

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 15th MARCH, 1934

Vol. III—No. 4

OFFICIAL REPORT



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NEW DELHI: PRINTED BY THE MANAGER
GOVERNMENT OF INDIA PRESS: 1934

Price Five Annas.

LEGISLATIVE ASSEMBLY.

Thursday, 15th 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.

RULING *RE* PROCEDURE OF SELECT COMMITTEES.

Mr. President (The Honourable Sir Shanmukham Chetty): On the 15th of February, 1934, the Honourable Member, Mr. N. M. Joshi, requested that the Chair might have some directions about the procedure to be followed in Select Committees, especially with reference to making available to the House the documents and information placed before Select Committees. The Chair has examined this matter carefully and gives the following direction for the guidance of all Select Committees of this House.

Unless otherwise specifically directed by the Assembly, the meetings of Select Committees should be held within the precincts of the House. The sittings of all Select Committees should be private and no strangers or representatives of the Press can be admitted to meetings of the Committees. Under Standing Order 40, sub-section (4), a Select Committee may hear expert evidence and representatives of special interests affected by the measure before them. While this Standing Order empowers the Select Committee to hear expert evidence *suo moto*, it is silent as regards the powers of Select Committees to send for papers and records or to compel the attendance of witnesses. A Select Committee of this House cannot have greater powers than what the House itself enjoys under the Constitution. Under the existing Constitution, this House has not got the right to compel either the Government or any other person to produce documents and papers or to compel persons to appear as witnesses. It follows, therefore, that Government have the right to place before a Select Committee, only such papers and records as they are prepared to place before that Committee. All material placed by Government before a Select Committee should, however, be available to the Members of the House. In other words, a Committee of this House cannot have any information which cannot be disclosed to the House as a whole. The House, therefore, has a right to examine all the papers and records which are made available to any Select Committee. Similarly, all evidence tendered before a Committee should also be available to the House. As a matter of practical convenience, however, each Select Committee should decide what relevant documents and information, which were available to them, should necessarily be made available to all the Members of the House, so that the discussion in the House of the report of the Committee may be complete. Such documents and information will be printed and made available to the Members of the House along with the report of the Select Committee. No document or report placed before

[Mr. President.]

a Select Committee should be published until it has been presented to the House.

When witnesses are summoned by a Select Committee, it must be made clear to the witnesses that their evidence would be treated as public and is liable to be published, unless the witnesses specifically desire that all or any part of the evidence tendered by them is to be treated as confidential. It must, however, be explained to the witnesses that, even when evidence is tendered in camera, such evidence is liable to be made available to the Legislative Assembly.

The members of a Select Committee are at liberty to refer on the floor of the House to all documents and information given to the Committee. A member of a Select Committee cannot, however, refer to remarks made by other members of the Committee during the course of the discussion in the Committee or to any negotiations that took place amongst the members in the course of the sittings of the Committee.

The Chair hopes that this ruling will make clear the procedure of Select Committees.

The Honourable Sir Brojendra Mitter (Leader of the House): You said that evidence given before a Select Committee must be available to the House. I understand that, but there is no machinery for recording evidence in the Select Committee. How is it to be made available to the House?

Mr. President (The Honourable Sir Shanmukham Chetty): What does the Honourable Member mean by saying that no machinery is available for recording that evidence?

The Honourable Sir Brojendra Mitter: In Courts, there are short-hand-writers, who take down evidence in shorthand; but there is no such machinery for Select Committees. Evidence may be oral or may be documentary. So far as the evidence is documentary, there is no difficulty, but for oral evidence, there is no machinery for recording it.

Mr. President (The Honourable Sir Shanmukham Chetty): Whenever a witness is summoned before a Select Committee, the Select Committee must see that Reporters are made available to the Committee to take down the evidence in shorthand. The Chair thinks that that practice has been followed in the past. When witnesses were summoned before the Joint Committee on the Reserve Bank Bill, evidence was taken in shorthand.

The Honourable Sir George Schuster (Finance Member): An exact note was not taken, because the discussion was rather conversational. A summary was taken.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhamadan): Whatever evidence is given and recorded must be available to the House.

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 Bore for referring the Bill to Select Committee and the amendment† moved thereon by Mr. B. Das.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhamadan Urban): Normally the course of discussion on a measure like this in this House would have been confined purely to an examination of the merits of the various proposals that have been placed before it by the Honourable Member for Commerce, but it is obvious, in the course of this debate, that many extraneous circumstances have been referred to, and if I were to begin my discussion this morning by an advertence to some of those circumstances, I crave the indulgence of you, Mr. President, and of the House.

There are two Agreements which have been embodied, broadly speaking, in the proposals of the Commerce Member, the first, an Agreement to which he himself and some of his colleagues on behalf of the Government of India were parties with the Japanese Delegation, and the second, an Agreement between the Bombay Millowners' Association and the Lancashire Delegation. It is obvious, in the first place, that these two Agreements do not stand on the same footing, that the sanctity attached to the one cannot obviously be attached to the other, and there is no use of any Member of this House suggesting that the private Agreement between the Millowners' Association and the Lancashire Delegation is as sacrosanct and ought to be examined in the same spirit as the Indo-Japanese Agreement. One concerns two Governmental Delegations; the honour and the confidence which each Government enjoy at the hands of their Legislature and people is involved in the acceptance of one of the Agreements, whereas these considerations are not present in the case of the other. In fact, the Honourable the Commerce Member has realised this essential aspect of it, because he has ventured to make changes in the Bombay Millowners' Association's agreement with Lancashire, whereas no changes have been proposed, and I believe all attempts at modification will be strenuously opposed by the Commerce Member so far as any proposals with reference to the Agreement with Japan are concerned. I want to make that perfectly clear to this House, because there has been a great deal of misunderstanding over the relative positions of these two Agreements. Mr. President, it has been suggested that these Agreements have been made—I am referring now to the Agreement for which the Bombay Millowners' Association is responsible—this Agreement has been made having regard to political

*“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 Duddhoria, 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.”

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motives and that in coming to conclusions, the Bombay Millowners' Association did not have the interests of the industry at heart, but had some extraneous considerations relating to the political status and reforms for this country. Normally speaking, where an industry has come to an agreement with another industry and has accepted the amount of tariff that is necessary for the protection of that industry, men like myself who are not concerned in the industry would have only one duty to perform, not to propose an increase in the tariff, because *a fortiori* the industry itself does not require it, but if possible to lower the tariff because from the consumer's point of view and from the point of view of the general public a lowering of the tariff might be necessary. If, therefore, the Bombay Millowners' Association comprehending the entire group of millowners in this country had come to an agreement with the Lancashire Delegation that a certain percentage of protective duty was necessary for them, I venture to state very broadly that there would have been no Member in this House who could have with any justification got up and suggested that a higher duty was necessary. A complication has arisen from the fact that a section of the millowners have not accepted that Agreement and have gone about suggesting that that Agreement provides much less protection than what they require. Not only that. They have tried to make capital of the fact that in this Agreement the principle of Imperial Preference is involved and that they will not be parties to the Agreement because of this assumption of the principle of Imperial Preference. Now, I want to examine that fact broadly and to place before the House the point of view of these dissentient millowners, at any rate of some of them, how far are they consistent in their point of view, in their opposition to Imperial Preference and what is the remedy that they really require. My Honourable friend, Mr. B. Das, took upon himself the task, may I say the thankless task, of advocating the cause of the dissentient millowners and opposing the principle of Imperial Preference.

Mr. B. Das (Orissas Division: Non-Muhammadan): It is my proud privilege as a nationalist.

Diwan Bahadur A. Ramaswami Mudaliar: My friend was a party to several Imperial Preference Bills in this House.

Mr. B. Das: I have always opposed them.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend opposed what he considered to be Imperial Preference in 1930, but he did not choose to walk out.

An Honourable Member: You approve of that policy of walking out?

Diwan Bahadur A. Ramaswami Mudaliar: No, but I am entitled to show his inconsistency, because he quotes leaders, he quotes gentlemen with approval who carried their conviction to the extent of leaving this Assembly on that famous occasion. My Honourable friend has suggested that Mr. Mody represents only the Bombay Millowners' Association. He is returned from Bombay and he cannot speak on behalf of the Ahmedabad millowners. Now, I ask my friend, Mr. B. Das, whether it is doing justice to himself in espousing the cause of a set of people who do not care to be represented in this Assembly, who will not enjoy the franchise that has been given to

them, who refused to exercise that franchise, but by back door methods want to have their point of view expressed on the floor of this House. Is it the fault of my friend, Mr. Mody, that he represents the millowners, both of Bombay and Ahmedabad to the best of his ability? Is it his fault that he tries to help them when the franchise was extended to these gentlemen and they declined to exercise their right of electing a Member, in spite of reminders from the Government of India? I venture to say that if gentlemen or associations do not want to co-operate with this House, decline to look at this House and do not want to enjoy the franchise that has been given for sending a representative to this Assembly, then this House should show some hesitation in accepting at its face value, I do not wish to put it more emphatically, the suggestions, recommendations or protests that have been sent up by such associations or bodies.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muham-
madan): What logic is this?

Diwan Bahadur A. Ramaswami Mudaliar: I will explain to my friend what the logic of the statement is. Here is an association which does not send its representative to this House. To this day, the seat of the Indian Chamber of Commerce in Bombay is vacant in this House, and yet what do they do? I can understand an honest straight-forward policy of non-co-operation. I respect my Congress friends who have got out of this Assembly, who refuse to come to this Assembly, who will have nothing to do with it, but when I see gentlemen filling the galleries of this House, waiting in the corridors of this Assembly, going to the Honourable the Commerce Member in scores and dozens in deputations time after time, putting him to all the trouble and the travail of going through their interminable quotations and interminable working out of costs, then, I say, it is a dishonest form of non-co-operation, and the sooner this House expresses its disapproval of that dishonest form of non-co-operation, the better it will be for all concerned.

Mr. Gaya Prasad Singh: Do you call the representatives of the Congress dishonest, because some of them came to watch the proceedings in the gallery in connection with the Temple Entry Bill?

Diwan Bahadur A. Ramaswami Mudaliar: That was entirely different, because they only approached the Non-Official Members. They did not approach the Government. They did not claim any protection from the Government. They did not claim the assistance of the Honourable Members sitting on the Treasury Benches, and, I repeat again, I have got respect for that attitude, but I have no respect for the attitude shown by these gentlemen. (Interruption by Mr. Lalchand Navalrai.) I do not want to give way to my friend, Mr. Lalchand Navalrai. I say, this is a dishonest form of non-co-operation and I say so, because of the very reason that my friend, Mr. Raju, put forward. He said "I can understand a set of people who are in one camp or the other, but we cannot understand a set of people who have got one foot in one camp and another foot in another camp, who want to have the pleasantest things of both the worlds, men who want to be nationalists, pose as super-patriots, and, therefore, keep out of all this open discussion, but when they are really interested in getting all the

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advantage that this Government and this Assembly can give, they come in behind the screens and get all the protection they can out of the Government and the Assembly". I shall show how, in the course of these discussions in the last few months, their attitude has been thoroughly inconsistent.

Now, let us further examine this subject. These gentlemen say that they are opposed to Imperial Preference. Quite right. All honour to them, whether it is based on an economic argument or a political argument, if it is a sincere opinion. Whether as a commercial organisation, dealing only with commercial questions, they are entitled to express these political opinions, I shall examine later. But what has been the history of their antipathy to Imperial Preference, Mr. President? Were not these gentlemen parties to an agitation before the Honourable the Commerce Member, at the time, to increase the duties on Japan to 50 per cent? Were they not parties to the agitation? Did they not later form groups of deputationists, wait on the Honourable the Commerce Member and ask for a 75 per cent. duty on Japanese goods, and were they not aware that they could not have that duty only on Japan but must have it also on goods that came from outside the British Empire? These gentlemen having swallowed a 50 per cent. duty and then a 75 per cent. duty on non-British goods, is it not somewhat too late in the day for them now to boggle at what they term Imperial Preference especially when the difference in the respective duties now is smaller than it was when they asked for a 75 per cent. duty on non-British goods? It seems to me that there must be a protest against this sort of attitude. If you want to deal with these things on the high platform of politics, do so by all means, but if you want to deal with it purely as an economic question on its merits, let it be so examined. Come forward with a straightforward economic scheme, whereby your legitimate interests can be protected, but to get the advantage of the negotiations by the millowners on the one hand, and to hold out that you are super-patriots who will not at any time be parties to an agreement which involves Imperial Preference, is, I venture to repeat again, not playing the game. Politics seems to be the last refuge of a few of these dissentient millowners. I do not wish to say anything more.

Mr. President, there has been a good deal of criticism in the Press that while the Indo-Japanese Agreement is unexceptionable, the millowners' Agreement is wrong for a variety of reasons. Now, it seems to me somewhat curious that gentlemen, who only the other day insisted on a 75 per cent. duty and urged the executive to put that 75 per cent. duty, have now changed their attitude and accept that 50 per cent. duty is sufficient for their purposes. They are blessing the Indo-Japanese Agreement. I am thankful that it is so, because I do not want these duties to be unnecessarily increased. Let us take the Bombay millowners' Agreement now. What is the main criticism that has been launched against it apart from the criticism of Imperial Preference? They say that there is no *quid pro quo*. The Indo-Japanese Agreement can be defended on the ground that there is *quid pro quo*, but not the Lancashire Agreement. I was sorry to see that my Honourable friend, the Leader of the Democratic Party, fell into that trap. It is a very clever trap and it requires very great caution before we can escape the clever traps

which the millowners, whether they belong to the Bombay Millowners' Association or to the Ahmedabad Millowners' Association, often lay for some of us. The trail of the serpent is over them all. Now, what is the *quid pro quo* of the Indo-Japanese Agreement and what is the lack of a *quid pro quo* in the millowners' Agreement which is alleged. The *quid pro quo* in the Indo-Japanese Agreement is supposed to be that Japan has agreed to take a certain amount of raw cotton. Sir, I have an inconvenient memory for Press agitation particularly carried on by Bombay or Ahmedabad millowners, and I remember that, in the months of November and December, when some of us in the House were exercised over the fact that Japan might continue the boycott of our raw cotton, these gentlemen—and I now speak for all of them whether they are dissentient millowners or the other section of millowners—all of them said it was a myth to talk of the continued Japanese boycott of raw cotton. They said that Japan could not do without Indian cotton, that she must use this short staple cotton for its industries and, therefore, all this talk of boycott of Indian cotton was moonshine, and that Japan is bound to come to the Indian market, that India produces a monopoly of the short staple raw cotton, the sort of cotton that is required by the Japanese mills, and that there is, therefore, no force in the boycott threat. Was not that the position which they took on this point? I ask my friend, where is the *quid pro quo*? If Japan is obliged to buy Indian raw cotton and is obliged to buy Indian raw cotton for manufacturing those very goods that she is sending to us, then, I ask, what is the *quid pro quo* which Japan has given us for our taking a certain quota of her goods? And the same gentleman retorts that there is no *quid pro quo* so far as England is concerned. By hypothesis, if Mr. Khaitan says in the *Hindustan Times* of November 3rd that Japan is bound to buy raw cotton and that this idea of a boycott is moonshine, I say by hypothesis there is no *quid pro quo* for the Indo-Japanese Agreement any more than there is a *quid pro quo* or lack of it for the Bombay millowners' Agreement. But the fact does not exactly stand in that light. We have come to an Agreement as regards the quantity of raw cotton that Japan will take. I think it is a good thing for our agriculturists. I believe that it is a substantial help to the agriculturists. Sir, I shall not blow hot and cold like the millowners. Sir, has not England done something in this direction? It is not in the Agreement. My Honourable friend suggests that that is not so. It is true that it is not in the Agreement.

Mr. N. M. Joshi (Nominated Non-Official): That is the complaint.

Diwan Bahadur A. Ramaswami Mudaliar: I am coming to the complaint. My Honourable friend, Mr. Neogy, referred to the Ottawa Pact and said that that Pact decided that Lancashire should buy our cotton and, therefore, he asked what was the additional help that we might get even with the vague promises and general assurances that had been extended to us by this Delegation? Now, let me read the actual clause of the Ottawa Agreement, so that Honourable Members may know what exactly was promised by His Majesty's Government at that stage:

“His Majesty's Government in the United Kingdom undertake that they will cooperate in any practicable schemes that may be agreed upon between the manufacturing, trading and producing interests in the United Kingdom and India for promoting, whether by resort to propaganda or improved marketing, the greater use of Indian cotton in the United Kingdom.”

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In the first place, it is to be the result of an Agreement between the trading and manufacturing interests, and that is exactly what was attempted to be done—what has been done by the Bombay Millowners' Association.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Will my Honourable friend oblige the House by reading out clause 29 of the memorandum submitted by the Manchester witnesses before the Joint Parliamentary Committee in which they stated what they understood by the arrangement? I never said that the Ottawa Agreement made anything compulsory for them, but this is what they say they understood the Agreement to be. What more, I ask, has been achieved under Mr. Mody's Pact? That is what I want to hear from my Honourable friend.

Diwan Bahadur A. Ramaswami Mudaliar: I am, of course, coming to the Manchester Millowners' Association and to the evidence of Mr. Rodieur. I have not forgotten the Honourable Member's very strong criticism on that, and I should like to present my own view.

Now, as I was saying, through the Ottawa Agreement His Majesty's Government said that they would co-operate if an Agreement were arrived at between these two parties. No agreement was arrived at before the Bombay Millowners' Association met the Lancashire Deputation and it seems to me they have been carrying out the terms of the Ottawa Agreement, when this particular Agreement was attempted and has been successfully completed. Take, again, the question whether England is using more, or less, cotton. I venture to suggest that within one year after the Ottawa Agreement itself, apart from this Trade Agreement, the United Kingdom has tried to use more cotton, and that is exactly what the Manchester Merchants' Chamber of Commerce has tried to say in their memorandum. Apart from this Trade Agreement, and apart from any conclusions that may be arrived at between the industrial and manufacturing interests in the two countries and the Government in England, attempts have been made in England for the greater use of Indian cotton. My Honourable friend, Raja Bahadur Krishnamachariar,—I am glad he is here—asked what has been done by Great Britain to promote the greater consumption of raw cotton. The United Kingdom has tried, during the last year, during the last ten months particularly, to stimulate the consumption of raw cotton from India. Let me give my Honourable friend the figures. In the ten months ending the 31st January, 1932, the total value of raw cotton consumed by the United Kingdom was Rs. 1,26,00,000. In the first ten months, ending the 31st January, 1933, the total value was Rs. 1,20,00,000. In the first ten months, ending the 31st January, 1934, that is to say, from the 1st April, 1933, to the 1st February, 1934, the total value of raw cotton consumed by the United Kingdom was Rs. 2,30,00,000—that is, more than double the consumption for the corresponding period of last year.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): May I ask my Honourable friend what specific steps the United Kingdom Government have taken to encourage the greater use of Indian cotton?

Diwan Bahadur A. Ramaswami Mudaliar: I shall leave that to the Honourable gentleman who had the advantage of discussions with the Manchester and Lancashire representatives.

Now, take the quantities. Perhaps Honourable Members might think that the "value" is not a correct appreciation. The corresponding quantities are:

	Tons.
In 1931-32	24,000
In 1932-33	20,000
In 1933-34	42,000

for these ten months,—the value reflecting more or less the quantities that have been consumed, namely, more than double.

Mr. N. N. Anklesaria: May I ask my Honourable friend what specific steps the United Kingdom Government have taken to encourage the greater use of Indian cotton?

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member does not know.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): I can answer my Honourable friend.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Will my Honourable friend tell me what is the proportion of imports into England of Indian cotton after October 1933, when this Pact was, I understand, completed?

Mr. H. P. Mody: I gave the figures yesterday. I would like to say that, within the last five months, the quantities taken by Lancashire are exactly double of what they were for the corresponding period of the previous year.

Raja Bahadur G. Krishnamachariar: My friend, Mr. Mody, is of course all right. He is perfectly enthusiastic over it, and it is not always good that a man should be an advocate of his own cause. He has got an estimable person on the other side, but I would ask my Honourable friend, the Diwan Bahadur, who is a careful student of statistics, if he can tell me, if he has no objection, what is the total quantity or total value or both of Indian raw cotton that went into the United Kingdom after October, 1933, when this Pact was entered into.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I have not got the figures for every month, but I will give to my Honourable friend the figures for January of this year after the Bombay millowners' Pact. In January, 1933, the total quantity exported to the United Kingdom, was 3,800 tons, and in January, 1934, the total quantity was 7,200 tons. My Honourable friend ought to be satisfied that even after, as he thought, the inhibiting influence of the Bombay millowners' Pact with Lancashire, the use of raw cotton in the United Kingdom has gone up by nearly cent per cent.

Mr. K. C. Neogy: Is it not a fact that, in the case of Germany, the figure has gone up by 100 per cent if you compare the figures of January, 1932, and January, 1934?

Diwan Bahadur A. Ramaswami Mudaliar: It may be a fact, but it is a very irrelevant fact

Some Honourable Members: Why?

Diwan Bahadur A. Ramaswami Mudaliar: and I hope that Honourable Members of his Party who follow Mr. Neogy will try to show how it is relevant.

Mr. K. C. Neogy: Do I understand that there was a pact between Mr. Mody and Germany also?

Mr. H. P. Mody: There might be a little later.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I was pointing out that, apart from this Agreement, the United Kingdom was encouraging the use of cotton and that these vague generalisations were not so vague as all that, and that, since the Agreement, that process of encouragement has also gone on. One has only to follow the newspaper reports from time to time to find that sincere and very earnest efforts are being made by the Lancashire industry to try to use more of Indian cotton than they were using before. I am sure, they realise the extreme importance of such a step. But anyone who knows the conditions of the industry knows the difficulty of the situation. In the mills, as Lancashire has them at present, raw cotton from India cannot be used easily. Certain changes have to be undertaken and certain modifications have to be arrived at before it can be accepted. And that is exactly what is being tried and tested at the present moment. As my friend reminds me and as it was stated in the newspapers this morning, a permanent Commissioner has come out; the Chairman of the Cotton Committee is also here, and they are both in collaboration with the Executive Committee of the Bombay Millowners' Association. I cite these facts, because those who are interested in agriculture and those who are interested in the greater use of raw cotton will take note of them and will use them properly.

Now, I come to the evidence of the Manchester Chamber of Commerce, about which great play has been made by some of my friends, and I was surprised to find that so careful a student as Mr. Joshi of these proceedings should have fallen into the mistake of stating before this House that greater safeguards and double safeguards had been asked by the Manchester Chamber of Commerce after the millowners' Pact than they asked for before. I hope that, at any rate, that part of his statement he will retract as an unjustifiable exaggeration. (Interruption by Mr. N. M. Joshi.) My Honourable friend's statement is that, after the millowners' Pact with Lancashire, the safeguards have been doubled.

Mr. N. M. Joshi: I did not say anything about their being doubled or quadrupled. I simply said that after the Pact the Lancashire Delegation gave evidence and asked for a safeguard which was never mentioned before in the Round Table Conference proceedings.

Diwan Bahadur A. Ramaswami Mudaliar: May I know what that safeguard is?

Mr. N. M. Joshi: That safeguard is about the fiscal autonomy of India. India should not use fiscal autonomy in a way as to injure the interests of Lancashire.

Diwan Bahadur A. Ramaswami Mudaliar: Now, Sir, the Manchester Association sent in a memorandum some months back. Later, the Lancashire Delegation came over to India and met the Millowners' Association with whom an Agreement was arrived at. At the time when evidence was being given in London, they had just a scrappy idea of this Pact. A cable report had gone to England that an Agreement had after all been arrived at. Immediately afterwards, the Association sent in another note, what it called a preface, and it is emphasis on the preface that is important. That emphasis has been laid by Mr. Jayakar, Sir Phiroze Sethna and by my Honourable friend. (Interruption by Mr. B. Das.) That preface suggested that they cannot withdraw and will not withdraw their case for safeguards so long as there are friends like Mr. B. Das in this House and also friends of the Millowners' Association outside who show so keen anti-British spirit and who show that they mean to hurt Britain and not to help themselves. So long as that spirit is in this country and so long as any section of the people want to show an anti-British attitude, merely because it is anti-British and not because it helps the industry, how can any honest man and a man with commonsense expect these people to withdraw the safeguards that they have asked for. (Applause from the European Group.)

(Interruption by Mr. C. S. Ranga Iyer to which the speaker did not give way.)

Mr. President, I want to speak out my mind this morning and I realise that I cannot do so if there are shouts from all sides of the House. I am glad that I have got this opportunity and it is time that people in this country should know that there is another side of the case. It is time that people elsewhere should know that there is another side of the case. Therefore, I beg of my Honourable colleagues not to treat me as discourteous if I do not give way, and I beg of you, Mr. President, to see that by mere shouting or by interruptions my speech is not seriously affected so far as the listening of it by the Honourable Members of this House is concerned.

I said that this preface showed a change of importance so far as the Delegation is concerned. They show that they believe in the settlement of these problems by mutual goodwill and by nothing else. They show that the trade of Lancashire can depend not on Statutory safeguards or on the powers that a Viceroy or a Governor may have, but on the goodwill and the cordial relationship that must exist between the people of India and the people of Great Britain. That is the point of this preface and this preface had been especially prepared and put forward before that Committee, because of the Agreement that had been arrived at between the Millowners' Association, Bombay, and the Lancashire Delegation. That Agreement gave them a hope that there was a change in the angle of vision; that Agreement gave them an assurance that there were people in this country who were prepared to be fair to them and at the same time safeguard their own industry; that Agreement showed to them that India was not full of people who were chauvinists and who were

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Jingoes and who were out to be aggressive without any purpose and who were out to make their exuberant energy felt only in the direction of hostile demonstrations doing no good to themselves and to their country and certainly not promoting the interests of the industry which they are supposed to own. It was on account of that that this preface was given to the Joint Parliamentary Committee. And, in the course of the evidence, what did they say? My Honourable friend, Mr. Joshi, has gone out of the House quite disgusted with the line of argument that I am following. I do not envy him. It goes against the whole grain of what he is accustomed to. But I am out this morning to speak things which Members of some sections of the House are not accustomed to hear. Let me read the very interesting answer that this Delegation gave to the Chairman:

"Do you desire to make any statement apart from the memorandum and the preface?"

—Mr. Rodieur answered on behalf of the Delegation—

"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 for solution by co-operation as being preferable to some of the arguments that we have advanced perhaps in the joint evidence."

That is a statement which can only have been possible if they were assured that there was some section in this country, however small it may be, and I trust it is a very large section, who are prepared to examine this question on the merits and are not out merely to have their names featured in broad streamers and headlines in some of the newspapers in this country. Take, again, the evidence they gave when Mr. Jayakar asked some questions:

"Q. May I just put a few questions because before I begin may I congratulate you on the spirit of your preface?"

A. Thank you, Sir.

Q. I suppose you are satisfied that the method of co-operation and goodwill is the right method in such matters as you said in a previous answer?

A. Yes, Sir.

Q. But do you not think that you will get better terms from India by the adoption of this method rather than by having strict provisions in the constitution?

A. I think we have said so in the evidence.

Q. You agree that you will get better terms by the adoption of the method than by having strict provisions in the constitution?

A. In the main, yes."

Then follow their demand for strict provisions in the Constitution also. Why? Exactly because there is still a section in this country who wants to put forward these difficulties, who wants to give the impression that there is an anti-British feeling in this House regarding trade, that they will not have any kind of fair method of assessment of the difficulties of the trade in these matters. I want to say that anyone, who has followed the discussions either regarding these commercial discrimination clauses or safeguards, knows how from time to time the position has been worsened by this sort of agitation. Many Honourable Members have been telling us stories, but let me tell what is a fact. At the first Session of the Round Table Conference, some of my Honourable friends, who were keenly interested in trade and commerce, entered into

an agreement with some of the British interests there and some of the members of the Joint Select Committee, who are Britishers, Lord Reading notably, and came to an understanding about the sort of discrimination that should be avoided. That is embodied in the Federal Structure Committee Report and it forms part of an appendix there. The exact terms having been come to by agreement, what happened? That great body, the Federated Chamber of Commerce, on the executive body of which my Honourable friend, Mr. B. Das, is so distinguished and Honourable a Member, immediately had a conference and tore that agreement into pieces; it attacked it in a thousand ways and it said the same thing of that agreement as it is now saying of my Honourable friend, Mr. Mody, that they were all traitors who were there and they were all people who had sold the country and were treacherous to the cause. The result was that, at the Second Round Table Conference, when some of the elite of the Federated Chamber of Commerce were present as delegates, an agreement was arrived at which is at least cent. per cent. worse from the Indian point of view than the agreement which was arrived at at the First Round Table Conference. My Honourable friend took the names of very great men indeed yesterday. Sir Phirozeshah Mehta! Who can think of Sir Phirozeshah Mehta, who can mention that name without awe and without reverence and without a feeling that here was a man who had stood by his country, who was practical, who did not suffer any nonsense and who was determined to see that the interests of his country was the first and foremost consideration whether those interests were threatened by Britishers or whether these were worse threatened by a coterie and a clique of his own countrymen. Who are those in charge of these matters? My Honourable friend, after referring to Sir Phirozeshah Mehta, talked of the Chairman of the Maharashtra Chamber of Commerce. Times have indeed changed. A vulture indeed rules where once an eagle reigned. That is the sort of fall that has come in the commercial community of this country.

Sardar Sant Singh (West Punjab: Sikh): So has the fall come in this Assembly.

Diwan Bahadur A. Ramaswami Mudaliar: I entirely agree with my Honourable friend, and so in this Assembly. Unfortunately tapers and tadpoles of some Parties are filling the places where once the leaders were. I am aware of that, most acutely aware of that.

Sardar Sant Singh: So we both agree on that point.

Diwan Bahadur A. Ramaswami Mudaliar: We shall agree on many more points as we proceed with this debate.

My Honourable friend talked of the Federated Chamber of Commerce, and you know, Sir, that that Federated Chamber of Commerce, immediately after this Agreement, had passed a resolution condemning, as I said, the whole Pact. Mr. President, let me be forgiven for referring to a personal matter at this stage. There are only two occasions when I have sent congratulatory messages to an Honourable Member sitting on the Treasury Benches. One was on the occasion when the Indo-Japanese Agreement was signed and the other was on the occasion when even this Government declined to appear before the Federated Chamber of Commerce after the attitude that it had taken up, an attitude of hostility, an attitude of non-co-operation to this House and an attitude suggesting that they will have nothing to do with the Government.

Mr. B. Das: But the Federation is not represented here in this House.

Diwan Bahadur A. Ramaswami Mudaliar: That was an attitude which I resented. I was glad that Honourable Members on the Treasury Benches had the temerity to take up that attitude in spite of the fact that some Honourable Members on this side of the House are overwhelmed by the dignity and the greatness of the Federated Chamber of Commerce. Let me not be understood to say anything about the members of that Chamber. There are many who are distinguished men, there are many who are patriots of the first order, there are many who have done their best for this country in commerce, and, therefore, if I am using that phrase in a rather composite form, let it be clearly understood that I am making no reflection on the large majority of the members that are in that Chamber. But I am complaining against a small clique which is dominating the decisions of that Chamber, I am complaining against a small clique which is dominating the decisions of the Indian Chamber of Commerce of which my Honourable friend and co-leader is an honoured member; I am complaining against these cliques and I am complaining, because, being commercial bodies, they throw aside all considerations of commerce and enter into the political arena which they have no business to do and thereby ruin the progress and prosperity and hamper the political freedom of this country. On the one hand, they come out as men who want protection on the sly by the backdoor method, and on the other hand, they pose as super-patriots who will not flinch and who will even give up their industrial concerns for the sake of this country. That is the attitude which I am going to complain of. That is the attitude which I think has done more harm to this country than anything else, for if you examine the evidence of Mr. Rodieur, you will find it is against men like these that he wants safeguards, because he thinks that they will be in power in the Federation tomorrow.

Mr. N. M. Joshi: It will be for the good of the country.

Diwan Bahadur A. Ramaswami Mudaliar: The Honourable Member may lay the flattering unction to his soul that that kind of people will ever be in the majority in the future Federal Government.

Sardar Sant Singh: Then why are you afraid of them?

Mr. N. M. Joshi: Why do they want safeguards?

Diwan Bahadur A. Ramaswami Mudaliar: I am not afraid of them and I am prepared to meet them not by the scores, but by the hundreds, if you like, I have met such men in the past and I am willing to do so in the future. Sir, I am not afraid but Mr. Rodieur is afraid, and he thinks much of these men, he thinks of them as much bigger men than they really are, and I am here today to demonstrate that they are a very small section of the people, a microscopic section, small in number, small in influence, small in intellect, small in patriotism and small in commercial intelligence. I want this message to go forth to the Manchester Chamber that they are laying too much stress on these people, that there is in this country a large volume and a large body; an overwhelming proportion of people with goodwill to everybody. Do you not remember, Sir, how, when these gentlemen were dancing to the Congress tune in those days,

there was a party formed or attempted to be formed in Northern India which wanted to have fair trade with Great Britain. Is that a lesson which can easily be forgotten? Are not my Honourable friends aware that very serious attempts were made to incorporate a company which will do fair business with Great Britain and which recognised that for good or for ill the company of these two countries was an inevitable combination and that in friendliness, toleration, goodwill, side by side with taking every care of one's own industries and one's own financial affairs, trade should be established between these two countries? Therefore, I say, Sir, that there is a revulsion of feeling coming over in this country against this small clique, men are disgusted with it, men are saying that this sort of thing cannot go on for ever and men are saying that you cannot go behind the *purdah* and ask for protection and then say in the open that you are against all these Agreements.

Mr. President, I have got a small suggestion to make. You are against Imperial Preference, you will not touch it with a pair of tongs, the very idea is abhorrent to you, not because it is economically wrong. I say that economically it is the most correct thing to do, but politically it is wrong. May I ask my Honourable friend, will you accept that the Japanese import duties should be reduced to the British level? Will you accept that 25 per cent. *ad valorem* duties will be levied all round. Will you get the Federated Chamber of Commerce, which is meeting the week after next, before the deliberations of the Select Committee are over, before this Bill comes to this House, that the Japanese duty of 50 per cent. should be brought into line and on a level with the duty on the United Kingdom goods so that you may prove that you are honest and that you are *bond fide* in your contention, that all that you object to is Imperial Preference and nothing more. This is a fair challenge and my Honourable friend, Mr. B. Das, who is going to play such an important part in the deliberations of that Chamber, will be there in his capacity as an executive committee member, and, if he could convert them, I for my part promise that if you accept the suggestion, I will myself give an amendment and throw all my influence on the side of that amendment and see that that amendment is carried and the duty lowered and equalled. For, let my friend remember that we have got the power in this House to lower the duty, but we have not got the power to increase that duty.

Mr. B. Das: I will convey your message to the Federation and also to the Indian National Congress outside.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I am very fortunate in having such a fine messenger to convey my message, and I thank him. (Laughter.)

Now, Sir, it is a fair test as to the *bond fide* of these gentlemen and their patriotism which they say is much higher than their industrial interests. I should like to see how their patriotism responds to the suggestion that I have made, because that suggestion is in time.

Now, Sir, if you look at the protests that have come about the Mill-owners' Association Pact, you find in every line of them political protests. I have no objection to a political association dealing with the political aspect of the question. It is its legitimate duty. If the Liberal Association, the Non-Brahmin Association, the Indian National Congress, any political association, that deals with these questions, puts forward the

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political argument and says that it is not proper that there should be Imperial Preference, I can understand that, and I welcome it. But I cannot understand a commercial association, formed purely for the purpose of economic interests, trespassing into these political things. I have no objection to a commercialist or industrialist joining a political body and in his capacity as a politician making political statements or putting forward political criticisms. But I think it will be disastrous to the economic interests of this country, it will be disastrous to the industrial progress of this country, if these associations, which are merely commercial associations, trespass into the political sphere. Take the case of the Federated Chamber of Commerce. It has sent in a series of resolutions about this Indo-Japanese Agreement, and we have all received copies. What is the most serious charge there? The last resolution—which is supposed to have the sting—the last resolution says that this Indo-Japanese Agreement is acceptable, but it protests against its being signed in London? What a colossal fact for the Federated Chamber of Commerce! What a discovery that these commercial gentlemen, after putting all their heads together, have made!—that the greatest commercial injury to this country is the fact that this Agreement is going to be signed in England. Sir, as a politician, I agree that this Agreement should be signed here, and, if I were present on the occasion of Mr. Das's adjournment motion, I would have taken up the same line of criticism and tried to put forward the view that this Agreement should have been signed in this country. That was what was done by the various dominions, and long before the Statute of Westminster was passed, when they had merely the fiscal autonomy convention and the right to make commercial agreements, dominion after dominion exercised that right and had the Agreements signed in their own country by their own Delegations and not through the Foreign Office and not in England. But I object to a Federated Chamber of Commerce pursuing a purely political question which has nothing to do with commercial interests and which should really be tackled by a political body.

Mr. K. C. Neogy: What about the British Chambers of Commerce in India? Do your observations apply to them also?

Raja Bahadur G. Krishnamachariar: What about the Manchester Chamber of Commerce?

Diwan Bahadur A. Ramaswami Mudaliar: I am not here to defend or to criticise all the Chambers of Commerce all over the world, but if

Mr. K. C. Neogy: You will condemn only your own countrymen and not your friends over there.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend's cheap jokes are somewhat stale in this House. My Honourable friend may refer to Mr. Ranga Iyer being in questionable company and Mr. Ranga Iyer will probably retort. But I have as good a political record as my Honourable friend, Mr. Neogy.

Mr. K. C. Neogy: I hope so.

Diwan Bahadur A. Ramaswami Mudaliar: I have been as long in politics and have suffered criticism as long at least as my Honourable friend, Mr. Neogy, and, therefore, these stale jokes leave me utterly cold. My Honourable friend, Mr. Neogy, I am sure, is as good a friend of some at least of the Europeans as I hope I am of a great many Europeans, and I am proud of that fact.

Mr. K. C. Neogy: What is the relevancy of that?

Diwan Bahadur A. Ramaswami Mudaliar: The relevancy of this lies in the fact that my friend, Mr. Neogy, thought that my friendship with those gentlemen was a questionable commodity.

Mr. K. C. Neogy: We call ourselves friends in this House, all of us, don't we?

Diwan Bahadur A. Ramaswami Mudaliar: Now, Sir, let me leave these political issues and political controversies.

I would like to address myself for a very few minutes to the two Agreements. Let me take the Indo-Japanese Agreement first. The difficult clause that I find there is, of course, the clause which relates to the most-favoured-nation treatment. I can understand the difficulties of my Honourable friend. Perhaps he will tell us that on no other basis could that Agreement have been carried out. But the difficulty that I feel is this, that, on account of that, we are necessarily placed in the position of putting on goods of all other foreign countries the same amount of duty which is necessary for goods from Japan. If that most-favoured-nation clause had not been there, it would have been possible to discriminate against Japan, and some Members at least had hoped that when the Anglo-Japanese commercial treaty was denounced, we would have the privilege of segregating Japan, if I may say so, which is the serious competitor in the market. But, as I have said, very probably my Honourable friend's defence will be that on no other basis could that Agreement have been arrived at. Now, I said that in regard to this discrimination I shall show that it is inevitable that there should be a difference between Great Britain and Japan in many of these things. What would you do, Mr. President, if you are faced with a position like this? An article which is sent from Japan costs five annas, the same article sent from the United Kingdom costs eight annas and the same article produced in this country costs ten annas. What would you do? And I ask my mathematician friend, Dr. Ziauddin. Would you put a duty of five annas? It is obvious that as against Japan the Indian article requires a five annas duty. It is equally obvious that as against the United Kingdom it requires only a two annas duty. Would you put a five annas duty all round? If that is so, where is the consumer's case considered? A prohibitive duty, so far as the United Kingdom is concerned, will make it impossible for the United Kingdom to import any articles and for the consumer here to get any article. Have a differential duty for Japan and the United Kingdom, just to equate competing conditions in this country. And that is exactly the difficulty. I regret that the Tariff Board have not straightforwardly faced

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this difficulty. I have a complaint against this Tariff Board notwithstanding my admiration of its Chairman, Mr. John Mathai. In this particular Report, they have gone about it and have not tackled the straightforward issue. They show that the values from Japan and the United Kingdom are entirely different. The logic of that should be that the amount of duty which is required for the Japanese article is not necessary for the United Kingdom article. But that would land them in the abhorred thing called Imperial Preference of which they seem to have been as much afraid as the Federated Chamber of Commerce, and, therefore, they go about in a roundabout manner putting what they call for the first time in the history of tariffs a uniform substantive duty. I do not suggest that this substantive duty was never there before, but I say that they do away with the principle of *ad valorem* duty and now put a substantive duty. Now, let us look at the thing from the position of the substantive duty. Is there not a discriminating duty here? The Federated Chamber of Commerce, the Marwari Chamber of Commerce, the Maharashtra Chamber of Commerce the Indian Chambers of Commerce—all think that, if only the Tariff Board's proposal had been accepted, there would have been no reason for complaint at all. But what does the Tariff Board's proposal amount to? Is there not solid Imperial Preference there? Take, again, the illustration that I have given, five annas for the Japanese article, eight annas for the United Kingdom article. You put a substantive duty of $1\frac{1}{2}$ annas. Will my Honourable friend, Dr. Ziauddin, help me in arriving at the percentage which $1\frac{1}{2}$ annas bears to five annas and which it bears to eight annas? Is it not obvious that, taking the percentage, the Japanese goods are taxed heavier than the United Kingdom goods, that it is something like 25 per cent. so far as Japan is concerned, and probably 15 per cent. so far as the United Kingdom is concerned? Is there not Imperial Preference there and is that not exactly what the Tariff Board has done? Then, why speak of Imperial Preference? Then, why not straightforwardly admit that not because we want to give certain advantages to the United Kingdom, but because of the basic fact that the values of the goods between these two countries are such that as against one we require a greater amount of protection than as against another, a greater amount of tariff than on another, we have come to the conclusion that differential tariffs are justified?

I should like to refer now only to one or two minor points—I am
 12 NOON. afraid I have taken more time than is justifiable. Let me refer only to two minor things. I promised my friend, the Commerce Member, on a previous occasion, that I will place facts and figures to show that, so far as the hosiery industry is concerned, the protection given under this Bill is utterly inadequate. In fact, in some respects, the duty by the pound has made it much worse than the duty by the dozen which was proposed in the original Report and in the last Bill. But I do not wish to go into all the detailed figures at the present moment—I shall have an opportunity of placing the case in the Select Committee before my Honourable friend, and I hope he will, as he said, have the same open mind to the question.

Take the much more difficult question of yarn. This question of yarn is really a difficult question—yarn of higher counts—and it is here that my Honourable friend has gone behind the Agreement which the millowners have arrived at with the Lancashire Delegation, and reduced the duty, not

increased the duty, to the benefit of the United Kingdom. What is the position about higher counts of yarn? My Honourable friend, Sir Frank Noyce, when he presided over the first Textile Tariff Board, in a report, which is full of valuable suggestions, exhorted the industry to turn their attention towards spinning finer counts of yarn and towards producing cloth made of finer counts of yarn. Some of his colleagues were prepared to go further and they even suggested that a bounty should be given for that purpose. My Honourable friend was against that; but it is undeniable that by exhortations and admonitions my Honourable friend and his colleagues wanted the industry to advance the development of finer counts of yarn. Since then that advancement has been going on. It is suggested that there is a difficulty in giving protection to yarns because of handlooms: it is perfectly true that handlooms require finer counts of yarn; but handlooms get it partially at least from the mills in this country, and my complaint with this Textile Board is a complaint which I made on a previous occasion, that in its peregrinations, beyond sitting in the pleasant heights of Ootacamund for the purpose of writing its Report, it has not really understood or cared to investigate the conditions prevailing in South Indian mills. They have not tried to find out that there are purely spinning mills alone and spinning mills, some of them the largest in the world, existing in South India. They have not tried to understand that, so far as the duty that they have proposed for yarn is concerned, there is a difference between the costs in a spinning mill, and the costs in a spinning and weaving mill. They have taken into consideration the cost of yarn only in a weaving mill and that lands them in an absurd position. The cost of yarn in a weaving mill is different from the cost of yarn in a purely spinning mill. What happens is that the yarn that is spun in a spinning and weaving mill goes straight into the machinery for the purpose of making cloth: but there are several kinds of charges that are involved in a purely spinning mill before the yarn is ready for sale to the handloom weaver, which do not exist in the case of a spinning and weaving mill. There are charges, for instance, with relation to reeling, with relation to bundling, with relation to baling, which do not arise in the case of a weaving and spinning mill where you take the yarn straight from the spinning machine and put it into the machinery for the purpose of weaving. These things increase the cost of production, so far as purely spinning mills are concerned. It seems to me, therefore, that it is necessary to revise the whole basis on which this thing has been worked out by the Tariff Board, so that yarn merchants may have fair treatment. I am aware that the handloom industry is very important: I want that the industry should have every assistance possible; but the yarn produced in this country will be of the greatest assistance to them. At present they are consuming it in ever-increasing quantities and we want that yarn to be produced in more liberal quantities, so that this handloom industry may have something on the spot and may not have to rely on foreign yarn for its purposes.

A great deal has been said about agricultural interests and about the necessity for promoting those interests and about their having the first place in the consideration of the Government. I wholeheartedly subscribe to that proposition, and though I do not have the honour of being a member of the rural party, because I want to be a monogamist in my political adhesives as in other respects, I still venture to hope that my Honourable friend, Raja Bahadur Krishnamachariar, will believe me when I say that I have at least as much interest in the agricultural people as any of the members of his Party. This raw cotton production is very

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important, and raw cotton is consumed, more than fifty per cent of it, in the Indian mills. There have been various aspersions cast on the mill industry in this country, and it has been questioned whether it is a national industry or not; but when we consider the fact that it is an industry which consumes half of our own agricultural produce, we have a better realisation of the basis of that industry and of the part that it plays in the economic structure of Indian society.

I do not want to refer to the somewhat minute criticisms that have been made about this industry and about the managing agency system. I would only like to say one thing, that, on this question of managing agency system, there has been a great deal of misunderstanding, and people seem to think that this managing agency system is an unmitigated vice, and the sooner it is abolished, the better. There is one aspect of the matter which I would like the Honourable Members of this House to understand. The banking system in this country has forced the coming into existence of the managing agency system. The banking system is conducted in such a manner that no mill, whatsoever its capital may be, whatsoever its assets may be, can get for temporary purposes of accommodation, which every concern requires in the country, any advance from any bank at all, unless there is the collateral security of the managing agent. It is that that has brought into existence the managing agency system in this country. It is absolutely absent in any concern in Great Britain. What is the use, therefore, of criticising our industry when it is handicapped in a dozen ways like this? In England, they do not require the managing agency system, because the bank does not insist on a collateral security, a personal security, to back up the security of the industry concerned, and that is why the managing agency system has still continued to exist in spite of all the opprobrium that has been cast on it and all the criticisms that have been levelled against it.

There is one aspect of it which I think I have to press on the attention of the Honourable the Commerce Member, an aspect which was referred to by my Honourable friend, Dr. DeSouza, in his speech late last evening. The Tariff Board suggested that legislation is desirable in order to define the extent and nature of the control and supervision to be exercised by the Directors and shareholders of the Company over the managing agents. A Committee should be appointed to report on the manner in which the Company Law should be amended. Sir, I trust that my Honourable friend will see to it that that recommendation is acted upon at a very early date and that the criticisms about the managing agency system will not continue to exist.

As I have said, I believe that this is a national industry, national owing to the extent to which it serves the country, national owing to the extent to which agricultural produce is utilised in this country. I want to see the time when the various conflicting interests will coalesce together. For my part, I wish to see the agriculture and commerce and manufacture of this country, not as adversaries, but as co-mates and partners and rivals only in the ardour of their patriotism and in the activity of their public spirit. Sir, I thank you. (Hear, hear.)

Sardar Sant Singh: Sir, there are some traditions at the bar which are jealously guarded by its members. One of such traditions is that when you have got a weak case, begin to abuse your adversary. My friend, the

Diwan Bahadur, just now got on his legs and, in order to prove his loyalty to his patrons which he seems to carry on his forehead, showered abuses upon all those who belong to different schools of politics. He called a certain section of the political opinion in the country as dishonest, he characterised it as treacherous, because that section tried to meddle in the affairs of the country as discussed in this House. As a matter of fact, that section of the political opinion, which my friend reviled came to deserve his wrath, because it chose to boycott the Legislatures. The section referred to is quite able to defend itself. There was one point in his speech which sounded self-contradictory, and that was when he characterised that section as very small in number, still smaller in influence, and in intellect. After having thus characterised that section, he advocated that Britishers should never give up their demands for protection and safeguards against commercial discrimination so long as this section remained in the country. May I ask my friend, Sir, one simple question? If such a claim is really a fact, as he thinks it is a fact, why should the Britishers want safeguards at all? If the majority in this country consists of that class of people to which my friend has the honour to belong, can't the Britishers place their trust in that majority? If he thinks that the next elections will return only those people who are endowed with the mentality which regards Government as *Ma-Bap*, the mentality with which Diwan Bahadur Mudaliar is amply endowed, why bother about safeguards? If my friend holds the opinion that his school of thought is really in the majority, there is no logic in his plea for justifying the demand of Britishers for safeguards against a small microscopic minority. The fact is, and, in his heart of hearts, my friend realises that in the next elections if the Swarajist Party decides to capture the Legislatures, people of the mentality of my friend, the Diwan Bahadur, will have absolutely no chance to be returned. Having that feeling in mind, he wants to get as much advantage from this Assembly as he possibly can during its lifetime.

Now, Sir, I should have liked my friend, the Diwan Bahadur, to throw some light as to why this preference has been extended to Great Britain against all the countries of the world. That was the main point at issue between those who differed from Mr. Mody and Mr. Mody himself. No reasons have been advanced as to why preferential treatment should be given to the United Kingdom against France, against Italy, against Germany and against other countries. The reason given by my friend, so far as I could follow him, was that it was for a political reason that the Agreement between Lancashire and Mr. Mody was arrived at, it is a political agreement, and not a commercial agreement

An Honourable Member: Who said that?

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): May I interrupt my Honourable friend, Sir? What is the harm in entering into a political agreement? After all, we can get political concessions by political agreements.

Sardar Sant Singh: My friend, Mr. Ranga Iyer, asks what is the harm in entering into a political agreement? I don't think there is any harm in it, provided the agreement is entered into under the same garb and in its true colours, and not under a false colour of a commercial agreement. I don't think my friend, Mr. Mody, will thank the Diwan Bahadur for calling this Agreement a political agreement

Diwan Bahadur A. Ramaswami Mudaliar: Does my friend mean to imply after listening to me for an hour that he thinks that I said it was a political agreement? Surely, he is doing less than justice to himself.

Sardar Sant Singh: Sir, if I may be permitted to quote the words used by my friend in his speech, when referring to this Agreement, he said that this Agreement has been made with political motives

Diwan Bahadur A. Ramaswami Mudaliar: No, no, I never said anything of the sort.

Mr. H. P. Mody: It is an economic agreement from which political gains may flow.

Sardar Sant Singh: My friend has cleared the position now.

Mr. H. P. Mody: It is an economic agreement first and foremost.

Diwan Bahadur A. Ramaswami Mudaliar: It is an agreement to which I am not a party.

Sardar Sant Singh: Well, Sir, the position has been cleared that it is expected that political gains may flow from this Agreement. Then, the position is reduced to this, that there are certain political motives behind the minds of those who got this Agreement entered into. If that is the reason, then, Sir, it is but right and proper that we should examine this Agreement with greater scrutiny and with greater care. Private individuals however highly placed they may be, however eminent they may be, whatever position of influence they may occupy in this country, have no right to enter into a political agreement or into any agreement from which you expect that political gains should flow,—to use the phrase of my friend. It is left

Mr. C. S. Ranga Iyer: Is it not an advantage for two industrial groups first to come to an agreement before it is ratified by the Government?

Sardar Sant Singh: There, again, I respectfully differ from my friend, Mr. Ranga Iyer. According to my humble view, private individuals should not enter into an agreement behind which there are political motives, an agreement which may later on be ratified by the Government which is shortly to be replaced by a popular Government.

However, the position, as I was submitting to you, is this. The advocacy by Mr. Mudaliar on behalf of Mr. Mody has, I think, done the latter's cause more harm than was done by any other opponent of his who opposed this motion on this side of the House. The reason is very obvious. We are willing to examine a commercial agreement on its merits, but we are certainly not willing to examine an agreement behind which there is the least suspicion of a political motive which may lead to some other complication in the constitutional position of the whole country. As the Honourable Sir Joseph Bhore in his speech said, the foremost consideration in all these commercial agreements is the interest of the country. This phrase "interest of the country" may have different meanings for different people. Some may be inclined to make a sacrifice for the purpose, of gaining a few concessions from England in the sphere of political advance. Some may be inclined to stand on their own legs and demand political

rights by advocating the justness of their cause. England has been enjoying a privileged position in India for a very long time, and we know that during the days when countervailing excise duties were levied on the cotton textile industry in India, England did not confer any political advantage on this country. So, we are not sure that by paying this price to England we shall be getting any political advantage out of her. The position is this. The commercial needs of the country have been carefully examined by a competent expert body like the Tariff Board. The Tariff Board should be our guide in this respect. We depend upon the conclusions arrived at by this expert body, and we say that when an expert body like the Tariff Board does not recommend any preferential treatment to Lancashire, there is no reason why Government should go behind the Tariff Board's recommendations and give this preference in the field of protective duties. In the matter of the textile industry, we are willing to grant protection against Japan, and against any other country which happens to dump cheap goods in India at the expense of the local industry. But we are not willing to sacrifice the interests of the country for any other country, whether it be the United Kingdom or any other. The agriculturist grower of cotton has a right to expect that he will gain some advantage when there is a commercial agreement. In the case of the United Kingdom, we do not find that any quota has been agreed to by which the United Kingdom is compelled to buy our cotton in return for selling their goods in India.

Mr. R. S. Sarma (Nominated Non-official): They are buying. What are you talking?

Sardar Sant Singh: I do not agree that we can depend upon a mere promise that they will buy a certain amount of cotton from India. Therefore, so far as this portion of the Bill is concerned, I am opposed to it.

Mr. N. N. Anklesaria: Sir, I am sorry my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, is not in his place. I put him a specific question to let the House know what specific steps the British Government, in fulfilment of the promise they made at Ottawa, had taken to encourage the use of Indian cotton by Lancashire mills. My Honourable friend said that he would give a reply, and he was interrupted by Mr. Mody who said that he (Mr. Mody) would give a reply. I am sorry both the gentlemen are not in their places. From my place in this House, I say that the British Government have up till now taken absolutely no specific steps to encourage the use of Indian cotton by Lancashire mills. There has been talk, and talk and talk interminable, but nothing practical done. (Hear, hear.) Sir, the other day, Major Proctor, one of the Lancashire M. P.'s asked a question in the House of Commons whether the British Government were going to take any practical steps to encourage Indian cotton and he suggested certain practical steps. Mr. Runciman replied that the Government did not intend to take any such steps. These are allegations, Mr. President, which ought to be answered by Honourable Members who say that the British Government have so far taken specific steps in the direction of encouraging the use of Indian cotton. Mr. Mody has come back, and I am prepared to give way to him if he will kindly explain what specific steps the British Government have taken till now to encourage the use of Indian cotton in Lancashire mills.

Mr. H. P. Mody: My agreement has nothing to do with the British Government. My Agreement was with a body of industrialists in Lancashire who, during the last few months, have done their very best to

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implement their undertaking about the use of more Indian cotton, and this is borne out by figures which ought to be known to my Honourable friend.

Mr. Gaya Prasad Singh: Then why should it be ratified by our Government?

Mr. H. P. Mody: Ask Sir Joseph Bhore.

Mr. N. N. Anklesaria: My Honourable friend has not given the information which he promised. He said he had nothing to do with the British Government. I quite agree. But he ought not to have undertaken to mention the specific steps taken by the British Government.

Mr. B. S. Sarma: Where do the British Government come in?

Mr. Gaya Prasad Singh: Then why should the Indian Government come in?

Mr. B. S. Sarma: They are not coming.

Mr. Gaya Prasad Singh: Then ask Sir Joseph Bhore to withdraw the Bill.

Mr. N. N. Anklesaria: At the outset, I must congratulate the Honourable the Commerce Member on his name being associated with a measure which would advance India a step further in acquiring an international status.

Mr. Gaya Prasad Singh: You mean the Indo-Japanese Agreement?

Mr. N. N. Anklesaria: Yes. I must also congratulate my Honourable friend, Mr. Mody, on the part which he took in bringing about better trade relations between Lancashire and this country.

Mr. B. S. Sarma: You admit that!

Mr. N. N. Anklesaria: I know that Mr. Mody himself has stated that he has given nothing more to the Lancashire people than merely his right to come to this House and ask for an increase of tariff when the tariff question would be next discussed. I quite agree with him. My Honourable friend has shown an ability, an astuteness and a capacity for business bargaining which ought to reflect great credit on him and I am sure they do reflect great credit on him. But when I contrast that astuteness with the simple-hearted generosity of my Honourable friend, the Commerce Member, I realise the distinction between a bargainer and a bargaineer.

My Honourable friend, Mr. Mody, talked of economic nationalism. The foundations of economic nationalism were laid by that famous Commission in India in 1921. I refer to the Fiscal Commission, which may appropriately be called the Bombay Millowners' Commission. Anybody who has looked at the personnel of that Commission will find that there is a good deal of truth in what I have just stated. Sir, that Commission inspired by the prevailing political prejudices and influenced by crude

mercantile theories of the old days of Cromwell and Colbert produced a report about which I say the less said the better. I will only say that that report has been the guiding principle of the fiscal policy of the present Indian Government, much to the detriment of the vital interests of this country, as I hope to show on a future occasion on the floor of the House. I hope to show the absolutely superficial and one sided character of the arguments contained in the Fiscal Commission's report and I will confine myself to citing a quotation from a writer on economics I refer to Mr. Dey's book, and the quotation I read is from page 28:

"It is necessary to inquire whether, in this presentation of the case for industrial protection by the Indian Fiscal Commission, we are not once again confronted with the old, crude, and dangerous economic fallacies that can be traced as far back as the era of mercantilism (A. D. 1500—1750) and that have been trotted out again and again for over a century now by pseudo-economic thinkers, nationalist *cum* militarist politicians and journalists, and last, though not least, by the numerous agents and supporters of industrial plutocrats who in many countries wield almost unlimited power to buy opinions as well as votes. Careful students of tariff literature must have observed, in the case of practically every country where protectionism has been adopted as a definite state policy, how intense emotions and sentiments of a nationalistic type are generated by wars and rumours of wars, how these outbursts of mass emotions and sentiments are exploited by the organised forces of powerful vested interests for the popularisation of state economic policies that are calculated first and foremost to increase their own gains at the expense of the nation at large and how, last of all, these very policies receive the blessings of plausible but ill-founded economic theories."

Sir, Mr. Dey talks of "industrial plutocrats who in many countries will always have unlimited power to buy opinions as well as votes". Look at my Honourable friend, Mr. Mody, the delightful debating representative of the "exploiters" sitting side by side with my Honourable friend, Mr. Lahiri Chaudhury, the defender of "the exploited", in whose amble bosom the poor agriculturist seeks for safety which he does not find. Then look at the capitalist Cowasji, the owner of the Jehangir Mills as alleged by my friend, Mr. Ghuznavi, acting as the chief lieutenant of Sir Abdur Rahim, the champion of the 300 starving millions of India, and, lastly, look at my Honourable friend, Mr. Das, who always prates about labour and the poor man, but always sides with and votes for the rich man.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Do you want a looking glass to look at yourself?

Mr. N. N. Anklesaria: You make an allegation and I will reply to you. There is no need for a looking glass here. Sir, even this Fiscal Commission report shows that, in judging any tariff proposals with regard to India, two paramount considerations must be kept in sight. Firstly, it must always be remembered that agriculture is and must remain the foundation and basis of the economic life and structure of India, not only because the agricultural industry is the industry pursued by a majority of the people of India, but because, without the prosperity of agriculture, the industry that is sought to be bolstered up by a protectionist policy will have no cheap raw product to develop itself with. Secondly, India being an agriculturist country any fiscal proposal which is put forward must show that it is going to increase the purchasing power of the agriculturists and the producer. Unless and until the vast majority of India's

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population have the necessaries of life obtained as cheaply as possible and unless they are in a position to dispose of their raw product in increasingly extended markets, there can possibly be no hope for the industrial development of this country. The protection which the mill industry demands may also be demanded by the cotton cultivators' industry. You know that India was a land which produced the best long staple finer count cottons, which produced the most beautiful muslins and all other higher counts of cloth. What is the position of that cotton cultivators' industry today? We have got to import our long staple cotton from Egypt and other foreign countries. Why is that so? Because the cotton cultivator's interests have been neglected both by the people as well as by the Government of India, and, in support of that statement, I will recite a short paragraph from a bulletin of Indian Industries and Labour by Mr. Coubrough. Talking of a greater offender than the Bombay millowner in this connection, Mr. Coubrough, whose words I shall adopt in our reply to the Bombay millowner, says as follows:

"If, instead of instigating what amounts to a commercial war on all countries supplying piece-goods to India, the Bombay millowner were to direct his energies towards improving the quality of raw cotton produced in India and bringing it back nearer to the level at which it once stood in bye-gone days, he will be acting as a true servant and helper of the Indian people. The Indian cultivator has not progressed with the times. He has allowed unscientific methods of cultivation, which seem to bring greater immediate returns, to dominate his position. He has lost the art of producing the finer qualities of cotton which enabled India to produce fine yarns and muslins which were the wonder of the world. If he were to start a propaganda for a more intensive cultivation of cotton"—(instead of coming every year here in this House with a beggar's bowl) (Hear, hear) "and particularly for the production of longer staple cotton, his influence will be felt not only at the present day but for generations to come."

Sir, the Indian cultivator of cotton is the man who should excite our solicitude and our anxiety, for on him depends the prosperity of this country and I would ask, what have the Government done? And I also say, Sir, that any tariff measure which does not show to me how the cotton cultivator is going to benefit by that measure shall not receive my support.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): What are you doing—opposing, or supporting?

Mr. N. N. Anklesaria: Wait and see.

Sir Cowasji Jehangir: It is rather important that after a quarter of an hour we should know whether you are supporting or opposing the motion.

Mr. N. N. Anklesaria: My Honourable friend ought to have been here to answer me.

Sir Cowasji Jehangir: Are you opposing, or supporting the motion?—let us know.

Mr. N. N. Anklesaria: Sir, the present tariff proposals purport to be based on two Agreements (*Mr. S. C. Mitra*: "Make a third agreement"), and I propose to deal with them as shortly as possible. Firstly, as regards the Mody-Lees Agreement, I say that it does nothing for the Indian cultivator of cotton. (Hear, hear.) In fact the very first paragraph shows

that the interests of the cotton cultivator of India have got to be sacrificed to the greed of the Bombay millowner, whom my Honourable friend, Mr. Mody, represents. Sir, the whole Agreement is based, as the two high contracting parties stipulate, on the assumption that the duty on imported raw cotton, which was imposed in 1932, and which helps the Indian cotton cultivator at least in my Province, shall not be increased. It is well-known that it is a very very small duty—two pice per pound—and attempts are being made to bring to the notice of the Government the justice of the Guzerat cultivators' demand for an increase in that duty. I say, the very first paragraph of the Mody-Lees Agreement absolutely rules out that hope of the Indian cultivator of cotton.

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Shame, shame.

Mr. N. N. Anklesaria: . . . and, as regards their promise of encouraging the use of Indian cotton by the Lancashire mills, I have already stated that no practical steps have been taken by the British Government.

Mr. H. P. Mody: Why should the British Government take such action?

Mr. N. N. Anklesaria: . . . though I am in a position to assert that individual shippers of Lancashire are genuinely anxious to give increased trial to Indian cotton. So far, Mr. President, nothing practical has been done, and, as I have said, the British Government refuse the help which they promised to render at Ottawa, Sir, as regards the Indo-Japanese Agreement, my Honourable friend, the Commerce Member, said that the institution of the quota system would safeguard the interests of the Indian consumer. I am afraid I cannot look at the matter in that way. If A goes to B and says: "Mr. B, here's a rupee, I want a meal", and B says: "You want a meal, but how much do you want? You might eat ten maunds". A says: "Well, I want a meal, just as much as a man can eat". B says: "No, don't be indefinite. You might require ten maunds". A clinches the matter and says: "Give me then only ten pounds and I shall be satisfied", and both are delighted at the bargain. Both congratulate themselves—but who congratulates to better purpose it is for the House to judge. Sir, the Japanese quota figures are so fixed that it appears from the statistics that the Japanese have got not only everything they wanted, but they have got a small margin over what they wanted.

Then, again, the provision about the most-favoured-nation treatment is also a thing which was very worth bargaining for with the Japanese. Perhaps the Honourable Member's difficulties were such as we, who do not pretend to be behind the scenes as my Honourable friend, Mr. Mody, did, are not in a position to realise. But that should not prevent me from telling the House what I think of the Agreement. Sir, my Honourable friend, the Commerce Member, stated that 75 per cent duty on Japanese goods had not increased the price to the consumer, but he did not tell the House if 75 per cent duty had prevented the lowering of that price further than it was when the duty was imposed. Sir, the internal competition may work as a guarantee to the consumer, but it will work as such only if that competition is left unfettered by protection. My Honourable friend, the Commerce Member, in support of his tariff proposals, referred to the

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arguments of the Tariff Board. It was very discreet of him to have refrained from specifying the particular arguments which are embodied in the Tariff Board's Report, because, without casting any reflection on the personnel of the Tariff Board, I say that a bolder attempt at a special pleading in the interests of the Bombay millowners is hard to find anywhere outside this Report. So far as I am able to follow that Report, the most important paragraph in the whole of that Report is paragraph 119 in which the signatories give their reason for justifying their proposal of protection to the mill industry. Now, Sir, it is a very long paragraph and it is a very involved paragraph and I do not think the House will be wiser by my reading it. But the substance of that paragraph is that freedom from foreign competition is necessary to enable efficient mills to compete with and weed out inefficient mills. This is a proposition which sums up their recommendation in the present connection. Now, they admit that the object to be attained is competition for weeding out inefficient mills, but they say the weeding out shall not be done by foreign competition. Ahmedabad may kill off the Bombay inefficient industry, but Japan shall not be allowed to kill off the Bombay inefficient industry. Now, Sir, as regards this distinction between foreign and internal competition, I say that that distinction is a distinction which neither commonsense nor common experience will justify. If Ahmedabad can be allowed legitimately to compete with Bombay, what difference, I ask, does it make if you draw an imaginary line as the frontier between two areas of Ahmedabad and Bombay? I say, it makes absolutely no difference. And as regards common experience, I will give you one instance from the economic history of England. Before 1870, the sugar industry of England was allowed to develop without being affected by any external competition and the result was that sugar factories sprang up both efficient as well as inefficient. But after 1870, France, feeling jealous, began to dump her bounty fed . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order; Members must have a sense of proportion now at this late stage in debate.

Mr. N. N. Anklesaria: Mr. President, Honourable Members have been allowed more than 45 minutes and I do not see any reason why I should not be allowed the same latitude.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member should not claim to speak for 45 minutes simply because some other Honourable Members have spoken for 45 minutes.

Mr. N. N. Anklesaria: I do claim, Sir. I propose to speak for two hours, and if you can prevent me I am prepared to take your ruling. (*Voices:* "One must be relevant also.")

Mr. C. S. Ranga Iyer: May I just tell my friend, Mr. Anklesaria, that there are several other Honourable Members who want to speak. Though he is perfectly entitled to speak for two hours, I hope he will not carry out his threat.

Mr. N. N. Anklesaria: This is what Mrs. Fawcett says about the English sugar industry:

"The number of sugar refineries in England after the French competition dwindled from 60 in 1864 to 30 in 1882 and to 15 in 1902, but the consumption of sugar had been so extraordinarily stimulated in England by its cheapness that the 15 refineries in 1903 out of 60 that remained were doing far more business than the 60 in 1864."

That illustrates, Sir, the efficacy of foreign competition to weed out inefficient industrial concerns. I say, Sir if anything is wanted
 1 P.M. to rehabilitate and re-establish the mill industry in the Bombay City, it is competition, for competition alone can weed out the inefficient mills. Sir, the Tariff Board have postulated the existence of at least some mills in Bombay itself which can function without any help from the protective duty. That shows there is nothing inherently impossible for the Bombay City mill industry to stand against foreign competition without protective duties. So far as I can see, the Tariff Board Report gives no substantial reason why the Bombay industry—when I am referring to the inefficient mill industry in Bombay, I am always referring to the Bombay City mill industry, because, so far as the up country mills are concerned, I do not think the demand for protection is in any way or in any degree so very intensive as it is from the Bombay City mills—as I said the Tariff Board gives me no substantial reason for recommending protection to the mill industry of India. But my Honourable friend, Mr. Mody, on the last occasion that he came for help from this House, gave some reasons, I am sorry, however, to tell him that those reasons have been turned down by the Tariff Board of 1927 and the Tariff Board of 1932 also. My Honourable friend said in 1930 that the mill industry in Bombay was not able to prosper, because there was unfair competition from Japan on account of the Japanese industry receiving help from the Japanese State. That allegation has been completely disproved and even not taken notice of by the Tariff Board. Secondly, my Honourable friend said that Japan was competing with Bombay on account of its ignoring the labour convention of Washington. That reason also does not hold good today, because the labour conditions in Japan are as good or as bad as they are in India.

An Honourable Member: Question.

Mr. N. N. Anklesaria: You may question as much as you like, but you ought to read Mr. Pearse's book on Japanese cotton industry, and you will find that the labour conditions in Japan are much better than they are in Bombay.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Certainly.

Mr. N. N. Anklesaria: My Honourable friend relied for his third support on the exchange depreciation as regards Japan. The Tariff Board of 1932 has ruled that there should be no protection based on depreciation of currency in Japan, because they find that the effect of a depreciated currency has already worked itself out. Sir, these are the three arguments which my Honourable friend, Mr. Mody, advanced when he last came to this House for relief and he also said that if relief were granted to him, he would get a breathing space to organise the industry and put his house in order and he also stated that all conceivable things, I lay stress on the word conceivable, had been done by the Bombay millowners to effect internal reorganisation. I say, Sir, if all these things have happened, is not this House entitled to ask Mr. Mody, why do you come again for help from this House at the expense of the tax-payer.

The last argument on which the millowner of Bombay based his claim for protection was his allegation that the industry which he was representing was a national industry. I ask, him, why do you call it a national industry? In what sense can you call the mill industry of Bombay a national industry?

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Is it national in the sense, say, of national army, is it national in the sense say, of national dress or custom? In what sense is it national? Or is it national because 200 millowners like the super-patriots of which you spoke while talking of the Ottawa's Agreement, who identify their own interests with the interests of the country.

Mr. H. P. Mody: We are super-national?

Mr. N. N. Anklesaria: My Honourable friend says that the mill industry is super-national and I agree.

Sir Cowasji Jehangir: Whom do you represent?

Mr. N. N. Anklesaria: I represent the agriculturists of Guzerat.

Sir Cowasji Jehangir: You grow pappayas.

Mr. N. N. Anklesaria: Cotton.

Mr. Gaya Prasad Singh: And spin yarn in this House.

Mr. N. N. Anklesaria: How do the Tariff Board make out a case that this industry is national? They simply follow the easy process of lumping together the handloom industry of India with the mill industry of India.

Mr. H. P. Mody: Certainly not.

Mr. N. N. Anklesaria: They do.

Mr. H. P. Mody: No.

Mr. N. N. Anklesaria: I ask my Honourable friend to read the Report and try to understand it before he interrupts me. It must be noticed, Sir, that the mill industry and the handloom industry are both competitive industries. If the mill industry develops to anything like the extent which its friends hope for it, that development will be fatal to the handloom industry. Sir, I think I have said enough about the national character of the mill industry of Bombay, and I will conclude by warmly supporting my Honourable friend, the Commerce Member's appeal for cultivating a better feeling for Lancashire.

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. Bhuput Sing (Bihar and Orissa: Landholders): Sir, I want to move my amendment first. I beg to move:

"That in the motion moved, for the words 'ten days' the words 'three weeks' be substituted."

The amendment I have just moved requires very little explanation. The Bill is one of the most important pieces of legislation which is expected to play an important part in the national industrial life of the country. It is proposed to send such a Bill to Select Committee with a direction to submit its report within ten days' time. The time given in itself is not a small period, provided

Mr. Goswami M. E. Puri (Central Provinces: Landholders): I do not want to interrupt my Honourable friend, but we want to know this: we have got one amendment by Mr. B. Das before us, and Mr. Bhuput Sing's amendment is quite a different thing: what will be the position as regards voting on these?

Mr. President (The Honourable Sir Shanmukham Chetty): That will be made clear at the time of putting it to the vote.

Mr. Bhuput Sing: The time is not small provided the members of the Committee are not engaged in Assembly work during the period. But, on the contrary, the Assembly is meeting every day in the week, including Saturdays, from 11 till 5, and the only time that the members of the Committee can find to work on such a Committee is in the morning and in the evening. But how can Government expect the Members to slog from morning till night without any respite? This is not the first time that Government are being accused of hustling a Select Committee. The whole trouble arises out of the wrong chalking out of the Government programme of business of a Session, and I do not know whether you, Sir, are also taken into confidence in this matter, as in that case I am positive you would have taken into consideration the question of conveniences and inconveniences of the Members. In future, the Officer, whoever is responsible, should be asked to draw up the whole programme of a Session in a more rational way. We always find that instead of the beginning of a Session, the end of it is always crowded with important legislative measures, which are then rushed through for being finished before the Government of India move to and from Simla. I wonder whether these are deliberate or a mere accident in every Session, and it is rather a very queer coincidence of accidents. For the last few years, special Sessions have been a regular feature of the Indian Legislature, and practically we have had three Sessions in a year. I think if the whole work is divided in such a way and the time for holding the Sessions is chosen in such a way that the work of the Government is divided between all of them, then this difficulty of shortage of time may, to a great extent, be avoided. Let us see how the Sessions are divided and the periods chosen for such Sessions by which a Session practically begins

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair does not think the Honourable Member should go into the bigger question now: he should confine himself to the amendment he has moved.

Mr. Bhuput Sing: All right, Sir. At the present moment, the tin gods of the Government of India are afraid of the Delhi heat and they must finish everything by the middle of April when they propose to leave for Simla. In achieving that object, the Assembly and its Committees **must be goaded to finish the Select Committee work on such important Bills like the present one within a period of ten days, or, in other words,**

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within a few hours, which, with great difficulty, may be made available to them for such work. Had the Bill incorporated the recommendations of the Tariff Board *in toto*, the Select Committee might not have to go through it so very minutely and carefully. But important variations have been made in the form of Imperial Preference in the matter of textile protection on the basis of the Mody-Lees Pact and the Indo-Japanese Agreement. The Pact made by the Bombay Millowners' Association was never unanimous and a very strong and influential body of Indian mills are against the Pact, and it is the duty of the Select Committee to hear the other side of the case by taking oral evidence if they so desire and to examine the question thoroughly. Even the Federated Chambers of Commerce are against it.

Coming to the Pact itself, I think it is a Pact between a lion and a jackal or a pact between a beast of prey and its objective kill. The Indian textile market was so long being exploited by three carnivorous animals, namely, the Manchester lion, the Tokio tiger and the Bombay jackal. At first the lion and the tiger by turn wanted to deprive the jackal of all its food and thereby to starve him, but the jackal has now made a pact with the lion to drive the tiger out of the market. Manchester has supported Bombay to fight, so that, once his stronger rival is out, it will not take long for him to kill Bombay. Here I predict today that Manchester will kill Bombay later on by making a pact with the cotton growers of India, by which Manchester would be prepared to purchase more Indian cotton and export coarser cloth to India a few years hence. (Interruption.) They are going to make a pact with the cotton growers to exploit the masses of India. However, the pact of the exploiters, be they white or brown, can never be sanctioned by the exploited. The net result of the Bill will not be protection to our industry, but will be an achievement of some hidden objective. The finer textiles that are being produced by the up-to-date Indian mills outside the Bombay Island are to be crippled first, so that Manchester may exploit better the upper middle classes and the rich who are the users of finer articles. On the other hand, Bombay will be allowed to exploit the masses as much as they like for the time being with their coarser production. Bombay millowners will further be saved the trouble of replacing their old antiquated machineries which are unfit for producing any other kind of articles except the coarser cloth used by the masses. Mr. Mody, as Chairman of the Bombay Millowners' Association, took only into consideration as to how best to save the Bombay mills by finding out some market for their coarser goods and to save the owners of such mills from further investment for replacing old machineries by improved new ones. He did serve the Association to the best of his ability and is now stepping forward to join the premier steel industry of India . . .

Mr. R. S. Sarma: He has not joined the steel industry.

Mr. Bhuput Sing: He is joining the Tatas.

Mr. R. S. Sarma: Yes, he is joining the Tata and Sons.

Mr. Bhuput Sing: Sir, the Government of India in the Statement of Objects and Reasons to the Bill stated that they could not accept the Tariff Board's recommendations without modifications due to the Indo-Japanese

Agreement, and, secondly, the Mody-Lees Pact. The Indo-Japanese Agreement has not much affected the Government's position in levying the duty suggested by the Tariff Board against all others excepting the United Kingdom, but why the Government have shown undue concern to the Mody-Lees Pact, I do not know. There appears to be no justification for giving an unofficial pact a Statutory recognition. In the whole history of the principle of protection, the economists of the past and the present would never imagine such a picture like the present measure when an indigenous industry will be protected if the import duty on articles from some particular countries competing with indigenous manufacture is reduced, as is being suggested in this measure. From a perusal of the Tariff Board's Report, it is apparent that, ever since the last protection, the Government of India were all along very solicitous about the interests of such classes of articles as are imported from the United Kingdom. It appears that they took special care to prepare statistics of different textile articles imported from the United Kingdom which, according to them, do not compete with Indian mill made goods. The Board in considering such materials placed by the Government stated amongst other things as follows:

"In a matter of this kind we are very much in the region of conjecture but we feel that, in respect of this also, the Government of India as well as Mr. Hardy under-estimated the extent of competition from the United Kingdom."

Even in spite of all this, the Tariff Board definitely concluded that the tariff wall must be raised against the United Kingdom goods as well for protecting effectively the indigenous goods. They have expressed their views in as strong a language as they could, and I quote only a few lines to show how they felt over this question:

"We have come across several recent cases in the Calcutta market of British goods of medium counts selling at prices which are not higher than the ruling Japanese prices."

Further on, they say:

"Since the specific duties which we have proposed are based mainly on the costs of manufacturing goods of medium counts and the prices realised by Indian mills for these goods, it seems to us essential, in order to safeguard the Indian industry, that these duties should be equally applicable to such goods when imported from the United Kingdom."

In the face of all these conclusions by no less an authoritative body than the Tariff Board, to come forward with different rates of duties for the United Kingdom and other countries is most objectionable, if not criminal, on the part of the Government of India. Here, again, it appears that once again the Honourable the Commerce Member belonging to the Heaven-born service has been dictated to by Whitehall and the City of London. This is a vivid example as to why the Secretary of State desired to maintain the same control over the services in future. At this stage, I do not want to go into more detail as most of the speakers have already dwelt on them.

Sir, one more word I should like to say. I must say that there is a great deal of competition between indigenous silk industry and the imported artificial silk goods, and it is surprising to find that the Government of India could not find their way to accept the recommendation of the Tariff Board as regards the import duties on those articles, and I hope the Select Committee will thoroughly examine the question and enhance the duties properly.

[Mr. Bhuput Sing.]

Sir, before I conclude, I would like to express my satisfaction that, after all, the silk industry has been given protection, though not to the same extent as that recommended by the Tariff Board. It will, I hope, revive our once famous industry, and the handloom weaver will more and more use Indian silk yarn. It will sound like stories from the epics if I say that the silks of Murshidabad, even in the days of the East India Company, used to go to many parts of the world, but unfortunately this industry is not in a flourishing condition today. I hope this protection will bring the industry to prosperity in course of time. With these words, I support the motion.

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

“That in the motion moved, for the words ‘ten days’ the words ‘three weeks’ be substituted.”

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, the gravamen of the charge against the Bill that is now before the House is with regard to those clauses which give effect to what is called the Mody-Lees Pact. Mr. Mody, with an expert knowledge of the textile industry and with his great facility of expression, has defended himself very well, and the textile industry could not have found a better defender of their cause. Today my friend, Diwan Bahadur Mudaliar, in a most brilliant and at the same time a fighting speech, lent his support to my friend, Mr. Mody, and so I must congratulate him on this accession to his side.

Sir, yesterday you gave a ruling that by allowing this Bill to go to the Select Committee, we would not be committing to any policy of Imperial Preference, but we would accept only the principle of protection to the industry. With regard to that, I do not think there will be great opposition in this House to grant protection to this industry. Sir, the industry has had a peculiar hold on the affections of the people of this country. Its importance is not merely because of its historical antecedents,—because we were told that the mummies of Egypt were wrapped in the best Dacca muslins—but because of the fact that the textile industry has occupied a place in India next only to agriculture in the national economy of India, and, therefore, we have no hesitation in extending protection to this industry. But, Sir, there is also another reason why we should extend protection to this industry. This industry is consuming a large amount of cotton that is grown in India. Nearly thirty lakhs of bales out of the 47 lakhs of bales produced in this country are being consumed by the mills in India, and the price of cotton mostly depends upon the amount of consumption of cotton by these mills. Therefore, Sir, it is to the interest of the agriculturist to see that the industry thrives, and that cotton is consumed in this country in larger and larger quantities. In saying so, however, Sir, I am very jealous of any foreign cotton coming into this country. It is said that we want long staple cotton, and hence we require to import Egyptian, Kenya and Tanganyika cotton. I have no objection to this long staple cotton coming into this country for some time more, but then Government must make every effort to see that India produces long staple cotton in as short a time as possible and make India become self-sufficing. With regard to the imports of other cotton which comes

in competition with Indian grown cotton, I take objection to. We find from the Tariff Board Report that large quantities of American cotton are imported into this country. This is what they say:

"Of the American cotton imported between September, 1929, and May, 1932, we are informed that 75 per cent had the staple length of an inch and below and may thus be said to compete with Indian cotton."

Sir, the Government of India should take every possible step to prevent the importation of this American cotton which competes with Indian cotton. The millowners cannot have the pudding and eat it at the same time. They cannot have protection and, at the same time, buy cotton elsewhere. The reason urged is that the millowners get the American cotton at a cheaper rate, but, however, they must show a patriotic spirit and purchase as much of Indian cotton as possible.

Coming to the Bill itself, it has two parts, as has been pointed by the Honourable the Commerce Member. It gives effect to the Indo-Japanese Agreement that has been recently arrived at. It also gives effect to what is known as the Mody-Clare-Lees Pact. With regard to the Indo-Japanese Agreement, I give it my whole-hearted support. I join in the chorus of congratulations that have been showered upon the Honourable the Commerce Member for arriving at this Agreement. In the beginning, we, representing the agricultural interests, had some doubts whether the Commerce Member would press the point of view of the agriculturists very prominently as opposed to the interests of the millowners and whether he would be carried away by the weight of the representation of the millowners and not so much of the agriculturists who had no organisation of their own. But, Sir, we find that the Honourable the Commerce Member has all along presented the standpoint of the agriculturists very prominently, and we are thankful to him for arriving at this Agreement which sometimes reached even the breaking point. So far we have absolutely no objection to implementing the terms of this Agreement in the present Bill. Coming to the Mody-Clare-Lees Pact, I have very great objection to giving effect to it. Whatever might be the economic effect of the proposals, they commit us to a tariff policy which the Government themselves consistently opposed till 1931. In effect, the proposals, if accepted, would commit us, irrevocably and for the first time, to the policy of Imperial Preference.

An Honourable Member: What about Ottawa?

Mr. T. N. Ramakrishna Reddi: I am dealing with the Ottawa Agreement presently. This question of Imperial Preference came to very great prominence in the year 1930 when the Cotton Tariff (Amendment) Bill was under discussion. At that time, the Government proposed 20 per cent protection on foreign goods and 15 per cent on the British goods. At that time, we opposed the Bill on the ground that the question of Imperial Preference was involved. But, at that time, Sir George Rainy explained by stating that there was no question of Imperial Preference, and that we were giving preference to English goods, because those goods were of a finer variety and they were not directly competing with Indian goods, and, by imposing a uniform duty of 20 per cent, it would unnecessarily burden the consumer without any proportionate advantage to him. That was the ground which was urged in 1930. But in the teeth of opposition, no doubt, the Bill was passed and it became law. Now, I come to the Ottawa

[Mr. T. N. Ramakrishna Reddi.]

Agreement. The second time when this question came into prominence was at the time of the Ottawa Agreement. Then, also, the Opposition took very strong objection saying that we should not accept a policy of Imperial Preference by giving preference to many of the British goods. You, Sir, who spoke on behalf of the Ottawa Agreement, stated clearly, during the course of discussions, that it was a clear misunderstanding of the facts of the situation, that the Ottawa Agreement did not involve any question of Imperial Preference, and that the agreements were only reciprocal preferences for which India got benefit for the privileges which were extended to the United Kingdom. This is what you said at that time :

“The Government of India from the year 1903 to the year 1930, have always maintained that India cannot participate in any general scheme of Imperial preference; and, in this declaration of policy, the Government of India had the whole-hearted support of the Indian public. The last time when this question was raised, was in the Imperial Conference of 1930, and, even in that Conference, Sir Geoffrey Corbett, who was the spokesman of the Government of India, declared in no uncertain terms that in view of the policy of discriminating protection to which the Government of India was committed, India could not subscribe to a general policy of Imperial Preference, but that the Government of India were prepared to consider the merits of particular cases as and when they arose. Now, Sir, the Indian Delegation at Ottawa has been accused of having committed India to a policy of Imperial Preference. But I maintain that we have not departed in the least from the announcement of the attitude of the Government of India as was made by Sir Geoffrey Corbett in the year 1930; in other words, we have not committed India to a policy of Imperial Preference. I might go further and say that the policy of Imperial Preference to-day is as dead as Queen Anne.”

At that time, for the preference we gave to the United Kingdom India got preferences for her agricultural products, such as ground nuts, rice, and so on. But, Sir, for the first time this Mody-Clare-Lees Pact requires that we should give preference without any *quid pro quo*. That is why I oppose it. I have absolutely no objection to giving any benefit to the United Kingdom. It is not for mere opposition's sake, as has been pointed out by Diwan Bahadur Ramaswami Mudaliar and Mr. Mody, that we are opposing this Agreement. As against the Report of the Tariff Board, which has considered these points and given its considered findings, we are not prepared to accept the proposals of the Government of India which seek to give effect to the Mody-Clare-Lees Pact. The Tariff Board clearly says that, in order to develop indigenous textile industries, no distinction can be shown between United Kingdom and other countries. It says that the conditions that obtained in 1928 in India did not hold good in the year 1932. In the year 1928, India was not producing finer counts to any great extent, but, in the year 1932 or when the Tariff Board's Report was published, we find that India was producing finer variety of goods to a very great extent. It says that, with regard to goods of counts 40's India produced about 765 million yards in 1932 which is equal to the total of imports from other countries. Hence it says in paragraph 149 :

“We consider it of the greatest importance for the future of the industry that this rate of progress should be maintained, and for this reason we are of opinion that protection should be granted to the Indian industry against goods imported from the United Kingdom as well as from other countries.”

Sir, in paragraph 147 also they give the reasons why a duty should be levied on the British goods equally with other foreign goods. As against this considered opinion, the Bill incorporates provisions to give preferences to the United Kingdom goods. We have now to examine

the grounds which have been alleged by the Honourable the Commerce Member and to see whether those grounds are really very valid. If the grounds are not very valid, Sir, then we have to oppose them. The Honourable the Commerce Member has based his arguments on five grounds. The first ground is that the Millowners' Association is a widespread organisation and the Agreement arrived at by the Millowners' Association should be given effect to. For this I have got one chief objection. For the first time the Government of India are introducing a very vicious principle, because these Agreements are arrived at by an individual of an individual organisation however high or efficient he or it may be, and if the Government, without even considering the effect of these Agreements on India, are to give full effect to those Agreements, then, I repeat, it is introducing a very vicious principle. Next year, the Ahmedabad millowners, in order to spite the Bombay Millowners' Association, might come independently into some agreement with the Lancashire people and then want the Government to implement those agreements in the form of a Bill. The Government of India cannot say "No". Now, what is the representative character of the Bombay Millowners' Association? On one side, Mr. Das says it is not a representative body of more than 60 tottering mills. On the other side Mr. Mody defends himself by saying that he represents an organisation whose mills produce nearly half of the total textile products of India. The truth must be somewhere midway. However, there have been lot of objection to this Pact in the country. We come to the second reason. With regard to the orientation of outlook of Lancashire which has been referred to by the Honourable the Commerce Member, His Majesty's Government have already undertaken, under the Ottawa Pact, to give effect to arrangements by which they would take every step to increase the consumption of Indian cotton. We find that they have not yet given effect to it, so far to any great measure, and, if at all in recent times more of the Indian cotton is used, it is only in continuation of that undertaking. This is what I find from an article in the *Textile Journal* for January, 1934, which is very favourable to Mr. Mody:

"Frankly, after the closure of the Ottawa gathering, nothing practical was attempted by Lancashire manufacturers to stand by their promises to the great dissatisfaction of the cotton-growing interests in India who expected a larger movement of cotton to mills in the United Kingdom."

That article is written in connection with the work done by the Indian Central Cotton Committee. If in recent times, there has been increase in the consumption of cotton, it is only in pursuance of the Agreement arrived at at Ottawa, but that fact cannot again be urged as consideration for preferences to be given to the United Kingdom under the Mody-Clare-Lees Pact. Then, Sir, the third point urged by the Commerce Member is that we cannot send goods to other countries unless we are prepared to purchase from others. It is a very good principle in normal times, but in these extraordinary times, when there has been any amount of economic nationalism going on in foreign countries, it is a very dangerous and harmful principle to be adopted by India. India is in a peculiar position as compared with other European countries. European countries are very small in area with small population. They are highly industrialised and they cannot produce all the raw materials that are required for their mills, and hence they have to sell their goods in other countries and purchase raw materials from them. India, with her great area and with her teeming millions of population, is more in a position of

[Mr. T. N. Ramakrishna Reddi.]

self-dependency, because she produces any amount of agricultural products and she requires industry to develop and to consume those products. I do not mean to say that India must stand by herself hermetically sealed. I only emphasize the peculiar circumstance of this country.

Another point that the Honourable Member has stressed is that India at this time does not produce long staple cotton which competes with British goods and hence we must show this preference to Britain. But from the Tariff Board Report which I just quoted, in para. 149, they have clearly stated that Indian mills are producing finer counts of yarn and piecegoods which compete with British goods to a larger and larger extent, and hence, in order to protect and promote that healthy development of the Indian textile industry, the Tariff Board proposed protection even as against United Kingdom goods. Sir, the Honourable the Commerce Member has stated that new circumstances have intervened after the publication of the Tariff Board Report which make the Government feel that they cannot accept the recommendations contained in the Tariff Board Report to treat both the United Kingdom goods as well as the foreign goods on the same footing. That consideration is the Agreement with Japan, known as the Indo-Japanese Agreement. He said, now that a certain quota of piecegoods has been assured to the Japanese Government in the Indian market, they will not be over-anxious to sell their goods at a cheaper rate. What they lose in quantity they will make up by increasing the level of prices on their goods. If that be the case, then it follows that even the difference in the duties which exists at present must be narrowed, if not completely eliminated. This circumstance goes more in support of the proposals of the Tariff Board than can be urged against the recommendations of the Board. It is on these grounds that I have to oppose that portion of the Bill which embodies the provisions of the Mody-Clare-Lees Pact. I had doubts yesterday whether, by accepting this Bill to go to Select Committee, we are committing ourselves to the principle of Imperial Preference which even the Government themselves were opposed to till 1931. After your ruling that that question was not at all involved, I have no objection for the Bill going to Select Committee for any modifications that are necessary to be made and not for Mody-fication as proposed in this Bill.

Mr. Muhammad Azhar Ali: Sir, I do not consider myself competent enough to examine the contents of the Indo-Japanese Agreement or the Mody-Lees Agreement, as other friends here are competent to do, but as I come from the United Provinces, there are only two considerations which have made me to stand on my feet to express my views here. I hold in my hand a paper which gives the views, either expressed by telegrams or letters of different places, opposing this Mody-Lees Pact. Amongst them, I find that there is one, from the Mohini Mills, Calcutta. Another is from the Indian Chamber of Commerce, Calcutta.

An Honourable Member: We have got all of them.

Mr. Muhammad Azhar Ali: The other is from the Marwari Trades Association, Calcutta. Then, another from the Juggilal Kamlapat Spinning and Weaving Mills, Cawnpore. There is one other from the Joint Secretary of the United Provinces Chamber of Commerce (Hear, hear), and

so forth. I would just like to read two or three sentences from the arguments that have been advanced by the United Provinces Chamber of Commerce. They say:

"Lancashire is already enjoying a special treatment in the matter of the export of its piecegoods to India inasmuch as the import duty levied on its piecegoods is lower than that imposed on other countries by fifty per cent. Lancashire is a competitor of Indian piecegoods in the finer qualities which are manufactured here in limited quantities only at present. There are, however, clear prospects of its development in the near future. Thus, any further reduction in the import duty would benefit the Lancashire industrialists at the expense of the Indian industry. Lancashire gets its supply of raw material, that is cotton, free of duty and gets no less impetus from the depreciated currency of its country since it has left the gold standard. India, on the other hand has to pay a duty on the raw cotton, machinery etc. If a further reduction in the import duty is allowed on Lancashire goods, my Committee have no doubt that India's fine qualities of piecegoods will be ousted from its own country by Lancashire and the result will be that the textile industry, which has appreciably improved during recent years, will have a definite set-back."

Sir, if the conditions, as have been portrayed by the United Provinces Chamber of Commerce, are true, I am sure, very few Indians
 3 P.M. would like to give support to any pact, whether it comes from Bombay or it comes from Calcutta or any other place.

The second point I would like to urge before this House today is about the silk industry and especially the industry as it is carried on in Bengal, the United Provinces, Mysore and Kashmir. Sir, we have all heard the history of how the silk industry was started—how it was helped by the East India Company, but, Sir what is the position today? I find that this table gives the approximate production of silk in various parts of India and its decline. In Mysore, in 1915-16, it was Rs. 11,52,000. In 1929-30, it came down to Rs. 8,80,000. In 1931-32, it came down to Rs. 7,40,000. In Madras, from Rs. four lakhs in 1915-16, it came down in 1930-31 to Rs. 1,25,000, and in 1931-32, it came down to Rs. 90,000. In Bengal from Rs. six lakhs, it went up at first to Rs. 7,20,000; then, in 1931-32, it came down to Rs. 5,40,000. I am not so concerned with Burma or Assam or with the Punjab at the present moment. In Kashmir, it went up from Rs. one lakh to Rs. 2,17,000 in 1915-16, and then to Rs. 2,30,000. So it is only in Kashmir that the production of silk has gone up; otherwise, everywhere it has much gone down. Then, I find from the figures from 1932-33 that the imports of yarn, noils and warps, have nearly doubled, while, in the case of mixed goods, the imports were nine times the war average. Raw silk and yarn imports doubled and silk goods trebled between the years 1931-33. So, Sir, what appears to me, is this, that this silk industry, which is being assisted by this 50 per cent tariff, is much going down and the present tariff of 50 per cent will not be enough. From the Tariff Board Report also, Sir, I see on page 31 that:

"The main defect of the Indian industry is not want of natural resources, but want of organisation and failure to change its methods. Mulberry is still largely cultivated and silkworms are reared in the old primitive fashion without any adequate research into the best yielding varieties. In some parts of the country, disease levies a heavy toll on the worm population. Reeling is almost exclusively carried on with the most primitive appliances ranging from the Central Provinces *tikli* and the Assamese *hir* which do not cost more than 8 annas, to the Mysore *charkha* and the Bengal *ghai*. The modern power-driven filatures of Kashmir are the exception rather than the rule. There is nothing like marketing organization in India. For these reasons the Indian industry must find it difficult to compete with French, Italian and Japanese methods, assisted as they are by State measures and scientific research."

Sir, after this finding of the Tariff Board, we are, in possession of the fact that these silk industries are being subsidised and helped by the State.

[Mr. Muhammad Azhar Ali.]

elsewhere, but we do not find any help from the State here in British India—there may be some Indian States where this is done, but not at least in British India. Therefore, my submission, after this Report of the Tariff Board, is that, without State measures and scientific researches, it is impossible to develop this silk industry. Then, Sir, the Report also says that “there should be a sufficient organization in India”. Sir, unless the State comes forward to help in the organization of this industry, my submission is that it will be very difficult for the people alone, if left to themselves, to increase and to develop this silk industry in India. Sir, the Government of India themselves appointed this Tariff Board, and if they are not going to respect the Report of the Tariff Board and to accept their recommendations, I think it will be very difficult in the future to do anything much to the good of this industry. The Tariff Board has also pointed out on page 101 of their Report:

“The handloom weaver is the main consumer of the raw silk produced by the sericultural industry in India”. (Further on it also says that) “the silk weaver is found in all parts of India”,

—and—

“How widely distributed and of what immense value to the country is the silk weaving industry.”

It was pointed out the other day by one of my friends—I think it was Raja Bahadur Krishnamachariar—that the Government have brought along with the silk question in this Tariff Board Report the question of the protective duty for the textile industry too. If such is the importance as is mentioned by the Tariff Board in its own Report, my submission is that the Government of India ought to think of this industry and ought to bring a Tariff Bill according to the Report of the Tariff Board to consider this silk question entirely as a separate one and try their best to encourage and organise the silk industry in India. We all know, Sir, that these questions of finer counts and finer silk are of great importance to the handloom industry, at least in Benares. It is as important there as the textile industry is to the handloom industry elsewhere, as was pointed out by my friend, Mr. Bhuput Sing. Therefore, my submission is that if the silk industry is to survive and if it is to live as a living industry, it should be helped by the State and not depend only on the help of the public. My submission before this House today is that Government ought to take very great steps to improve this silk industry, not only in India, but also in Indian States.

Mr. Gaya Prasad Singh: Sir, I am sorry that the even tenor of the debate has been interrupted by the needlessly provocative speech of my Honourable friend, Diwan Bahadur “Mody-liar”. (Laughter.) Sir, in my opinion, my Honourable friend introduced an unnecessary amount of heat into a controversy which, on merits, does not admit of any heat at all. We were considering a Tariff Bill, and he was quite at liberty to express his opinion one way or the other, but I do not know what possessed him over-night, or what mysterious influence was brought to bear on him, that he should have for once departed from his usual good humour and introduced expressions into his speech which in calmer moments he will find to be unjustifiable. He was unnecessarily hard on those gentlemen, the members of the Ahmedabad and other Associations, who had

boycotted this Assembly, and at the same time were interested in watching the result of the debate in this House. At that time, I ventured to interrupt him by saying that there was the Indian National Congress, for instance, which had boycotted the Legislature, but at the same time, when an important piece of legislation was pending in this House—I mean the Temple Entry Bill—some distinguished members of the Congress organisation, who had promoted the Bill, came to Delhi and visited us and were even watching with interest the progress of that legislation from the galleries of this Chamber. Now, at the same time, I might have added that while the Indian National Congress maintained an attitude of boycott, so far as the Legislature was concerned, Mahatma Gandhi was holding a series of conversations some years ago with His Excellency Lord Irwin and other high officials of the Government of India with regard to the question of the Constitutional Advance and other political topics which were then engaging our attention. I am not here to defend or condemn the action of those bodies or individuals who have refused to come into this House, but I may say that the mere fact that they have not allowed themselves to be represented in this House should not have been referred to in the way in which my friend, Diwan Bahadur “Mody-liar” represented their attitude to be. Sir, he went out of his way in characterising the attitude of those Members as dishonest and treacherous. I think in calmer moments he will come to realise that these expressions are not justifiable. Sir, I cannot congratulate my Honourable friend, Mr. Mody, on getting the Diwan Bahadur to champion his cause. If he wanted to damn his case, he could not have done worse than by choosing the Diwan Bahadur to champion his cause. My Honourable friend referred to the attitude of non-co-operation of certain commercial bodies and condemned it. He will reflect that he should be the last man to condemn the attitude of non-co-operation. Had it not been for the policy of non-co-operation maintained by the Indian National Congress, the appearance of my friend in this House would not have been possible, and his subsequent pleasure trips to England and to Canada would have been only in the realms of dreams.

Mr. H. P. Mody: Question.

Mr. Gaya Prasad Singh: My Honourable friend, the Diwan Bahadur, must be aware that when he was speaking, he received very little applause from the Non-Official Members of this House, and I noticed that very few Members of his own Party cheered him. Certainly, the distinguished Leader of his Party, who is sitting in front of him, never cheered him. But the applause which he received was from his patrons, I mean from his friends of the European Group. I remember, Sir, Mr. Charles Bradlaugh once said in Parliament that if the *Times* newspaper abused him, he thought that he was right; but if the *Times* praised him, he thought he was wrong.

The Honourable Sir Brojendra Mitter (Leader of the House): It was Cobden.

Mr. Gaya Prasad Singh: I stand corrected. I am thankful to the Leader of the House whose peaceful slumber I have interrupted by this mis-statement. (Laughter.)

[Mr. Gaya Prasad Singh.]

Now, Sir, my Honourable friend has also referred to the hot and cold attitude of certain millowners. I do not understand what he meant by that? Does he forget the hot and cold attitude which he himself has had taken when he went to England in connection with the Reserve Bank? Remember what he signed there, and how difficult it was for him to explain away some of the commitments to which he had subscribed, when the Reserve Bank Bill was under discussion on the floor of this House. So it does not lie in his mouth to accuse all and sundry on that ground, and really his attitude and his vehement denunciation looked like the behaviour of a mad bull in a China shop. (Laughter.)

Mr. F. E. James (Madras: European): In a textile shop .

Mr. Gaya Prasad Singh: My Honourable friend referred somewhat vehemently to the safeguards which were sought to be introduced in the Reforms proposals and to the anti-British feeling in this country. I am glad he recognises that the anti-British feeling in this country was confined to a handful of men if I remember rightly as to what he said. If this is so, if the anti-British feeling, so far as the trade relations with England are concerned, was confined only to a handful of men, why should the people in England be anxious to introduce safeguards in the Constitution which we are going to have?

Mr. C. S. Ranga Iyer: My Honourable friend knows that Mahatma Gandhi has always stated that he is not anti-British, but pro-Indian.

Mr. Gaya Prasad Singh: I do not know how my Honourable friend has corrected any misstatement that I may have made.

Mr. C. S. Ranga Iyer: I am only helping you.

Mr. Gaya Prasad Singh: I am thankful to the Honourable Member for correctly describing the attitude of Mahatma Gandhi.

However, my Honourable friend, Mr. Mudaliar, seems to have forgotten the history of England, and how the trade of this country was smothered deliberately by the policy of the British people and of the British Government.

Mr. K. C. Neogy: Particularly the textile industry.

Mr. Gaya Prasad Singh: I am referring only to the textile industry at present. For the education of my Honourable friend, I should like to refer to the condition of things obtaining in India at that time and the testimony of the historians how the textile industry of the country was killed and smothered. Professor Hamilton pointed out that before the coming of the Portuguese into India, three well-recognised routes, two by sea and one by land, were mapped out by Indian traders for carrying on their export trade. The first was by sea to the Arabian coast at Aden, and thence to Cairo and Alexandria; the second was by sea to the Persian Gulf and thence by land to Alleppo and on to the Lavantine ports; the third lay overland by Kandahar to the cities of Persia and Turkey. A

flourishing trade was carried on through the agency of the Indian mercantile marine with Greece, Rome and Venice in the earlier periods and with Holland and England later on.

Now, what were the steps—I am not going to enter into a long discussion on this subject, because I know that my time is limited, but still, by way of a rejoinder to my Honourable friend, I hope you will permit me to refer to some of the historians whose testimony I am going to quote on the floor of the House. Professor Sir Jadunath Sircar enumerates a long list of manufactured articles for which India was famous. The Mughal Emperors encouraged this production by the grant of subsidies, etc., Dacca muslin is particularly referred to by all writers. Sir, with regard to the steps taken by the Government of England, I should like to adduce the evidence of Mr. Taylor who, in his "History of India", has this striking passage:

"The arrival in the port of London of Indian produce in Indian built ships created a sensation among the monopolists which could not be exceeded if a hostile fleet had appeared on the Thames. The ship builders of the port of London took the lead in raising the cry of alarm. They declared that their business was in danger and that the families of all the shipwrights in England were certain to be reduced to starvation."

That was the condition of things when our ships arrived on the waters of the Thames. Then, Sir, historian Lecky says:

"The woollen and silk manufacturers (of England) were seriously alarmed. This led to the passing of the Acts of Parliament in 1700 and 1721 absolutely prohibiting, with a very few specified exceptions, the employment of printed or dyed calicoes in England either in dress or in furniture and the use of printed or dyed goods of which cotton formed any part."

That was the step taken by the Government in England in keeping down the flourishing industry of this country and, with all respects, I want my Honourable friends of the European Group, whose forefathers were responsible for this state of things, to make a note of this.

Mr. B. Das: Mr. Mudaliar will say that that was pro-Indian.

Mr. Gaya Prasad Singh: Another eminent historian, Romesh Chunder Dutt, says:

"A deliberate endeavour was now made to use the political power obtained by the East India Company to discourage the manufacturers in India. In their letter to Bengal dated 17th March, 1769, the Company desired that the manufacture of raw silk should be encouraged in Bengal and that the manufacture of silk fabrics should be discouraged. They also recommended that the silk winders should be forced to work in the Company's factories and prohibited from working in their own homes."

I will now end this portion of my speech by making one little quotation from another historian, Mr. Wilson. This is what he says, and I hope my Honourable friend, Mr. Mudaliar, is within the reach of my voice and is making a note of what I have said on the steps taken by the people and Government in England for which he appears to be gushing with enthusiasm. This is what Wilson says:

"Had India been independent she would have retaliated, would have imposed prohibitive duties upon the British goods and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her. She was at the mercy of the stranger. British goods were forced upon her without paying any duty and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle the competitor with whom he could not have contended on equal terms."

[Mr. Gaya Prasad Singh.]

My Honourable friend will see how the commercial and political factors are intermingled with each other.

Mr. C. S. Ranga Iyer: Why don't you let the dead past bury its dead and open a new chapter.

Mr. Gaya Prasad Singh: I am thankful to my Honourable friend for suggesting that we should let the dead past bury its dead and open a new chapter. But may I remind him that, before a new chapter is opened, we must pass a sponge over the past and write on a clean slate. You must first let the trade of India revert to that flourishing condition in which it was before it was strangled by the policy of the British Government of that time. Are my Honourable friends on the other side prepared to take a position like that? Are those gentlemen, who are members of the European Group, in whose fraternity my Honourable friend, Mr. Ranga Iyer, has got a very genial companionship, will my Honourable friends sitting over there allow our industries to regain their position before they were so ruthlessly trampled down by the attempts of the people and the Government in England?

Raja Bahadur G. Krishnamachariar: Why are they clamouring for safeguards?

Mr. Gaya Prasad Singh: My Honourable friend asks why they are clamouring for safeguards. It is the guilty conscience that makes them cowards. They know that if political power is placed into the hands of the Indians, probably at least some of the steps which the British Government in England took at that time might possibly be taken by some of our politicians when they will be sitting on the Benches opposite. That is why they are anxious to introduce safeguards into the coming Constitution. However, Sir, I dismiss that part of my friend's argument with these words.

Now, coming to the Bill itself, I find that it is divided into two parts, first, in which it asks us to ratify the Indo-Japanese Agreement, and the second, when it asks us to ratify the Mody-Lees Pact. With regard to the principle of the Bill, namely, that we should give protection to the textile cotton industry of this country, I am whole-heartedly at one with it. Sir, the report of the Indian Fiscal Commission, which is a very important document on this question, has discussed at length the conditions under which a system of protective duties could be imposed for the benefit of the national industries of this country. I am not going to read out or to set forth the three conditions laid down in the Fiscal Commission's report in this connection. So far as the Japanese Agreement is concerned, I fully endorse the view that it should be ratified, and here I unhesitatingly and with my whole heart express my warm congratulations to my two Honourable friends who are in charge of the Departments of Commerce and of Industries and Labour, who represent the economic interests of this country and whom I may describe as Sir Frank Bore and Sir Joseph Noyce as indicating the inseparable character of the duties of the two distinguished gentlemen who have very ably conducted the negotiations with Japan and brought their labours to a successful termination.

Mr. F. E. James: Also Sir Fazl-i-Husain.

Mr. Gya Prasad Singh: Yes, also Sir Fazl-i-Husain, I am glad to acknowledge, though I did not mention his name as he is not a Member of this House, but he none the less deserves our congratulations.

Now, Sir, in the Statement of Objects and Reasons, I find it is stated as follows:

"The denunciation of the Indo-Japanese Trade Convention and the subsequent conclusion of a new trade agreement with Japan together with the unofficial agreement between representatives of the Indian and United Kingdom textile industries have introduced entirely new factors into the situation. The present Bill gives statutory effect to the aforementioned agreements". . . etc.

I should like to correct one little misstatement which seems to have crept into this statement. This unofficial Agreement was not between the representatives of the Indian and the United Kingdom textile industries, but only between the Millowners' Association of Bombay and the Lancashire Delegation. Sir, much has been said about the part played by the Bombay Millowners' Association, and the competency of my Honourable friend, Mr. Mody, to speak on behalf of the textile industry of this country. I will not take the House into the rather subtle mathematical calculation of our distinguished mathematician colleague, Dr. Ziauddin Ahmad, who tried to prove that my Honourable friend, Mr. Mody, represents only 1½ per cent of the textile industry of this country. But, Sir, it goes without saying that at any rate Mr. Mody's Association represents less than a half of the textile industry of this country and this is borne out by the statement made in the Report of the Indian Tariff Board. It is stated as follows in paragraph (1) of the Chapter containing the summary of the conclusions and recommendations (page 199):

"The number of mills at work in India has risen from 274 in 1925 to 312 in 1931. Bombay and Ahmedabad together contain just under half the mills at work."

Now, Sir, Bombay and Ahmedabad contain half the mills at work. Ahmedabad has broken loose from Bombay in this Agreement, and, therefore, Bombay must contain less than half. This is my plain arithmetic as I see it. In any case, the opinions of the other Millowners' Associations, for instance, of Ahmedabad and Cawnpore, Calcutta and Delhi, Northern India and other places, have not been taken into consideration. There is one point which I should like to mention. Here I should like to ask my Honourable friend, the Commerce Member, why he is at pains to implement a private non-official Agreement arrived at between two private individuals, I mean Mr. Mody, representing some section of the cotton textile industry in this country, and the Manchester Delegation that came here. I can very well understand the representatives of two Governments, the Government of India and the Government of Japan entering into some sort of a Trade Agreement and asking this House to ratify that Trade Agreement. But I do not know why we should be asked to give our concurrence to an Agreement which was arrived at by two non-official parties. The Government in England is not in these negotiations at all, then why should the Government of India go out

Mr. C. S. Ranga Iyer: May I ask my Honourable friend whether it is not far better for the two non-official parties to come to an agreement instead of Whitehall manipulating a subordinate branch of the administration, namely, the Government of India?

Mr. Gaya Prasad Singh: In his anxiety to interrupt me, my Honourable friend seems to have missed my point. My point was only this, that there were two Trade Agreements, one was conducted officially between two Governments, the Government of India and the Government of Japan. They came to certain conclusions, and the Government of India now ask us to ratify that Agreement, and we have to consider the point whether that Agreement is to be ratified or not, and come to whatever conclusion we like. But the other Agreement was arrived at between two private parties. I do not know what authority those gentlemen who came from England had in influencing the trade conditions and the trade agreements of their country and how far they are in a position to give any undertaking on behalf of their Government. My position will be made clear when I say that in the Japanese Trade Agreement, the Japanese Government have specifically undertaken to purchase a certain quota of cotton in return for a certain quantity of their goods being allowed to enter into this country at some specified rates of duty. Whereas, these gentlemen, who came from Lancashire, have not laid down, and are not in a position to lay down in this Agreement, that they undertake to purchase any fixed quota of our cotton in return for whatever preferential treatment we may be willing to accord to their goods coming into this country.

Mr. C. S. Ranga Iyer: Why not make this gesture to enable the Government of India to negotiate successfully with the support of this Legislature, to insist upon Lancashire taking a certain amount to cotton through the interference of the Government of Great Britain?

Mr. Gaya Prasad Singh: I do not know whether the suggestion which my Honourable friend has thrown out is feasible and can be introduced in this Bill.

Mr. C. S. Ranga Iyer: It is not introduction in the Bill, but preparing the road for a successful negotiation.

Mr. K. O. Neogy: Why not hold up the Bill till then?

Mr. Gaya Prasad Singh: I am very glad to have the suggestion of my Honourable friend, but if his suggestion is to be accepted, the only thing that should be done is that this Bill should be postponed till the result of that negotiation, to which reference has been made by my Honourable friend, is indicated to us. Government are asking this House to commit itself to a position that British goods should be allowed to come to this country at preferential rates, whereas these gentlemen of the Lancashire Delegation have given us no guarantee that they are in a position to or that they will purchase a fixed quantity of our cotton. It is only a pious hope which they have expressed. Why not let them take a leaf out of Japan who has given us a definite assurance that she is willing to buy a certain quantity of our cotton, why not let the Government in England, for instance, give us a similar undertaking that they or their people will be willing to buy a fixed quota of cotton from India in return for which we would be willing to give them whatever rates of duties may be found feasible? Sir, I am reminded that my Honourable friend, Mr. Mudaliar, said that the Government in England were not in this matter at all, in this Mody-Lees Agreement, and I do not know why the Government of

India should be soiling their hands by mixing themselves up in a transaction which to an outsider like myself appears to be somewhat shady. I should also like to know why it is that the mills operating on the Island of Bombay clamour so much for protection while the mills in Ahmedabad, Delhi, Cawnpore, Calcutta and other places do not stand so much in need of protection.

An Honourable Member: They all want it.

Mr. Gaya Prasad Singh: Yes, they all want it, but not in the way in which my Honourable friend, Mr. Mody, comes periodically with his begging bowl in this House and pursues us, not only on the floor of this House, but also in the lobbies with importunate solicitations. (Laughter.) I should like the members of the Bombay Millowners' Association to look more closely into the system under which their mills are working.

Reference has already been made to the managing agency system under which the mills are allowed to work and to the injurious effect which is sometimes produced. The Report of the Tariff Board on the cotton textile industry has also recommended that this system should be looked into and appropriate legislation brought before this House as soon as possible. My Honourable friend, Mr. Mudaliar, made one reference to which I should like to reply. He triumphantly pointed out to the fact that, since this Agreement with Lancashire was entered into, England has purchased an increasing quantity of cotton. But it was pointed out then and there by my Honourable friend, Mr. Neogy, that the import into Germany during the same period from India had also shown a phenomenal increase. How is it then that special credit should be given to England for having consumed more cotton in the same period during which Germany and possibly some other countries also consumed an increasing quantity of our goods?

As I am pressed for time, I will not enter into the details of this Bill. I will merely sum up my views in two or three sentences. In the first place, I am of opinion that protection should be given to the cotton textile industry of this country. At the same time, I am opposed to the policy of Immercial Preference which is introduced into this Bill, as it will ultimately recoil upon our nascent industries. Secondly, I am of opinion that this protection should be given on certain conditions, namely, that it should be limited to a definite period within which the textile industry should be asked to put its house in order, so as to be able to dispense with protection at no distant date, and that it should make itself efficient and be able to withstand world competition without this policy of protection. That is all I have got to say on the present motion. I wholeheartedly support, as I said before, the Indo-Japanese Agreement, but I oppose that part of the Bill where the policy of differential tariff is sought to be introduced.

Mr. F. E. James: My Honourable friend, Mr. Gaya Prasad Singh, has trailed his coat in our direction, and I wish, in the first place, to assure him that I have no intention of treading on it. He seems to be very nervous as to the effect which our proximity to Mr. Ranga Iyer is having upon his political complexity.

Mr. Gaya Prasad Singh: He has now receded a safe distance from you.

Mr. F. E. James: It is rather the other way. We find that the result of my friend, the Whip of the Nationalist Party's proximity has tended to make us more nationalist than we ever dreamt of being a few years ago. Perhaps at least Mr. Gaya Prasad Singh will in future give Mr. Ranga Iyer credit for greater soul force that he at present suspects him capable of. I am not going into the somewhat acrimonious discussions that have been raised by various speakers on the floor of the House in regard to certain political aspects which have been mentioned in regard to this Bill. I think, as a matter of fact, that enough has been said on the point, and personally I would prefer that the remaining hours of this discussion should be directed to the importance of the economic aspect of the Agreements and their general political results.

Now, Sir, I am going to deal, first of all, with certain economic aspects of the Agreements. I cannot agree with my Honourable friend, Mr. Ramakrishna Reddi, that there is anything vicious in the principle of two great industries belonging to two different countries coming to an agreement in regard to the field of their operations. In fact, I think that that particular method of approach to the economic problem is a method of approach which is being increasingly followed in different parts of the world and will be increasingly followed in the near future. But I do agree that such agreements, when they are concluded between representatives of industries of two countries, must be scrutinised very carefully by the Government and must be scrutinised as carefully by the Legislature when the Legislature is asked to ratify them. I suggest to my Honourable friend, Mr. Ramakrishna Reddi, that, subject to those two conditions, there is nothing inherently wrong in the method of negotiation direct between representatives of the industries who are intimately concerned with economic developments. Sir, I would point out that in regard to both these Agreements the principle that we laid down recently in the debate on economic planning, namely, that all these agreements should be short term agreements, has been followed. In regard to the Lancashire Agreement that expires in 1935. That Agreement is, as a matter of fact, a tentative agreement which ultimately may be followed by something of a more official character between the Governments. But, in the meantime, it is obviously a tentative agreement which covers only a short period of years within which certain adjustments may be made. As far as the Japanese Agreement is concerned, that operates for a period of three years, and, there, again, I suggest that the Government have, in the interests of the country, at this time of uncertainty, been very wise indeed in not entering into an agreement covering a longer period. A third point I wish to make is this. As has already been said by two previous speakers from this Group, we believe that the textile industry, which is a national industry and must be regarded as such, has made out a good case for protection, and that justifies our support to sending this Bill to a Select Committee. There is, however, one matter to which I should like to make a reference, as I think that sufficient emphasis has not been given to it; and that is in regard to the difficult but extremely important question of the handloom industry.

[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).]

I would here like to congratulate my Honourable friend from Madras, Mr. Ramakrishna, on his excellent maiden speech which was made

yesterday. Sir, the charge has been made in the past—quite unjustifiably in my view—that mills put up the price of yarn against the handloom weaver while making the yarn for their own use at considerably lower costs than the price at which they sell to the latter. Now, that statement was made in a communiqué addressed by the Director of Industries, Madras, to the Tariff Board. It was a statement based upon no evidence which was given to us, and I suggest that that statement has really no foundation whatever in fact. The position is this: purely spinning mills ultimately rely almost entirely for their sales on the handloom weaver and their sales to him are regulated both in price and quantity according to the usual laws of supply and demand. Prices quoted by Indian spinners in the face of competition must compare favourably with those of corresponding imported qualities if sales are to continue; therefore, it cannot be argued that the Indian spinning mills will restrict their own sales or deliberately put up the price of yarn against the handloom weaver upon whom after all they depend for the consumption of their production. As far as the spinning and weaving mills are concerned, they sell only what may be described as their emergency surplus, usually about 12 per cent of their total spinning production. For this reason, sales are irregular; their markets are not established, nor is there the same continuous demand as there is in the case of the purely spinning mills. In fact, it is almost equivalent to disposing of job lots, and the inevitable result is that the prices obtainable by weaving mills for their emergency surplus of yarn is regulated almost entirely by the prices ruling for the production of purely spinning mills; and quality for quality, the former are, say, about three to four per cent less than the latter. I suggest, therefore, that the charge which has been made in that respect against the mills cannot really be sustained.

As far as the handloom industry is concerned, at the present moment I think we can say with some confidence that their yarn supplies today are cheaper than they have been within living memory. And yet, the weavers have not benefited thereby, and the factors in bringing down the price of yarn have been the tremendous amount of yarn placed on the market and the low prices of Japanese and Chinese yarns. In seeking to dispose of the abnormal amount of cloth, the handloom weavers have been in competition with millmade cloth, and with themselves; with the result that their realised prices have been very low. A limitation in the imports would have a beneficial effect on yarn prices and also on handloom cloths. That, I think, will be generally admitted.

Now, in the matter of fine counts, I believe that the Directors of Industries themselves admitted in Simla, that weavers of fine counts were doing better than those on coarser counts. That is not to be wondered at as their customers are, generally speaking, the people from the middle and higher classes in the country who can afford to buy superior goods produced from the finer yarns. That being the case, having regard to the fact that the removal of the specific duties would preclude the very necessary development of the industry in this country, we suggest that Government should reconsider their attitude in regard to fine counts of 50's and above.

The Honourable the Commerce Member spoke of holding the balance between the spinning industry and the handloom weavers. I quite agree and everybody agrees that maintaining the balance is most important, but I would submit that there is a third factor which must also be taken

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into account, namely, the cotton grower. If the scale is weighted too heavily against the spinning industry, the spinning industry, unable to bear the whole burden, will undoubtedly have to share it with the cotton growers in the form of lower cotton price. That is inevitable, and I believe we would all agree in this House that it is most undesirable, as the cotton grower is economically in a worse position than the handloom weaver.

We welcome the proposal of the Honourable the Commerce Member in his suggestion that an attempt should be made to help the handloom weaver in the shape of facilities for co-operative buying of yarn and selling of cloth. We would only suggest that side by side with that scheme there should be a more thorough inquiry, if possible on an all-India scale, into the whole question of the handloom weavers. We are not satisfied with the statistics that have been obtained: we think that many of those statistics are based on insufficient premises and are, therefore, inaccurate. Conditions vary enormously from Province to Province, the machinery for collecting statistics varies tremendously from Province to Province; and even the Tariff Board found themselves in this difficulty. We suggest that, if organised help is to be given to this industry, it must also be accompanied by a thorough inquiry into the number of handloom weavers, the number of looms, into their production and into all the information that is possible as to their present economic condition.

I turn now from comments on the economic side of these two Agreements to two observations upon the political side of the Agreements themselves. I have been interested in observing, during the course of the debate, that the only political aspect that has been dealt with on the floor of this House has been the political results of the tentative agreement with Lancashire. I also claim that the Agreement with Japan is a political event of first class importance. We should congratulate the Commerce Member, not only on account of the economic side of the Agreement, but also on his great statesmanship in piloting through an agreement which, to my mind, will have profound political reactions. Every one knows the position of Japan today in the East. Every one knows the position of Japan with regard to the Empire to which we belong. Every one knows Japan's determination to live and her determination, if she is not allowed to live, to fight. We have to deal with facts as they are. We have to deal with a great country, a great Empire which has made itself what it is by its own efforts. Whether we like her policy or not—and I am very sorry indeed that some Honourable Members have referred to Japan in a disparaging way,—Japan in the next generation is going to count as no other country in the world is going to count, as far as India is concerned; and that is why the Agreement, which has been reached, which has immediate economic consequences, is to my mind an agreement which has also far-reaching and wide political consequences. I hope personally, and I am sure every one in this House hopes that, as a result of this piece of statesmanship on the part of the first Indian Commerce Member of the Indian Empire, the political relations between Japan and India and between Japan and the British Empire may be laid down on lines that are harmonious and in directions which will lead to increasing co-operation between these great powers. I believe that unless Japan and the British Empire in the far east can find a way of walking side by side in co-operation, catastrophe may overtake the world.

Then, there is the political significance of the Lancashire Agreement. I am not going into the details as to the evidence which was given by the Manchester Chamber of Commerce before the Joint Select Committee, except to say this: that in dealing with that evidence, three things must be borne in mind. The first is the great influence which Lancashire has politically in England. That is the first point. Secondly, the tradition of Lancashire with regard to this country and with regard to this country's fiscal autonomy. I am not going into the past. I am not here to apologise in the least degree for what has happened in the past as between the economic interests of Britain and the economic interests of this country. I know there are many pages in history that some of us do not care to read. I ask that Members should study the present position and should not dwell too much upon the past. The House will realise that, if they study Lancashire's past history and Lancashire's present attitude within the last few months,—I do not want to exaggerate it,—but I think they will find that within the last few months a revolution has taken place in regard to their attitude to this country. Now, Sir, it is perfectly easy to say that it has nothing to do whatever with Mr. Mody's efforts in London. I leave him to defend that position. He has already defended it. But I will say this that there is absolutely no doubt that Lancashire has, to a degree unknown in her past history, awakened to the enormous economic advantages to her and to the Empire generally of friendly relations and understanding with this country. Whatever may be said about the Mody-Clare-Lees Pact, whether you like it or whether you don't, whether you agree with all its clauses or whether you don't, I can say this from personal knowledge that, throughout those negotiations, my Honourable friend, Mr. Mody, had one thing in mind, and that was the presentation of India's case without any faltering and without any ambiguity. May I give one small piece of personal history which will serve to prove what I have said? I was in England before Mr. Mody arrived. I think it is no secret to many Members of this House that some of us were interested in asking the Lancashire representatives to meet Mr. Mody, because we were anxious that Lancashire should appreciate to a fuller extent the point of view of India. We had no economic axe to grind; we had no political axe to grind, except that we wanted a fuller appreciation of India's point of view in Lancashire. I was, as a matter of fact, present as an observer at the very first meeting that took place between the delegates from Lancashire and Mr. Mody himself. We sat there in a small room in Queen Anne's Street for nearly two hours and a half, and most of that time was occupied by my friend, Mr. Mody, in stating India's case in such forcible terms as would have brought resounding applause even on the floor of this House. In fact, I was at one time nervous of the effect of the statement of that case. I felt that it had perhaps been a little too brutal, a little too frank. And yet, after that meeting, the impression left upon the minds of the Lancashire Delegation was such that they came to the deliberate conclusion, not after great cogitation amongst themselves, that they had better change their tune and come back to London and carry on these conversations.

Now, Sir, you talk about the political significance of this Agreement.

4 P.M. Perhaps the Agreement in itself may have no political significance, but I do believe as sincerely as possible that the conversations that were held there, the negotiations that went on between the Lancashire representatives and Mr. Mody and other Honourable Members of this

[Mr. F. E. James.]

House in Lancashire and in London, had the effect of modifying the attitude of Lancashire towards India's political aspirations to an extent that I never dreamt was possible when I first went to London. You may say that the Agreement is not satisfactory here or it is not satisfactory there. The Bill is not through. You send the Bill to the Select Committee. If you want modifications, work for those modifications, but let the House not forget that, in regard to this Bill, the eyes of the whole country in India, the eyes of the whole country in the United Kingdom are upon the negotiations and the outcome of those negotiations. This is no place to sell the interests of India, but this is no place either to create an unfriendly atmosphere for the future, and I hope that if we in the Select Committee, while defending to the fullest what we conceive to be the interests of India,—and I stand there with my Indian colleagues on the interests of India first,—if in the Select Committee we can do that, and at the same time pave the way for co-operation between India and Great Britain, these debates, these agreements and this Bill will have a lasting result which will redound to the credit and the great interests of this great country and the Empire.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Mr. President, at this stage of the debate which has gone on for two days, it is not expected of me to dwell at any length on the details of the Bill before us. I must focus the attention of the House on the main general features of the Bill and of the two documents which have been discussed so much in different parts of the House.

My friend, Mr. James, made a very eloquent appeal to us on the political effects of the Agreement which has been entered into by my friend, Mr. Mody, and the Textile British Mission from Lancashire. If this Agreement brought about tangible political effects, so far as the future Constitution of the country is concerned, as one of the Honourable speakers on this side of the House pointed out, I would join with him wholeheartedly in welcoming this measure, even though it be at some economic sacrifice of the country, a country so poor that it cannot bear much sacrifice. Sir, we are all anxious that the political relations between the two countries should be established on a firm and friendly footing. In London where I was staying for six or seven months last year, and was watching the movements of political opinion in Britain as regards the proposed new Constitution, I was very glad to find that Mr. Baldwin, the great Leader of the great Conservative Party of Britain, time after time emphasised the necessity of establishing friendly relations between the two countries in the interest at least of the trade of Great Britain with India. Sir, it should be obvious to every Englishman, and I hope it is, that what Mr. Baldwin has so repeatedly tried to impress upon his Conservative audiences in Britain is an absolutely correct estimate of the Indian position. I was a member of the British Delegation. I heard all the evidence that was adduced before it, and I admit that, after this Pact was entered into here, the evidence that was given by the representatives of Lancashire before had undergone considerable modification in tone. The expressions which were used by those representatives were of a far more friendly character than they were in their original memorandum. But as regards the substance of their representation they remained adamant. Before the last batch of witnesses from Lancashire, the representatives of the British Chamber of Commerce had given their evidence and I had put a question to the leader of those witnesses suggesting to the effect that it was better in the interests-

of British trade with India that there should be a friendly understanding and a proper agreement with the consent of the representatives of the people of India rather than any legislative provisions, but I got a somewhat vague reply. But when the representatives of Lancashire were examined after the Pact had been entered into, a pointed question was put by Sir Phiroze Sethna on this point, and I shall read that question and the answer that was given. On page 1894 of Volume II-C of the Minutes of Evidence, the question that was put by Sir Phiroze Sethna was this:

"I have only one more question to ask, and that is in relation to paragraph 27. Mr. Rodier, I join with Mr. Jayakar, and I am sure every Indian Delegate is at one with us, in what you said in regard to the negotiations which have so happily started, and we trust that they will be the beginning of more cordial relations in the future. In view of that, and in view of what you yourself said, that co-operation and federations are better than arguments, 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."

The answer was:

"No; we do not agree to that."

"*Sir Phiroze Sethna*: That is the clear implication of that paragraph as I read it."

There was no answer to that.

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

Sir, this was one of the most important questions that exercised our minds in the Joint Select Committee, that is, the question of commercial discrimination. No formula was suggested which could be accepted by us and the formula that was adopted in the White Paper and was supported by the representatives of British commercial interests was so wide that we felt, each one of us felt, that even the fiscal autonomy convention that exists at present was in considerable jeopardy. We know that the fiscal autonomy convention is not worth as much as we would like it to be. We want full fiscal autonomy for India, and that was the position we took up before the Joint Select Committee and we adhered to it, but even after the change in the atmosphere which has been alluded to by my Honourable friend, Mr. James, the British representatives of commerce, especially of Lancashire, were not prepared to give in on that point. They insisted on rigid legislative provisions in the Constitution Act. They are not going to trust India and Indian opinion. The distrust was not on our part. The distrust was on their part, and so long as the feeling of distrust remains and is going to be embodied in the form of a Statute, I put it to the House that it will not be our fault if peaceful commercial relations between the two countries happen to be disturbed. Sir, that is the position as regards the political effect of this Agreement.

Then, as regards this Agreement, I wish to put one or two questions to my Honourable friend opposite. Was this Agreement entered into with the countenance and sanction of the Government of India or was it left entirely to the private parties to come to any arrangement they liked. If it was left entirely to two commercial bodies to arrive at whatever agreements or arrangement they could, and it was left for the Government of India to decide as is their duty to do as how much of it should be accepted or not or whether they should at all countenance such an Agreement, then I have no quarrel with them.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): May I say at once that that was the position?

Sir Abdur Rahim: I do not know whether my Honourable friend means that the Agreement was not entered into with their sanction and approval or

The Honourable Sir Joseph Bhore: No, Sir. My Honourable friend asked whether it was the parties themselves that concluded the Agreement between themselves. I want to assure my Honourable friend that the Government had absolutely nothing whatsoever to do with that Agreement in any shape or form.

Sir Abdur Rahim: I am very glad to be assured on that point. Then, the next point, one of some constitutional importance that arises is this—how far should Government countenance agreements of this sort, how far they should allow themselves to be influenced by any agreement entered into by one commercial body with a commercial body of another country. I can quite understand if the commercial interests as a whole of our country entered into relations and arrived at an arrangement with similar commercial interests of another country as a whole and then went up to the Government and said: "This we think is in the best interests of our own country, will you sanction it?" I could quite understand that position and I do not wish to cast the least reflection either on the *bond fides* or the competence of my Honourable friend, Mr. Mody, for whom every one of us has great admiration and respect. I am dealing with it as a purely abstract question, and that is this. When one section of a particular commercial interest enters into an agreement with the commercial interest of a foreign country or a country within the Empire, then, in that case, as things are in India, and indeed as they would be in any other country, the other sections of that interest are likely to resent it, unless they have been previously consulted and their consent also has been obtained. Sir, an agreement of this character, instead of smoothing matters, is likely to create greater friction and greater difficulties (Hear, hear), and that is exactly what has happened, and that is why my Honourable friend, Mr. Mody, has been subjected to so much criticism, apart from the merits or demerits of the Agreement itself. I, therefore, put it to the Government that, instead of encouraging such agreements, they should do their best to discourage them on future occasions. (Hear, hear.) Sir, when the question of bilateral agreements was brought up before the House the other day, I thought that the matter was not so simple as it was presented to us. I knew that there were other sides to the question and that great difficulties and complexities might arise if you accepted the principle of bilateral agreements without considerable qualification. It has been suggested, during the course of this very debate, that there may be further agreements forthcoming upon the same basis. I think it was my friend, the Honourable Mr. Neogy, who asked what other agreements did the Honourable Member opposite have up his sleeves? I believe that was the sort of question that was put by my Honourable friend, Mr. Neogy. Now, I for one do not suggest any sort of scheming on the part of Government and, I am perfectly sure, my Honourable friend, Sir Joseph Bhore, is incapable of any such thing. But I could quite conceive that a similar agreement may be arrived at again between one section of a particular industry in India and the representatives of a similar industry in another country. Now, take, for instance, our own iron and steel industry. An inquiry is

going on as regards that. Now, is it the fact that some particular section of that industry is likely to enter into an agreement like this, and then the Government will come before us and say: "Well here is this agreement which has been concluded". I wish particularly to draw the attention of the Government to the fact, of which indeed they must be fully aware, that not only there are the industries concerned that have to be taken into consideration, but there is the general public, the interests of the general public which have to be safeguarded. There are so many interests involved,—among others the interests of the consumers which some Members in this House are apt to laugh at. Sir, it is not a matter to be laughed at. It is ultimately the interests of the consumer that have to be kept constantly in view in dealing with the sort of questions that we are dealing with. (Hear, hear.) We have to see what is in the best interests of the country in the long run—that is, of the general public. We must not concentrate our attention entirely upon certain particular interests at a particular moment of time. Take, for instance, this Textile Industry Bill. It is not only the textile industry, the power-loom industry, but also the handloom industry, the interests of agriculture and the interests of the general body of consumers, the general public, which have all to be considered. All these are interests which the Government of the country alone, even though that Government are not responsible to the people or their representatives, have to take into consideration. I do say and I say it emphatically and without hesitation that it would be narrowing the vision of the Government if attention was directed only to the interests of a particular section of an industry as voiced by their representatives. They have to take a broad view of the whole position and to see whether at present and in the near future the policy that is to be pursued in respect of a particular industry is in the best interests of the country as a whole.

Sir, I do not wish to say anything more as regards the general aspect of this Agreement. As regards the Indo-Japanese Agreement, I entirely agree with my Honourable friend, Mr. James, that it is a matter on which the Government of India, and especially my Honourable friend opposite. Sir Joseph Bore, deserves every congratulation. (Hear, hear.) Sir, the advantages of such a Trade Agreement with a great country like Japan is of general political value to us, and, also, to the British Empire. Sir, I am unreservedly glad that Sir Joseph Bore, with great ability and great skill, was able to bring these negotiations to a successful termination. I may here mention that we have not yet been supplied with a draft of the Agreement; I believe it must have been drawn up by this time; we have got only the minutes of the proceedings; I do not know whether my Honourable friend is in a position to supply us with a copy of the draft Agreement.

The Honourable Sir Joseph Bore: No, Sir. I regret I am not in a position to do so, because the final wording of the draft has not yet been agreed upon by the Japanese Delegation and ourselves; but we hope to be in a position to make available to the House at the earliest opportunity those Agreements when completed.

Sir Abdur Rahim: I accept that statement, of course, but I thought from what we could gather from the newspapers that the Agreement was only awaiting signature by His Majesty's Government. Apparently that is not a correct version of the situation and, of course, what Sir Joseph Bore has told us must be correct.

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As regards the merits of the Indo-Japanese Agreement, it is very difficult for us to estimate the exact effect of its provisions, but there can be no doubt that the basis of the Agreement is the exchange of mutual benefits. To that, no one can take exception. Whether the quota of piecegoods imports that has been granted to Japan is too liberal or not. I cannot say and I can well understand that the representatives of the mill industry of our country would like to reduce that quota. There is this fact and on this point I am not inclined to agree with my Honourable friend, Diwan Bahadur Mudaliar, that Japan consenting to buy so much cotton in exchange for a quota of piece-goods imports is really of no value to us, because Japan has to depend upon short-staple cotton from India for her own industry.

Diwan Bahadur A. Ramaswami Mudaliar: May I point out that that was not my statement. I was only quoting a critic who said that, and I do not agree with him.

Sir Abdur Rahim: I am very glad to hear that that was merely a quotation from somebody and that my friend does not agree with it. My own view is that it is of great value to us. As a matter of fact, the Indian growers of cotton for a long time have been suffering from low prices and from an inability to dispose of their products. I think it must be a great relief to the agricultural community of India that Japan has definitely agreed to buy one million bales of cotton during a year.

I now revert to the merits of the Agreement with Lancashire. The important part of that Agreement is that Lancashire should get certain preference for her goods, and if the revenue surcharge happens to be reduced, then in that case fresh proposals would not be made by the Indian industry for a higher protective duty. That is so far, a benefit to the Lancashire industry. When you come to what Lancashire proposes to give to us, that is in the region, as has been pointed out by more than one speaker on this side of the House, of promises. Sir, I, for one, do not doubt the good faith of Lancashire, and I do believe from the evidence that we heard in London that the Lancashire merchants and manufacturers are engaged in experimenting as to how best they can utilise Indian cotton for their manufacture. But so far as I have been able to gather, the whole thing is still in an experimental stage and no one can be sure whether the experiment is going to be successful or not. It has been pointed out that, as a matter of fact, this year there has been a much larger export of cotton to Britain than previously, about double the quantity.

Mr. K. C. Neogy: Yes, if you compare this year's figure with the figures of the previous two years. But if you compare 1930-31, the increase is not much.

Diwan Bahadur A. Ramaswami Mudaliar: You have to take the imports also for those years.

Sir Abdur Rahim: I am not a businessman at all. The point of view which strikes one, who has had dealings with businessmen, is that they will look to their business and to their profit first. They do not maintain benevolent institutions. The industries, either of my Honourable friend,

Mr. Mody, or of Lancashire, try to make as much profit as they can out of their business. That is obvious, and I, for one, would never be convinced that Lancashire will alter that cardinal principle of commercial business in order to suit the convenience of any other country even though it may be a country within the Empire or in order to establish friendly relations with us. If cotton in larger quantities has gone to Lancashire this year, it does not follow that this will be kept up in the future. On the other hand, in the case of Japan, we have a definite undertaking that they will take so much Indian cotton in lieu of the quota which they are receiving from us. I should like to know from my Honourable friend, the Commerce Member, when he speaks in reply, why was it not possible to enter into a similar agreement with Lancashire? When you are giving preference to Lancashire and when Lancashire is so willing to buy more and more of Indian cotton and help the Indian producers of cotton, why could you not enter into an agreement to that effect? If the increase in the import of cotton by Lancashire from India has, as a matter of fact, increased so much and if that has been in pursuance of a new policy as is suggested, then where was the difficulty on the part of Lancashire to give us an assurance of quota of our own?

Mr. C. S. Ranga Iyer: Perhaps Mr. Mody forced the pace.

Sir Abdur Rahim: I do not know what happened between my Honourable friend, Mr. Mody, and the representatives of the Lancashire Textile Mission, but that is a point which has been puzzling me, and I am perfectly sure, my Honourable friend, the Commerce Member, will be able to throw light upon it. Now, if we had an agreement of that character with Lancashire, then all the criticisms that have been levelled against the agreement, political or economic, would have been fully met, and I suggest that in the world-competition, in the midst of which India also has to struggle, the only way—if we are to enter into agreements with other countries—would, perhaps, be on the basis of quotas. Sir, so far as preference is concerned, if it does not hurt the industry of India, I, for one, would not object to it. But if it is likely to hurt the interests of my country, I would certainly object to it. If you leave a matter like this in an uncertain state, naturally many Members on this side of the House and the public generally will apprehend that the preference given to Lancashire, without enforcing a quota from them for our cotton, is likely to injure our trade without benefiting the producers. That is the fear and apprehension which has been freely given vent to on this side of the House, and I do hope, the Honourable the Commerce Member will bear this in mind in the deliberations of the Select Committee.

I now come to the main question at issue, the need for protection. Sir, so far as I can gather from the speeches and the facts and figures that have been cited and from the Report of the Tariff Board, there seems to be general agreement that the textile industry of India still needs protection. I think my Honourable friends opposite may take it that we on this side of the House will concede generally that the textile industry does deserve protection. But that is not the only question that has to be considered. Sir, your ruling has made the position quite clear, and even if the principle is conceded that the sudden withdrawal of protection from the Indian textile industry is likely to injure its growth, there are still other questions which have to be considered. For instance, what is the measure of protection that is needed, the period of protection and

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whether the protection is going to be unconditional or there are to be any conditions which ought to be attached to it. These vital questions still remain, and I take it that under your ruling it will be open to the Select Committee to consider these questions and come to proper conclusion upon such facts as the Honourable the Commerce Member will be in a position to supply to the Committee. I should be the last person to suggest any reflection on the mill industry, either of Bombay or of Ahmedabad or of any other part of India, but I will ask the Government to take into serious consideration the findings of fact of the Tariff Board upon that point. I do not think it can fairly be said, and, in fact, I do not think anything has been said, as I followed the Honourable Members who spoke on this subject, that the findings of the Tariff Board in this respect are wrong or exaggerated. I refer mainly to the system which prevails in many of these concerns and which in its later developments does not seem to have secured the approval of the Members of the Tariff Board. They point out that the managing agency system which had done valuable pioneering work in the textile industry is not quite sound in certain important respects, so much so that they have made a definite recommendation that legislative provisions are necessary in order to ensure control over this system. This is a very important matter. I do not know whether the attention of my Honourable friend, Sir Joseph Bore, was drawn to this matter when he made his speech in moving for a Select Committee, but, so far as I followed his speech, there was no allusion in it to the need for seeing that the textile industry is run on proper and efficient lines. What I feel is and I believe many Honourable Members on this side of the House also feel is that our textile industry has now to face world competition. Its two great competitors are Japan and Great Britain. It has been able, in spite of this competition, to hold its own to a very large extent. But, all the same, it is absolutely clear from the Report of the Tariff Board that unless the industry is able to put its house in order and to remove some of those shortcomings which have developed in it, then in that case, it will become more and more difficult for the textile industry of India to hold its own even in the home market.

I lay great stress on the labour question to which naturally my friend, Mr. Joshi, has drawn the attention of the House so pointedly. I take it, it is an axiomatic fact which no one can deny that the success of an industry depends largely upon the efficiency of labour. Judging from the Report of the Tariff Board, that question, though it was attempted to be tackled, has been practically left in an unsatisfactory condition. I wish to draw special attention of the Government to the fact that, unless labour is educated and trained, our industry will not be able to hold its ground for very long. I would ask the Honourable the Commerce Member to consider very seriously whether it is not possible for them to take any steps in this direction. Then, there are other matters on which the efficiency of labour depends. Housing conditions, organisation of labour, all these are matters with which my Honourable friend, Sir Frank Noyce, must be familiar, and it is up to him and to the rest of the Government to see that before long steps are taken which would put the labour conditions of India on a proper footing.

Now, Sir, as regards the agency system, it had been pointed out that certain practices are of extremely unsound and questionable character. For instance, inter-investments of funds in companies under the same

managements, which is bound to lead to a conflict of interests. Short term funds is another difficulty, and there are other defects in that system which have been pointed out in the Tariff Board's Report. I do hope that the Select Committee will take all these matters into consideration and the Government will take steps in order to carry out the recommendation of the Tariff Board.

The question of the period of protection is also another matter which has to be taken into consideration by the Select Committee. I believe the Tariff Board recommended ten years, and the Honourable the Commerce Member very rightly reduced it to five years. I believe there is a feeling amongst some Members of this House that even that period may be too long (Hear, hear), and that it ought to be possible during the period, that may be laid down, to hold an inquiry from time to time to see how the industry is running and whether the industry is reorganising itself on a better basis.

Sir, there is a very vexed question which I for one, and, I am sure, many other Members cannot quite decide for themselves, and that is the holding of a proper balance, as it has been put, between the factory textile industry and the handloom or cottage industry. It may be, as I believe has been pointed out, that India is the one place where such a large handloom industry exists side by side with factory textile industry. That may be so, but there is also the fact that the handloom industry of India is one of vital importance to a very large number of people, so much so, that it is said that no less than ten million people are dependent upon that industry; and any serious dislocation of such an industry would be disastrous to this country. I think, so far as this Bill is concerned, the only way in which Government can come to the rescue of the handloom industry is to see that there is no unfair competition between that industry and the power industry, that the handloom industry gets its yarn as cheap as possible and that an excessive duty on yarn is bound to tell upon the prosperity of this industry. This also is a matter of very great importance which I do hope the Select Committee will take very carefully into their consideration.

Sir, there is another indigenous industry of which India used once to be very proud and that is the silk industry. We in Bengal thought a great deal of this industry at one time, but for some time it has been languishing. Murshidabad silk used to be famous all over the world, and now it is in a very bad way indeed. Some small spasmodic efforts have been made from time to time to help this industry, but nothing on any systematic or organised scale. It has been pointed out in the Tariff Board Report that it is eminently an industry for a poor country and for a poor people. If that is so, I think India ought to be the real home of this industry. Sir, the Tariff Board has suggested certain measures which Government ought to be in a position to take in order to safeguard the silk industry. I do not remember whether my Honourable friend, Sir Joseph Bore, in his speech mentioned any particular measure which his Government would be prepared to take in order to help this industry. It might be a mere inadvertent omission, but it is a matter which I hope will engage the very serious attention of Government, and I do hope also that the Select Committee will insist upon measures being taken in order to help this industry. Sir, we have heard a great deal about the disorganisation and chaos that prevails in China, but, from what is stated in the Report of the Tariff Board, they do not seem to be merely engaged in mutual warfare, but they are able to take care of their indus-

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tries; and we know, as a matter of fact, that Chinese silk is competing in our home market. Sir, if it be possible for the Chinese Government, such as it is, to take steps to help her industries, surely it should be quite easy for this Government to take similar steps in India.

Sir, I do not wish to take any more time of the House. The whole matter will be before the Select Committee, and I do hope that the suggestions which have been made by so many Members on this side of the House will be seriously considered in the Committee and that the Bill will come before us in an improved form. I should like, in the end, to allude to the peroration of my Honourable friend, Sir Joseph Bhore's speech. He has appealed to us, not for the first time or even the second time, for co-operation and friendliness. Sir, I must say that I have always felt pained and humiliated in being always asked for friendliness and co-operation with Britain. Situated as we are, the need for India is for more kindness and friendliness on the part of Britain, not friendliness and co-operation on our part. Friendliness and co-operation on our part, situated as we are, will be readily and generously forthcoming if the first real gesture is made, not by us, but to us. (Applause.)

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural:) Sir, I had no idea of referring to the two Agreements on which such severe comments have been made in the course of the debate on this motion. The acrimonious manner it was dealt with by those Honourable Members who spoke in support of them and the heat that was imported into it, give me no alternative but to take up the other side of the question. If the Honourable the Commerce Member had not made the categorical statement in reply to a specific question by the Honourable Sir Abdur Rahim that Government had no hands in the Lancashire-Bombay Agreement or, for that matter, they were not instrumental in bringing about the two Delegations or the decisions arrived at by them, I would have thought that the whole scene was stage-managed by the Government. If you look at the date of the Report of the Tariff Board, you will find that it was dated so long ago as the 10th November, 1932. Sir, you might remember that several Members on this side of the House asked Government, times without number, as to when they were going to publish the Report. They said, they were marking time; the psychological time had not arrived. Another peculiar procedure that I found with regard to this Report was that no Resolution of the Government was issued in connection with the publication of this Report. If I remember aright, the usual procedure is to issue a Resolution also along with the Reports of the Tariff Board, in which the decisions of the Government and the reasons which actuate them are generally given. Sir, the one distinguishing feature of this Bill is that the Tariff Board proposes discrimination against British goods. The position is this: here we have the British Government and the Secretary of State holding the key to the situation. The proposals contained in the Tariff Board's Report are in conflict with the interests of Great Britain. Is it unlikely under the present circumstances that the Secretary of State has not brought his influence to bear upon the Government of India to delay the publication of the Report pending the results of the negotiations of the Lancashire Delegation purposely sent out. The fact that, the proposals of their Agreement have been adopted in preference to the findings of the

Tariff Board, certainly lends colour to that view. The Tariff Board is a judicial body. That the proposals of a Trade Agreement between a body of which the most that can be said is that it represents only a section of that particular trade in this country and a section in England should be given preference to the proposals of a judicial body like the Tariff Board, even after knowing that they have roused a storm of controversy, is not a matter which we on this side can calmly consider.

My Honourable friend, Mr. James, glibly put the question to us that if the Opposition wanted to effect changes in the proposals of the Government, why not do so in the Select Committee. I put the question the other way about and ask: why should not Government adopt the proposals of the Tariff Board and leave it to Mr. Mody, and his friends like Mr. James who support him, to effect changes in Select Committee? That would have been more honest and more fair to the Tariff Board and to this House and to the country at large. These things lead me to suspect that the Government are at the bottom of the whole mischief. I do not want to criticise the speech of my Honourable friend, Mr. Mudaliar, who seems over-enthusiastic about it. (Laughter.) Mr. Mody said that, on account of the results of his exertions, the exports from India to England had perceptibly improved, and on that account claimed justification of the agreement he brought about. I would like to point out to the House that in the accounts of the Sea-borne Trade and Navigation of British India (page 220), dealing with exports of cotton, it is stated, that the exports of cotton during the last three years, 1932 to 1934, increased, in the case of the United Kingdom, from 587 to 7,289 bales, in the case of Germany from 1,852 to 4,222 bales, in the case of France, from 672 to 3,106 bales, in the case of Spain, from 312 to 992 bales, and in the case of Italy, from 1,087 to 5,020 bales. May I respectfully ask, were there any agreements with these countries also? Was it owing to any agreements with all these countries that their exports have increased during this period? No, Sir, there has been a general revival of trade in the whole world since the last two years and it is as the outcome of that revival that the exports from India have increased. (Hear, hear.) If the supporters of the Lancashire-Bombay Agreement can come forward with figures showing the increase in exports after that Agreement was entered into, increase that would not have happened otherwise, I would have paid some attention to that. Another thing we must bear in mind is that comparisons should be made only with the increase already brought about after the full effects of the Ottawa Agreement began to operate. I will collect statistics from the Library and place them before the Select Committee when the time comes; I do not propose to deal with them here.

I remember, Mr. Mody said that political advantages will flow from this Indo-Lancashire Agreement. Sir, I have lived in this world for fifty years—I am little more than fifty years old now—and, as a student, I have read that there was the Queen's Proclamation after the Mutiny in 1857 (Interruption)—I will not yield—I learned it by heart then, but have forgotten now,—and that Proclamation was treated as the Magna Charta of this country. Since then, proclamations after proclamations have been made by crowned heads, the last of which was the Proclamation of our beloved Majesty, King George V, on the opening of this Legislative Assembly in the year 1921. What did His Majesty say then? That India will be given Swaraj or equal status with the dominions. What is our position now? The British Government can

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whittle down not only their pronouncements but also those of the crowned heads. When that can be done, is anybody in this House fool enough to attach any value to this kind of Agreement between a section of an industry here and a section of the mercantile community in England? Businessmen are businessmen everywhere without any exception, including Englishmen. They care only for profits and are entirely unreliable. My friend, Diwan Bahadur Ramaswami Mudaliar, approved the policy of the Bombay millowners and condemned severely the Ahmedabad millowners.

Diwan Bahadur A. Ramaswami Mudaliar: I do not remember to have given any such certificate to my Honourable friend here.

Mr. K. P. Thampan: I distinctly remember his saying that the Ahmedabad millowners, while keeping out of the negotiations, are not ashamed to take advantage of the position that has been brought about. I have no sympathy with either the Ahmedabad or the Bombay millowners; my sympathies are entirely with the handloom weavers and cotton spinners and the agriculturists of my Presidency. My sympathies do not extend outside this limited sphere. Each man in this House has his own interests and duty to serve, and, if everybody looked after his own responsibility, the well-being of this country is ensured. Mr. Mody also referred to the improvement in cotton. . . . (Interruption)—Sir, I am proud to claim Mr. Mody as a friend; it requires enormous strength of character, courage of conviction and stoutness of heart to go ahead with negotiations for an agreement like this, knowing as he did all the time the opprobrium that it will bring on his head and Mr. Mody has to be congratulated on that, quite apart from other considerations.

I will now invite the House to the report of the Joint Select Committee—the memorandum submitted by the Manchester Chamber of Commerce. The first paragraph of the memorandum submitted by the Manchester Chamber of Commerce says this:

“The evidence which is herewith submitted to the Joint Select Committee was prepared some months ago.”

That means that the genesis of this memorandum did not originate after the Agreement between the Lancashire Delegation and the Bombay millowners. In the last paragraph of that memorandum, to which my reverend leader, Mr. Neogy, referred and wanted Mr. Mudaliar to read this morning, it is stated thus:

“In the special case of Indian cotton under the arrangement entered into with Ottawa, steps have already been taken to promote a larger consumption in Lancashire. The measures under contemplation and others which will be devised offer every prospect of a suitable outlet within the Empire for a much larger volume of trade.....”

Then, Sir, there is also another thing to which I desire to draw the attention of this House, and that is the Resolution which was moved by Mr. Birt, the Agricultural Expert, at the Central Cotton Committee meeting, which was held at Karachi in February 1933. I need not weary the House by reading it. It is a published document and every one can read. I maintain, Sir, that the increase in export of cotton is entirely due to the implementing of the terms of the Ottawa Agreement and the exertions of the Government than to anything else. It is all bunkum to

say that that is the result of the Agreement between my friend, Mr. Mody, and Lancashire. The Tariff Board categorically states their findings in paragraph 153 of their Report. I shall not weary the House by reading out that portion of the Report. It says that protection against England is absolutely necessary in order to safeguard the interests of the Indian textile industry. Sir, I ask the Government to say whether they were justified in going back upon the finding of the Tariff Board and to propose a preference in favour of England? My Honourable friend, Diwan Bahadur Mudaliar, said this morning that there was a difference in the cost of production in England and Japan. He asked, in case the cost of production of one pound of yarn, for instance, in Japan is Re. 0-5-0 in England Re. 0-8-0, in India it is Re. 0-10-0; whether it was proper to levy the same and a uniform duty on articles that cost Re. 0-5-0 and Re. 0-8-0 for their manufacture? It was a very pertinent question, I agree; but, Sir, there are other compensating factors which we have to consider and which ought to weigh with this House. As against India, England has got a benefit of half an anna of export duty in one pound of cotton. Then, we must also take into account the cost of machinery, and the import duty on machinery which was lately introduced in this country, and all these factors go to counterbalance whatever difference there is between the cost of producing yarn in Japan and in England.

Now, Sir, I shall say only one word with regard to the Japanese Agreement. I am not competent to enter into the merits of that Agreement, but as a layman I hope that it will be for the benefit of this country. That is all I can say about the Indo-Japanese Agreement. My friend, Mr. B. Das, raised the question of discrimination against certain Indian goods including Indian pig iron by Japan, and my friend, the Honourable Sir Joseph Bhore, categorically denied it. Since then, I have received a telegram, which, with your permission, I propose to read to the House. It is from the Indian Chamber of Commerce, Bombay:

"Reference Bhore's reply that Japan does not discriminate against India. The following telegram has been received from Bombay: 'Japanese import duty against Indian rice and pig iron certainly discriminatory. Indian rice prohibited. Japanese rice allowed Japan raised import duty against pig iron; her import from India transcended all imports. Illustration: as soon as Indian pig iron received bounty, America raised import duty against Indian pig iron pleading bounty adversely affected bulk of her dealings therefore where greater bulk was affected and thus there was discrimination. Sarabhai, care Indian Chamber.'"

The Honourable Sir Joseph Bhore: May I point out that, so far as pig iron is concerned, with which I was dealing at the time, it is absolutely false to say that there is any discriminating duty imposed by Japan against Indian pig iron.

Mr. K. P. Thampan: What about other things? "Sir, I do not know much about it. I am only reading a telegram I received. I have not got the resources the Commerce Member has, nor am I acquainted with those details.

Sir Cowasji Jehangir: The telegram does not say so either. I have got a similar telegram.

Mr. S. G. Jog (Berar Representative): In the case of rice, it may be discriminatory, but not in the case of pig iron.

Mr. C. S. Ranga Iyer: But, Sir, is it not a fact that Japan does not take our pig iron as she used to take at one time?

Sir Cowasji Jehangir: So far as I understand this telegram, what it says is that as soon as pig iron began to be exported from India in large quantities, Japan put a prohibitive duty so as to prevent it from going into the country. They put the duty on all countries, and not merely on India; but the pig iron that they did import was only from India. That is, what I believe, the telegram says.

The Honourable Sir Joseph Bhoré: I do not know what the meaning of that telegram is, but with reference to what my friend says, may I point out that he is perfectly right in saying that the same duty was imposed against pig iron from India as against pig iron from every other country. At the present moment, the incidence of that duty is about 22 per cent *ad valorem*.

Mr. K. P. Thampan: It is already quarter past five, and I want to know, Sir, whether you will allow me to continue my speech today

Mr. President (The Honourable Sir Shanmukham Chetty): If it suits the convenience of the House, in view of the expression of the view this morning that a great many people want to speak, the Chair is prepared to sit until Mr. Thampan finishes.

Mr. K. P. Thampan: I shall take another half an hour more, Sir.

Mr President (The Honourable Sir Shanmukham Chetty): Mr. Thampan will continue now.

Mr. K. P. Thampan: With your permission, I shall proceed to say a few words about the proposals before the House.

Sir, during the past four years that I have been in this House, I do not think a more important subject than the one under discussion was ever brought forward in this House. This matter deals with various interests, such as agriculture, capital, labour, wages and a very large number of connected things. India grows cotton on about 23 million acres of land, and as such it is second in the whole world. The output of cotton in this country is in the neighbourhood of five million bales, and there again India stands second in the whole world. India is peculiarly situated in this matter, in that she grows cotton, turns it into manufactured articles, and also sells those articles to a vast population in the country. I do not think any other country in the whole world has got all these three natural advantages. England only manufactures cotton goods, but does not grow one ounce of cotton, nor does it consume any appreciable quantity of it. It is confined to manufacturing and selling to other countries. I think the condition of affairs in Japan is also more or less the same, but I am not sure. At any rate, Japan has not got all the three advantages combined. It does not grow any cotton. In India, we consume internally 60 per cent of the cotton grown in this country, and, of the remaining 40, 20 per cent is taken by Japan and the rest by the other countries of the world including Great Britain. From that you can understand the quantity taken by the United Kingdom. We have entered into an Agreement with Japan entirely for the purpose of safeguarding the

export of cotton to Japan. That is only one-fifth of the output of our cotton. India, as I said, consumes three-fifths. Is it not proper then that adequate steps should be taken to safeguard the three-fifths of our output? If the industry goes to dogs, then agriculture must also go to dogs. One is so closely inter-dependent on the other.

Then, with regard to the cotton industry itself, I find from the Report of the Tariff Board that as much as 80 crores of rupees is invested on the spinning and weaving mills of this country and it contributes a substantial sum of four crores of rupees every year to the national income, and, judged by the results of the protection that we have given during the last three years, I make no hesitation to say that a case for extension of the protection has been made out. Let alone the inefficiency and other things of the Bombay mills. Last month, when the Safeguarding Bill was considered in this Assembly, I protested against the inefficiency of the Bombay mills and said that the country would not tolerate such things any longer and that unless the millowners of Bombay satisfy certain conditions of efficiency and other things, there will be a large outcry in the country against the continuation of protection. Of course, it is only the fittest that can survive, and that is consolation enough in matters of this kind. So far as the handloom industry is concerned, it is not an economic proposition to depend entirely upon that pious wish. The handloom industry cannot compete with the improved machinery, however much we may wish it to flourish in the interests of the poor handloom weavers. It is only by bringing about a co-relation, a kind of adjustment between the handloom industry and the weaving mills that the interests of the handloom weavers may be safeguarded. I want you to see what proportion of the cloths consumed in this country are made by the handloom weavers. The quantity imported in a normal year is only 776 million yards of cloth. The mills produce about 3,000 million yards and the hand looms about 1,500 million yards. On the whole, the normal consumption of this country is about 5,275 million yards of cloth. The country wants under normal conditions $2\frac{1}{2}$ times the production of the handlooms. It is a very complicated question, and, therefore, I believe the only solution is to co-ordinate both and arrive at a satisfactory arrangement between the two interests. When I deal with the question of protection to the handloom weavers, I shall deal with that in a more detailed manner.

I shall now come to the yarn industry. Going through the Report of the Tariff Board, one comes to the irresistible conclusion that the case of the spinning mills has gone by default and in the list of witnesses that have appeared before the Tariff Board, we do not find a single one representing a spinning mill. Of course, mills that have both spinning and weaving have made their representations. My friend, Mr. Mudaliar, said that the Tariff Board went to the salubrious climate of Ootacamund to write their Report. I do not find any fault with my friend, Dr. Mathai, the Chairman of the Tariff Board. In South India, there are large weaving mills which confine themselves solely to spinning and yet they did not take any evidence from them. Even if the spinning mills did not come forward, it was the duty of the Tariff Board to have sent for them and got their evidence. Of course, I know that they have got the machinery to summon these people to appear before them, but they could have been induced, if the Board wanted to give evidence. I maintain that the cotton spinning industry as such has been totally ignored and the calculations and findings of the Tariff Board in regard to yarns are wrong, to say the least. My friend, Mr. Ramaswami Mudaliar, referred to certain items of

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additional expense which the mills had to meet in connection with spinning. I do not propose to traverse that ground, but on two points, namely, the complement of labour for a thousand spindles and the standard of efficiency of a spindle, there has been gross miscalculations. In the Report, they say that the minimum standard of efficiency of a spindle is 3·85 ounce. Though I am not connected with any spinning mill at present, I know, as a matter of fact, the average production of yarn of a spindle is only 2·85. That is so in Coimbatore, in Madura, in Tinnevely and in Malabar. I have made inquiries of all these people, and I can authoritatively state that the output of yarn in a spindle is in the neighbourhood of 2·85 and not 3·85 as you find in the Tariff Board Report.

Then, Sir, with regard to the complement of labour per thousand spindles, the Tariff Board has stated that it is only 15 labourers. As a matter of fact, it is 30. Nothing less than 30 labourers will do for a thousand spindles. I do not know how the Tariff Board have arrived at this figure. Then, again, there is another thing in which they are equally wrong and I cannot understand how they failed in arriving at the right figure. The duty-free price which they have put down for the year 1931-32 is absolutely wrong. They say that the duty-free price for one pound of yarn was 130 pies for China and Japan. You know the Chinese War in Manchuria and the price of cotton, which was very high at that time, were the ruling factors operating towards a higher cost. They have taken into calculation the month of July, 1932, when 40's were selling at 11 annas which is equivalent to a duty-free price of 114 pies. In September, it was 108 pies duty-free price. In the same month, the United Kingdom 40's were sold at one anna less than the Japanese. That is a point which Mr. Mody and Mr. Ramaswami Mudaliar ought to remember. What has been the effect of this keen competition? A thorough deterioration.

In this connection, I would invite the attention of the House to the figures of exports and imports of yarn during the last few years. In the year 1929, the export was 29 million pounds. In the year 1933, it was only 17 million, while the imports were steadily increasing. In the year 1931-32, they were 31·6 million pounds of yarn. Last year, that is, in 1932-33, they were 45·1 million pounds of yarn. So we have had a steady decrease in the exports, and a steady increase in the imports. Sir, the Tariff Board has gone wrong again in arriving at the fair rate of duties proposed. The cost of one pound of cotton, including a wastage of ten per cent, is at present 7·55 annas. The cost of manufacture is 5·65 annas,—so both these together come to 13·25. The price of one pound of 40's in Madras this month is 10·5 annas which is equal to a duty-free price of 8·65 annas. Therefore, the difference is 4·6 annas, and that is the duty which should, strictly speaking, be levied. But, Sir, considering the abnormal conditions that we are passing through and the fact that internal competition among these mills will bring down the prices to the normal level, one can easily put forward a claim to a three annas a pound duty on yarns.

Sir, last January, during the debates on the Safeguarding Bill, when I referred to the dividends of some of the Companies which were engaged in the spinning business, my friend, Sir Joseph Bhore, read out extracts from the *Capital* and said that the Madura Company and other concerns in South India were paying very good dividends. Sir, I have pursued my inquiries further into the matter, and I can state the present position. From a more recent issue of the *Capital*, I have extracted the following

information. Kaleeswarars of Coimbatore, Buckingham and Carnatic of Madras, Madura Mills at Madura, Tuticorin and Ambasamudram and the Malabar Mills may be said, from the dividend paying point of view, to be the most successful in our Presidency. In recent years, their dividends have been as follows:

	1929.	1930.	1931.	1932.
	Per cent.	Per cent.	Per cent.	Per cent.
Kaleeswarar	25	15	30	30
Buckingham and Carnatic	10	10	10	10
Madura	24	10	10	10
Malabar	10	Nil	5	6

The 1933 figures are not available, but in all probability will show very substantial reductions.

Now, I would like the House to pay particular attention to what these dividends really mean. Taking Reserves and Capital together, the real return to the shareholders is as follows:

	1929.	1930.	1931.	1932.
	Per cent.	Per cent.	Per cent.	Per cent.
Kaleeswarar	4	2·8	4·8	4·8
Buckingham and Carnatic	2·6	2·6	2·6	2·6
Madura	4·1	1·7	1·7	1·7
Malabar	3·2	Nil	1·6	1·9

Not one has paid even five per cent, and the return has been in the majority of cases under three per cent.

Mr. N. M. Joshi: What is the use of Reserves if they are not to be utilised for paying dividends?

Mr. K. P. Thampan: That is quite a different question. The Tariff Board speaks of a return of eight per cent on the capital invested in the business. Surely that is sufficient proof that the Southern Mills, advantageously placed though they are in close proximity to good quality cotton, are not making reasonable profits on the present scale of duties, and that, if Government insist on carrying out the present proposals, mills workers, ryots and handloom weavers will suffer severely, as can now be seen. Wage-cuts have been put into operation and the standard of life of the whole Presidency is going down.

Sir, my Honourable friend, Mr. Mody, referred to the reduction of hours contemplated in the Factories Bill. When that is also adopted by this House and an eight hour or nine hour working day becomes the law of the

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land, then, I am afraid, the costs will rise much more, and in framing legislation for yarns, it will be the duty of the House to take that aspect also into consideration. Sir, what I have said will indeed more than convince the House that the data supplied by the Tariff Board and the conclusions they have arrived at on those bases are wrong, and, therefore, it is up to the Select Committee and the House to reconsider the whole question in the light of these facts and arrive at a figure that will be not only acceptable to the interests concerned, but will also be fair to the consumer.

Sir, I will now deal with the handloom industry. I find in the report

Mr. President (The Honourable Sir Shanmukham Chetty): If the Honourable Member wants to speak for another half an hour from now, the Chair will have to adjourn the House. He has got ten minutes more according to the time he gave the Chair half an hour ago.

Mr. K. P. Thampan: If the House is not pleased to hear me

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair did not interfere with the Honourable Member. The Honourable Member told the Chair at quarter past five that he would speak for half an hour more, which means that he has to conclude at 5-45.

Mr. K. P. Thampan: I will try to conclude my speech within that time. There are 2½ million handlooms in this country, and there are about ten million people who depend upon that industry for their sustenance. So far as the handloom weavers are concerned, I do not think half of them are in a position to find the wherewithal to purchase the yarn and to have sufficient resources to maintain them during the time they have to go through the process of manufacture and then to keep the manufactured articles in stock until they are disposed of. That requires a certain amount of capital. So far as Malabar is concerned, the cottage weavers are all indebted and they have not got the resources to find the required money, with the result that a situation has arisen by which a large body of middlemen have come into the scene. In Taliparamba, Calicut, Lakkidi and other places in Malabar, of which I know, it is the middleman who purchases the yarn. He gives them eight or ten pounds of yarn and insists on some specified quantity being returned to him in the shape of some woven articles. He gives ten days' time to manufacture these articles. The only advantage in this system is that the weaver has not got to find the money for purchasing the yarn, nor has he got to find a purchaser or to hawk about the articles. The whole cream is taken away by the middleman or the *mahajan*, with the result that the weavers get a bare pittance for their labours and are thrown out of their employment and seek new avocations. In my own estate, I have got half a dozen families of weavers. They are given lands to cultivate during the season time and afterwards they go back to the looms. Their main avocation is weaving, and they take to cultivation only as a kind of subsidiary employment. The other day I was surprised to find some of these people engaged in sawing timber. They told me that they were earning only six annas a day by employing themselves in weaving, but, when they employ themselves

in sawing timber, they earn as much as one rupee a day. So, weaving is not paying, and it is not worth while for any man to take to it. It is our duty to find out the cause for this unsatisfactory state of things and to remedy it. If this Bill attempts to do it, one must be under obligation to Government. Sir, my own considered opinion is that the salvation of the handloom weaver lies in the organisation of the co-operative societies which should help them with yarn or money to purchase it and take back and dispose of their finished goods. Until that is done, the Indian handloom weaver, poor as he is, will not be able to meet the competition. Whether we raise the protective duty on yarn or whether we lower it does not concern him at all. The findings of the Tariff Board, so far as I have been able to understand them, are entirely in the wrong in that respect. They say that the duty on yarn has entirely handicapped the handloom weavers. I repeat, the weavers are not concerned with the duty at all. What price they have to pay for the yarn does not concern them at all for the simple reason that they themselves do not purchase it, but other people purchase it for them. They only get their wages for the work they turn out.

Sir, I want to put one aspect of the question before the House. It is said and rightly said that the mills compete with the handlooms. I want to ask this question. Supposing you make it impossible on account of the foreign competition for the spinning to continue as such. They will have either to close or engage themselves otherwise. What would be the position if the spinning mills take to weaving? I understand that in Coimbatore one particular mill has installed or is going to instal as many as 150 weaving looms, because they are not in a position to dispose of their yarn. If all these spinning mills take to weaving, to what despicable condition the handloom weaver would be reduced? This is an aspect which the House will have seriously to consider. There is another aspect also to be considered. Supposing the foreign yarn were to sell cheaper in this country than the indigenous yarn and all the spinning mills were driven to give up spinning and take to weaving, may I ask, what the position of the weavers will be? You know, Sir, something of this industry. The position, I dare say, will be hopeless. The whole handloom industry will be driven out. The ancient cottage industry of this land will be strangled. Therefore, millions of people, who depend on it, will have to starve. I maintain that it is in the interests of the handloom weaver that the yarn industry should be protected. It is only when the yarn manufacturers can supply adequate quantity for the handloom industry that it will thrive. One is ancillary to and interdependent on the other. I find from the Report that 85·2 per cent of the yarn they use is mill yarn and use only 8·2 per cent foreign yarn for the handlooms 6·6 per cent being hand spun. A better case cannot be made out for the protection of the yarn industry in the interests of the handloom weavers viewed from this angle of vision.

Sir, before I conclude, I will refer to one more aspect of the question. The Tariff Board has stated in paragraph 171 that the imposition of a specific duty on piecegoods has been of immense help to the handloom weaver. Then, Sir, there only remains the question of the duty on the yarn. They say in paragraph 176 that the bulk of the handloom industry consists of cloth made of 20's and below which it is not uneconomical. In higher counts, there is no competition at all—para. 170—and, in the case of medium counts, it is only a small proportion of the handloom weavers'

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work and they can withstand the competition. In other words, in the superior counts, there is no competition and in the smaller counts below 20, the competition is on level terms. So, it is only between the counts of 20 and 50 that there is competition between the handloom weavers and the mills and, according to the Report of the Tariff Board, the weaver is able to meet it if his work is organised—*vide* para. 169. Therefore, the output of the handloom industry in those counts is infinitely small. Then, how does it lie in the mouth of the Tariff Board to say that this duty on yarn handicaps the weavers. That is a point which I wish the House to consider. As I already said, Sir, the remedy to ameliorate their lot lies not in doing away with the duty above counts 50 and reducing that on others, but in other directions.

I have a good deal more to say on this point; but I do not wish to weary the House at this late hour with my concrete suggestions on these lines. I would invite the attention of the Select Committee to these points and put forward my concrete proposals before them, and if I fail in my attempt to make the Select Committee adopt the proposals that I suggest, then I shall have to put forward those proposals before the House at the next reading of the Bill. Sir, I have done and am grateful to the House for its indulgence.

The Assembly then adjourned till Eleven of the Clock on Friday, the 16th March, 1934.