns would be for the benefit of the cottage industry. Unfortunately, I could not follow the logic of this chain of argument. He said clearly that the whole of this yarn was to be used by handloom industry, and if you increase the price by putting a special duty by four annas a pound, then it would take away a fairly big morsel from the profit which they would earn throughout the year and the margin of profit would be very small indeed.

Sir Cowasji Jehangir: What about the mills that manufacture yarn out of Indian cotton?

Dr. Ziauddin Ahmad: I can sacrifice all these mills. I am in favour of the cottage industry, and I do not care for the mills. I have got with me the figures showing the price of yarn also. In the year 1932-33, the price of the yarn was 13½ annas per pound. In the previous year, it was 15½ annas, and then it was one rupee. This year we imported 45·1 million yards from outside and the Indian production was 10,16 million yards all the year round. Now, a cottage weaver has to live on a profit of 55 pounds, and they pay 13½ annas per pound for the purchase of yarn. So, by a small calculation, you can find out how much is left as a profit for maintaining them all the year round. It comes to about eight annas a month, because there are certain other charges. This is a very small profit. If it is an established fact that the imported yarn is used exclusively by the cottage industry, then I see no justification whatsoever to take a portion of the profits of these very poor people by putting a specific duty or any duty whatsoever, and we ought to go back to the conditions which existed before when there was no duty on yarn. That is really one of the most important points for the cottage industry. Sir, if we continue on this particular line and allow the mill industry to develop in their own way and to compete with our cottage industry, then the time will soon come when we will have to protect the cottage industry against our own mill industry and a special Tariff Board would be necessary and I will be a very strong advocate of it.

There is one point about protection. So much has been said about the management of the mills in Bombay. I have neither prejudice nor anything against them, but unfortunately any book that I open, and I have several of them before me, they have always got a para. on the mismanagement of the Bombay mills. My Honourable friend, Mr. Sitaramaraju, quoted yesterday from Mr. Utley's book, and I have got another book before me and that is the "Cotton Industry of India" by Mr. Pearse, and on page 12 of his book, in comparing the administration of the Indian mills with Japan, he writes:

"India is the only country where most of the mills are run on a system of 'managing agents'; instead of one managing director there is a firm of managers."

—just as you have a firm of auditors—

"Principal duty is to finance the mill; this firm has frequently too many kinds of business to attend to besides the mills. Mills in Bombay left largely in care of men trained to look after machinery of one department, but not in possession of organising or commercial ability. Lack of intimate contact between Head Office, in the city of Bombay and mill at the outskirts. Mill agents employ selling brokers, and are not in direct touch with client."

Then he gives details for Japan in a parallel column. The Tariff Board also recognised the importance of appointment of a Committee to look into this. Though I do not speak with authority on this question, it appears to me to be a chronic disease and any one, who writes on the textile industry in India, has got a para. against the administration of these managing agents in Bombay and I think the time has come that if we want to give them protection, we should see that they have got a certain amount of efficiency, and to secure this efficiency, I think we should follow the recommendations of this Tariff Board and appoint a special Committee to look after this particular problem.

As regards protection, I need not go into the details, because the principles have already been laid down by the Honourable the Commerce Member and I entirely agree with them. But I add one more condition.

[Dr. Ziauddin Ahmad.]

There ought to be some kind of periodical report which should be printed and circulated among the Members of the Assembly about the progress made by that particular industry. This is only one more suggestion that I want to add to the five suggestions which he himself made in the opening speech about protection.

Before coming to the general remarks, there is one more point to which I should like to make some reference. We have just finished discussions on the Tariff (Amendment) Bill, and unfortunately we did not agree with the Government on certain points. We on this side said that the data from which the conclusions were drawn were not complete, and we did not believe in the temporary shelter, because the temporary shelter really was a kind of burden on the consumers, and it was removed immediately. It cannot stand long, and cannot face the storm or the floods. Sir, we did not agree to the principle of raising the price level of manufactured articles. At any rate, these were the differences of opinions and we thought we had finished with them. We had honest difference of opinion, we were defeated from this side after a big fight and we thought that the whole thing was over. But unfortunately the hosiery, on which we had so much talk, reappears again in this particular Bill, and the whole controversy which we thought was closed and buried now reappears in this particular shape. I cannot see any argument for bringing forward again in another shape the same old question about hosiery which we discussed in such great detail some time ago. Of course, in this particular case, it is part of the textile industry. No doubt hosiery and other things form an essential feature of the textile industry and they are rightly dealt with here. But to take it as a measure by itself was not justifiable when it was to be treated along with other textile articles on this occasion. Here I would also suggest that we ought to have followed the principles that were laid down in the Agreement with Japan. We give them a little quota, whatever the quota may be, and it should be determined by considering the amount of our consumption, the amount of our manufacture and the amount of imported articles from various other countries. You give them a quota and, after fixing that quota, follow your own recommendations and put a duty of 5½ annas per pound and, in that case, our home people will be able to compete favourably, because there will not be an enormous influx of the articles in this country and there will be a limited number of articles with which they can compete. Everybody has said that we cannot produce the entire amount of hosiery in a year. If we take two or three years to produce them, you can give Japan a little quota and diminish that quota year after year, so that, within three years time, you might altogether remove that quota and we might be able then to manufacture the entire requirements of India, so far as hosiery is concerned. This was really the best way of dealing with this subject instead of putting a very heavy duty. At the present moment, as has been repeatedly said on the floor of this House, that the duty proposed is not sufficiently a protective duty, it is neither a protective duty, nor is it a revenue duty for the purpose of raising money and so it is a duty to provide a temporary shelter, and I do not believe in this temporary shelter. We ought to decide definitely whether we want to protect the industry or not. If we decide to protect it, then do it in the proper manner. Call the spade a spade. I am in favour of protection, provided it satisfies all the conditions laid down for protection. I say that unless we can produce the entire amount immediately required, in this country, we must provide the quota system which would gradually diminish within three years time and then altogether vanish.

Mr. J. Ramsay Scott: We can supply about 75 per cent. of the Indian requirements at the present moment.

Dr. Ziauddin Ahmad: If the Government are satisfied that Mr. Scott can supply 75 per cent. of India's requirements, then out of the balance of 25 per cent. which are left, I would give a quota of ten per cent. to Japan and the remaining 15 per cent. to the United Kingdom and other countries. I submit that the mere statement of my Honourable friend, Mr. Ramsay Scott, is not sufficient. I want authoritative figures from the Government on this particular point.

There are several points to which I want answers from the Honourable the Commerce Member when he gets up to reply next time. I will now give the Honourable the Commerce Member only four points and I hope he will note them down and give answers when he gets up to reply. The first point is this. Will the Honourable Member please tell me why the report of the Tariff Board dealing with hosiery was not placed in our hands while we were discussing the first Bill about hosiery industry and why it was given to us on the very day we deposited our report and our minutes of dissent? The second point is, why did the Honourable Member introduce hosiery twice over in two different Bills and why was he not able to make up his mind definitely and put forward his proposals in one Bill and not two Bills? Why is he specially unkind to this item? The third point is this. Does hosiery form or does it not form part of the cotton textiles? If it does, why was it separated and why was it not included in the Japanese Agreement? In the Japanese Agreement, the Honourable Member could have fixed a quota just as much as for the other things. Some of my Honourable friends say that it was not possible. But I should like to be told on the floor of the House by the Government as to why it was not possible and whether an attempt was made and, if so, why it failed. If these things could be divulged without violating the confidential nature of the negotiations, I should like to have a reply on this point. The fourth point is this. Have you not decided to give protection to this particular industry, and please let us know what is the total amount of consumption in this country and what is the amount which is produced and manufactured, Province by Province, and, if possible, the details of size and quality should be given, and unless these figures are given, it is impossible for us to make out whether protection is needed or not. These are the four points on which, I hope, my Honourable friend would give me suitable answers and I hope he would not have the recourse to those tactics which my Honourable friend must also have learnt in schools in the art of debate, namely, to avoid the good arguments put forward by the opponents.

Before I sit down, I wish to draw attention of the Government to another point. The time that is given for the Select Committee is very short. We will be discussing the Finance Bill throughout this week and the next, but if we have complete holidays we can no doubt finish this Select Committee in four or five days. But since we will be fully engaged in the discussions on the Finance Bill, I think it will not be possible for us to submit our Report within the time allowed. We can only go through the Bill in a cursory manner and it will not be possible for us to go into details of the figures which our colleagues expect them to. The second thing is that before taking votes on that day, I should like to have your ruling whether it is right for persons who are financially interested in a particular industry to serve on the Select Committee which deals with this matter. It may be at least established by convention that if any person

[Dr. Ziauddin Ahmad.]

has got financial interests in a certain thing, either as manager or manufacturer, or anything else, he should not be a member of these Committees.

Mr. M. Maswood Ahmad: Consumers also should not be there. (Laughter.)

Dr. Ziauddin Ahmad: No, their interests have to be safeguarded. This is a point which I should like to represent.

Dr. F. X. DeSouza (Nominated Non-Official): Sir, I rise to support the motion that this Bill be referred to Select Committee, and, in doing so, I should like to make certain observations arising from the Report of the Tariff Board.

The first observation I should like to make is that the Tariff Board's Report makes its recommendation for protection dependent upon the fulfilment of certain conditions, and this Bill, while it accepts the recommendation, ignores those conditions. In reviewing the conditions, under which the cotton textile industry works in India, the Tariff Board's Report makes special mention of the managing agency system which, it says, is unsuited to modern conditions, is vicious in principle and while enriching the managing agent prevents the investor from sharing the full benefit of protection to the great detriment of the shareholder himself as well as of the tax-payer who has to foot the bill to the extent of protection. The Tariff Board, therefore, recommended, as a condition precedent to protection being granted, that an immediate scrutiny should be instituted for the purpose of investigating the conditions under which this managing agency system works in India so that early legislative action may be taken to amend the Companies law. That, Sir, as I understand the Report of the Tariff Board, is the first condition it imposes upon protection being granted to the industry.

The second condition is regarding labour. The Tariff Board in a careful summary notices the disparity of labour between India and her principal competitor, Japan, and they say that, notwithstanding any protection that may be granted, it will be not only very difficult for the cotton industry to maintain itself, but its very existence will be precarious in competition with the Japanese industry. The Tariff Board mention that, in order to equalise labour conditions with competing countries, the efficiency system was tried by the Bombay millowners in 1929, but it was opposed by organised labour by wholesale strikes. Therefore, the efficiency system had to be scrapped. In order to improve the condition of labour, therefore, the Tariff Board recommends that the Government should take in hand, as the Government of Japan had taken in hand, a general diffusion of the right sort of education amongst the millhands, the encouragement of a sympathetic attitude towards labour on the part of subordinate employees, and generally Government should take steps to see that the conditions under which labour has thrived to such a remarkable extent in Japan may be introduced so far as possible in Indian mills. That is the second condition subject to which the Tariff Board recommends the grant of protection.

The third observation the Tariff Board makes is this that, while ordinarily protection should be granted and can only be granted to infant industries struggling for existence, yet in the case of an industry like the cotton industry which has attained its maturity, protection may be granted in consequence of what they call a temporary deterioration or atrophy. They say the temporary deterioration of the cotton industry today is due to the general economic depression and to the depreciation of the yen. But,

reading between the lines of their Report, it is clear that they have a suspicion that what they regard as a temporary deterioration may become a permanent deterioration and that what they call an atrophy may become a paralysis. Then, again, they maintain in a closely reasoned argument that there is very little chance or prospect of the cotton industry being able to dispense with protection in the near future whatever amount of protection may be granted.

But, in spite of those counter-indications, the Tariff Board recommend that protection should be granted to this industry on the following grounds. They say that it is a national industry employing nearly $1\frac{1}{2}$ million labourers in the textile industry worked by power and nearly ten millions of workmen employed in the handloom industry. They say it employs capital to the extent of 80 crores of rupees in power alone, that it furnishes an outlet for Indian cotton and that the employment of labour in Bombay and other large centres is closely connected with questions of public order. Lastly, they conclude by saying that the prosperity of the City of Bombay and the Presidency of Bombay, as well as the maintenance of law and order among the large working population of that City, can only be maintained if the existence of the industry is guaranteed by continued protection. It comes to this then that every man, woman and child in this country, who wears any kind of clothing, should be taxed in order to find employment for the millhands in the City of Bombay to prevent them from breaking the law, and, secondly in order to enable the millowners to keep up the amenities of their beautiful City.

When the proposition is put in this way, it seems to be somewhat startling that a recommendation of this kind should be made. Persons with a historical sense will recall the later days of Imperial Rome when the Emperors kept the turbulent urban population in good humour by doles of bread and by public games. The Government of India apparently are recommended by the Tariff Board to keep the turbulent population of Bombay in order and the millowners in good humour by giving them doles by way of subsidies, grants and protection. But they forget that, in the days of Rome, the granaries of Egypt were inexhaustible for the supply of bread and that the manhood of the Danubian principalities were at the beck and call of the Emperors to furnish a number of gladiators ready to shed their blood to make a Roman holiday. But today the condition of the masses in India is such that it is impossible that they can bear an extra penny of taxation. In a most thoughtful speech made by my Honourable friend, Sir Leslie Hudson, during the last Budget debate, the Leader of the European Group stated that the condition of the agricultural masses in this country had, owing to the depression, become desperate. He suggested that any further taxation might bring about an awful catastrophe, an agrarian revolution. To the same effect comes a cable today from London where Mr. Calvert, an eminent Punjab Civilian, who knows all that is to be known about the conditions of agriculture in this country, maintains that the condition of the agricultural masses is so bad, that their credit has been reduced and exhausted and that under the Reforms the urban population, who are more vocal, are taking full advantage of the rural population

Mr. B. Das: Blame the ratio and the Finance Member.

Dr. F. X. DeSouza: He makes this statement and he makes a gloomy prophecy that, as a consequence of these conditions, between the years 1941 and 1945, there is bound to be a grave famine throughout India.

[Dr. F. X. DeSouza.]

In this state of the country, is it advisable, I ask most respectfully, that any further taxation should be imposed upon the agricultural masses by way of further protection? It seems to me that it is no answer to say, as my Honourable friend, the Commerce Member, has said, that in spite of the heavy protection, in spite of the 75 per cent. protective duty which he has levied, there has been no rise in prices. True. I accept his figures; there has been no rise in prices. But cheapness and dearness are relative terms. What will be cheap to you, Sir, with your enormous wealth, is very dear to me with my moderate means; and the agriculturist who three years ago sold his rice at Rs. 8 a bag in our part of the country cannot get Rs. 3 for the same quantity today; and is it right to say to that man that the same price is maintained as it was three years ago and that clothing is no dearer? No. It seems to me that every penny of taxation by way of protection makes the condition of the agricultural masses more and more grave and difficult.

In pursuing this line of argument, I do not say that I am not in favour of protection. I am in favour of protection. I prefer it, because I know what the dangers of not giving protection in Bombay just now are; and I prefer to face the evils that I know rather than the evils of which I know nothing. What I wish to ask this Government to do is to prevent the appetite of the capitalist and the millowner grow on what they feed, to prevent them, like Oliver Twist, always asking for more; and that can be done by laying down certain principles subject to which the protection now granted will be continued. I, therefore, most respectfully ask the Government and the Honourable the Commerce Member to make a statement of policy in this House as a condition precedent to protection being granted, that, as recommended by the Tariff Board, he will immediately institute an inquiry as to the working of the managing agency system, so that the Company Law could be amended accordingly; secondly, that, as recommended by the Tariff Board, he will take steps to improve the condition of labour in the manner suggested in that Report; thirdly, that he will establish an agency for the management of the mills in such a manner as to conduce to the best interests of the industry, such as providing for a dividend equalisation fund and other reserves which really make in the long run for economy in the management of mills and industrial concerns.

It may be asked, what right has the State to interfere in the management of private industrial concerns. But where the State grants a protection of this nature, the State has a right to see to the allocation of every penny that it votes. But even otherwise, in these days of democracy, with regard to industry generally, the era of individualism and *laissez faire* has gone for ever, and the era of democratic control over industries will have to be ushered in. Otherwise, the result will be socialisation of these concerns such as we see in Russia. The lines which I have suggested indicate the need for planned economy and unity of control in the manner described by my Honourable friend, Mr. James, in the Resolution he moved the other day. It is not a case for the isolated efforts of one Government Department. It is a matter involving legislation, education, sanitation and agriculture. It should be disposed of by a Committee of the big three of the Executive Council, and then I think the collective wisdom of the Committee will be able to evolve a national policy which, while co-ordinating the several agencies of production to work at maximum efficiency, will minimise the need for protection and when that protection is necessary, make the consumer feel that it is in his own interest to keep unemployment at its minimum.

I shall not weary the House—I shall not take more than three or four minutes more. However, there is one silver lining in the cloud from the point of view of the agricultural masses in this Bill, and that is the promise given by the Honourable the Commerce Member of a grant-in-aid of 3½ lakhs for co-ordination of the handloom industry. Sir, I have always considered the handloom industry in this country, especially in the part of the country from where I come, as really a national industry, because it is an industry which employs, as I have said, ten million souls. It is not only a national industry because of the large number of operatives employed in it but I call it a nation-building industry, because, Sir, it finds work for the unemployed agriculturist during six to nine months in the year, and though this work is not highly paid, still the poor agriculturist is able to earn something which prevents him from being pauperised as the unemployed are in European countries. It prevents him from that horrible lowering of morale which the recipients of doles in England and other countries are exposed to. I feel, Sir, it is a nation-building industry,—may I go further and say, it is a nation saving industry, an insurance against unemployment, a most effective substitute for the unemployment dole. Sir, it is in this sense that I consider that the spinning wheel, the Charkha and Khaddar, as is held by a certain section of politicians of this country, will lead to the salvation of this country, and I say that, not by way of defiance to any other country, but by way simply of defence of this country's interests.

Sir, I was surprised to hear my friend, Mr. Mody, this morning, when he said that this was the only country in the world where the handloom industry flourished side by side with the powerloom industry and was not snuffed out. It is nothing to be proud of. It is rather an indication of the extreme poverty of the masses of this country; it is an indication of the readiness with which some sort of employment, however poorly paid, is accepted by the people in order to keep starvation off. Sir, that is all I have got to say.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 15th March, 1934.