

3rd April, 1934

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

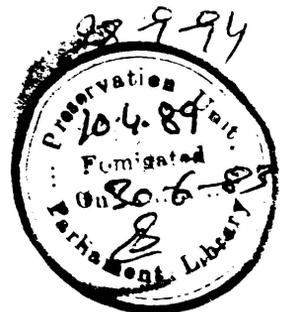
Volume IV, 1934

(2nd April to 14th April, 1934)

SEVENTH SESSION

OF THE

**FOURTH LEGISLATIVE ASSEMBLY,
1934**



NEW DELHI
GOVERNMENT OF INDIA PRESS
1934

Legislative Assembly.

President:

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

Deputy President:

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

Panel of Chairmen:

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

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

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

Secretary:

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary:

RAI BAHADUR D. DUTT.

Marshal:

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

Committee on Public Petitions:

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

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

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

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

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

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LEGISLATIVE ASSEMBLY.

Tuesday, 3rd April, 1934.

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

QUESTIONS AND ANSWERS.

REFRESHER COURSE AT KOT LAKHPAT, NORTH WESTERN RAILWAY.

576. ***Rao Bahadur M. C. Rajah:** (a) Will Government be pleased to state if it is a fact that the Refresher Course at Kot Lakhpatt is meant to refresh the memory of the North Western Railway employees in regard to the theoretical and practical education relating to the respective Departments of each employee and does not result in the forfeiture of one's services?

(b) Is it compulsory for each commercial employee to attend the Refresher Course every fifth year? If so, how does the result of each course affect those employees in regard to their official status?

(c) Will Government be pleased to state whether the candidates who fail in one attempt are given another chance?

Mr. P. R. Rau: I have called for information, and will lay a reply on the table of the House in due course.

EMPLOYMENT OF TEMPORARY STAFF AGAINST PERMANENT VACANCIES ON THE NORTH WESTERN RAILWAY.

577. ***Rao Bahadur M. C. Rajah:** (a) Is it a fact that the North Western Railway engaged a number of temporary staff against permanent vacancies in 1927? If so, for what period? Was their confirmation based on passing a departmental suitability examination?

(b) Is it a fact that the temporary staff executed an agreement bond? If so, were the conditions laid down in paragraphs 5 and 6 of the bond given effect to? If so, when and with what result?

(c) Is it a fact that the Divisional Superintendent, North Western Railway, Delhi, called for, *vide* his circular letter No. 729-E./24/243, dated the 15th November, 1927, personal opinions from the Station Masters regarding the fitness of the temporary staff, working under them for the posts to which they were appointed, in order to decide the question of their retention in service? If so, what action was taken on those opinions?

Mr. P. R. Rau: With your permission, Sir, I shall reply to questions Nos. 577 to 579 together.

All these matters are within the powers of the Agent, and Government have no information. The events referred to occurred several years ago, and Government do not consider that the labour of collecting the information required will be justified by the result.

EMPLOYMENT OF TEMPORARY STAFF AGAINST PERMANENT VACANCIES ON THE NORTH WESTERN RAILWAY.

†578. ***Rao Bahadur M. C. Rajah:** (a) Is it a fact that the temporary staff who were employed against permanent vacancies on the North Western Railway in 1927, and who worked satisfactorily for nearly more than three years, have a lien on permanent posts, *vide* the Agent, North Western Railway's circular No. 1 of 1927, Part A, page 6, paragraph 4, and page No. 4, correction slip No. 20, dated the 11th July, 1930?

(b) Is it a fact that the Divisional Personnel Officer, Delhi, called, *vide* his letter No. 921-E./110 of February, 1929, the whole temporary staff to his office to undergo a suitability examination for confirmation, and the unsuccessful candidates were discharged while the successful candidates were retained. *vide* paragraph 5 of the service bond? If so, why were not the successful candidates confirmed?

(c) Is it a fact that the vacancies, against which the temporary staff were working, existed up to and after the time of their discharge? If so, will Government be pleased to state why the aforesaid staff, after completion of 12 months' service, were not confirmed, as per Agent's circular No. 1 of 1927?

(d) Is it a fact that the discharged employees appealed against the orders of the Divisional Superintendent, North Western Railway, Delhi, to the higher authorities, one after the other, and that the latter simply forwarded their appeals to the Divisional Superintendent, Delhi, who discharged them originally? If so, will Government be pleased to state what action was taken with a view to justice being done to their employees?

REFRESHER COURSE AT KOT LAKHPAT, NORTH WESTERN RAILWAY.

†579. ***Rao Bahadur M. C. Rajah:** (a) Is it a fact that the Kot Lakhpat Refresher course was an additional test for the temporary staff employed against permanent vacancies on the North Western Railway in 1927 and was not mentioned at all in the Service Agreement bond? If so, why was it fixed as a final examination for the temporary staff without giving any previous notice to this effect?

(b) Will Government be pleased to state whether the temporary staff discharged for not passing the Refresher Course will be recalled? If not, why not?

(c) Is it a fact that Mr. Nisar Ahmad Khan, a temporary parcel clerk at Saharanpur, was allowed to re-appear a second time at the Refresher Course test, while the others were not?

(d) Is it a fact that Mr. Bankey Lal, temporary Goods Clerk at Delhi, failed in the Refresher Course, both in practical and theoretical subjects, *vide* North Western Railway Weekly Gazette No. 30 of July 1930? Is

†For answer to this question, see answer to question No. 577.

it also a fact that he was retained in service without further examination? If so, why were not the others, who failed in one subject only, retained?

(e) Will Government be pleased to state the cause for this differential treatment in the case of the two above-named persons?

(f) Will Government be pleased to state if there are any rules under which a railway employee having failed in the Refresher Course, can be discharged or dismissed?

EXEMPTION OF PERMANENT GOVERNMENT SERVANTS FROM APPEARING BEFORE A MEDICAL BOARD FOR THE INDIAN AUDIT AND ACCOUNTS SERVICE EXAMINATION.

580. ***Bhai Parma Nand:** (a) Will Government be pleased to state whether it is a fact:

- (i) that permanent Government servants below the age of 30, who intend to sit for the Indian Audit and Accounts Service Examination, are required to appear before a Medical Board in the same way as outside candidates;
- (ii) that a permanent Government servant, transferred from one Department to another, is not required to furnish a medical certificate;
- (iii) that if a permanent Government servant successfully competes in the above examination, his case is merely one of transfer from the subordinate to the gazetted rank; and
- (iv) that the rules pertaining to the above examination are in course of revision?

(b) If so, do Government propose to exempt permanent Government servants from appearance before a medical board, or insist only on a certificate from a medical officer not below the rank of a Civil Surgeon?

(c) If a Government servant of the above category is declared unfit by a medical board constituted for the purpose of the Indian Audit and Accounts Service Examination, does it prejudice his retention as a subordinate in case he was employed under a First Class Health Certificate?

The Honourable Sir George Schuster: (a) (i). Yes.

(ii) Information regarding the practice of all Government Departments is not readily available, but so far as I am aware a medical certificate is not normally required in the case of such transfers.

(iii) No. Apart from the question of gazetted rank, a Government servant who is successful in the examination becomes eligible for much higher scales of pay, and the liability of Government in the event of his being subsequently discharged on medical grounds is thereby increased. He also becomes liable to transfer to any part of India, and this makes it the more necessary to ascertain whether his health is likely to be able to stand the strain of different climates.

(iv) Yes.

(b) No.

(c) Not necessarily. Any such case would be considered on its merits.

PASS MARKS IN OPTIONAL SUBJECTS OF THE APPENDIX 'D' EXAMINATION OF THE RAILWAY ACCOUNTS DEPARTMENT.

581. ***Bhai Parma Nand:** (a) Will Government be pleased to state whether it is a fact:

- (i) that a candidate intending to pass in the optional subjects of the Appendix 'D' Examination of the Railway Accounts Department must secure 66 per cent. marks;
- (ii) that in the corresponding Civil, Military, and Railway Audit 'Subordinate Accounts Service Examinations' only 40 per cent. marks are required for a pass; and
- (iii) that the scales of pay in the Railway Accounts offices are far lower than those obtaining in the Civil, Military and Railway Audit Offices?

(b) If so, are Government prepared to bring down the pass marks to 50 per cent in the optional papers?

(c) Is it a fact that during the last three years, questions regarding 'Establishment matters' were almost absent in the general paper of the Appendix 'D' Examination?

(d) Is it a fact that no instructions are issued to examiners of different papers to maintain a uniformity of standard in allotting marks?

Mr. P. R. Rau: (a) and (b). The attention of the Honourable Member is invited to the reply given by my predecessor to a similar question No. 530 asked by Sir Muhammad Yakub on the 12th March, 1930.

(c) No.

(d) The examiners are experienced officers carefully selected personally by the Controller of Railway Accounts and it is not considered there is any necessity for any special instructions.

CLASSIFICATION OF POSTS IN THE EAST INDIAN RAILWAY ACCOUNTS DEPARTMENT.

582. ***Bhai Parma Nand:** (a) With reference to their reply to unstarred question No. 316 put in the last winter Session of the Assembly, will Government be pleased to state whether it is a fact:

- (i) that the posts in the East Indian Railway Accounts Department are being classified as class I charges merely on account of the fact that they are being held by class I clerks; and
- (ii) that many class II and class III clerks are holding charges which are far more onerous and carry greater responsibility than those of class I charges?

(b) Will Government be pleased to state whether the mere fact that a particular charge is being held by a class II or class III clerk deteriorates the value of the post from a class I to a class II or class III charge?

(c) Is it a fact that the existence of this practice is known to Mr E. R. Seshu Iyer, the present Deputy Chief Accounts Officer, East Indian Railway? If so, at whose suggestion is this practice sought to be perpetuated?

(d) Is it a fact that such classifications contravene the provisions of Rule 30 of the Fundamental Rules? If so, when is a re-classification going to be made, based on a correct assessment of the degree of responsibility and volume of work attached to a post?

Mr. P. E. Bau: I understand that some difficulties have arisen in classifying the various charges in accounts offices on the East Indian Railway. I am asking the Controller of Railway Accounts to examine the whole position.

HARDINGE BRIDGE ON THE EASTERN BENGAL RAILWAY.

583. ***Mr. S. C. Mitra:** (a) Has the attention of Government been drawn to a paragraph in the "By the Way Column" of the *Amritabazar Patrika*, dated the 6th March, 1934, Town Edition, about the Hardinge Bridge on the Eastern Bengal Railway? If so, did Government consider Mr. G. C. Banerji's diagnosis of the causes of the breaches in the Hardinge Bridge as correct?

(b) Is it a fact that the Chief Engineer, Eastern Bengal Railway, stated in the course of a Press interview shortly after the breaches in the guide bank, that he had examined the bridge and that he was in a position to say that there was absolutely no cause for alarm?

(c) Did not Mr. G. C. Banerji, retired Executive Engineer, Public Works Department, Bengal, in his statement warn Government that the breaches in the guide bank were not due to ordinary causes and there was cause for serious alarm?

(d) Do Government propose to consider in future the question of consulting and engaging engineers, who have got training and experience about the soil condition and river courses in Bengal, in connection with the Hardinge Bridge and its repairs?

(e) Did Government engage any engineer of the Sibpur Engineering College who had special knowledge and experience of local soil condition and river courses in Bengal?

(f) Do Government propose to consider specially the claims for appointment of engineers from the Sibpur Engineering College in connection with the Hardinge and other Railway Bridges in Bengal?

Mr. P. E. Bau: (a) Government have seen the paragraph referred to, and have recently also received communications from Mr. G. C. Banerji on the subject of the breach in the guide bank of the Hardinge Bridge. Mr. Banerji's general diagnosis of the causes of the breach does not differ materially from that of the railway engineers who have been dealing with the problem.

(b) I have not seen the statement referred to and, as the Chief Engineer in question is on long leave at present, I am unable to ascertain exactly what he meant by it. I have, however, seen an article that was published in the *Statesman* on the 8th of October, 1933, and presumably was based on the press interview in question. From that article it would appear that the Chief Engineer assured the Press that the bridge itself was in no immediate danger, and his intention must have been to reassure the public and to contradict a strong rumour that, I understand, was current at the time, to the effect that the bridge itself had already been or was likely to be seriously damaged.

(c) Any warning that Mr. G. C. Panerji may have issued shortly after the guide bank had been breached, could only have confirmed the opinion the railway engineers concerned had already formed, that the damage was not due to ordinary causes and was not to be treated lightly.

(d) Government have already consulted, first in 1932 and again recently, Sir Robert Gale, who was responsible for the design and construction of the Hardinge Bridge, who has had considerable experience in connection with the bridging and training of large rivers in the alluvial plains of Northern India generally, and not merely in Bengal, and who has for long been considered an authority on the subject of river training. Government will continue to follow in the future their existing policy of consulting those who, in their opinion, are best fitted to advise regarding the measures necessary to safeguard the Hardinge Bridge.

(e) Government do not propose to engage at present any other engineer to advise them in connection with the Hardinge Bridge, in view of the fact that they have already obtained the advice and recommendations of one of their Consulting Engineers, who is eminently fitted for that duty.

(f) Government have no reason to think that engineers from the Sibpur Engineering College are *ipso facto* experts on river training and control in Bengal. Many years of practical experience in such work is necessary to produce engineers capable of dealing with those problems, and such experience can be gained by any engineer irrespective of the College he may have been trained at. The Eastern Bengal Railway itself is a good training ground for engineers in such work, as it has many bridges over large rivers in Bengal and Northern Assam, so that all engineers employed on that Railway gain practical experience in river training and control as part of their normal duties.

FORMATION OF THE "KARNATAK PROVINCE".

584. *Rao Bahadur B. L. Patil: (a) Is it a fact that the Madras Legislative Council passed resolutions, once in 1929 and again in 1933, recommending to Government that urgent steps be taken for the formation of "Karnatak Province"?

(b) If so, will Government please state whether the resolutions have been forwarded to them, and if so, whether any action has been taken in the matter?

The Honourable Sir Brojendra Mitter: (a) and (b). The Government of India received the resolutions in question from the Local Government and forwarded them to the Secretary of State for India.

AMALGAMATION OF COORG WITH A MAJOR PROVINCE.

585. *Rao Bahadur B. L. Patil: (a) Are Government aware that an agitation is afoot in Coorg to amalgamate the province of Coorg with Mysore in case Government do not set out to form an independent administrative province for all the Kannad speaking people now living under Bombay, Madras and Coorg Governments?

(b) Is it a fact that the Commissioner of Coorg invited various public bodies in Coorg to submit their views regarding the future treatment of Coorg, for the purpose of placing them before the Consultative Committee of the Round Table Conference in 1932?

(c) If so, will Government please state whether the Commissioner forwarded the views to the Consultative Committee? Will Government further state what was their own opinion in this respect?

(d) Have Government arrived at any conclusion regarding the question of amalgamating Coorg with a major province?

The Honourable Sir Brojendra Mitter: (a) Government are aware of a movement in Coorg in favour of its amalgamation with Mysore. They are also aware of demands which have come up from time to time for a separate Karnataka Province.

(b) Yes.

(c) The views were forwarded to the Government of India by the Chief Commissioner.

(d) I would refer the Honourable Member to White Paper proposals 56 and 60 to which Government have nothing to add.

PREPARATION OF LEGISLATIVE ASSEMBLY ELECTORAL ROLLS IN SIND.

586. ***Mr. Lalchand Navalrai:** (a) When were the existing Legislative Assembly electoral rolls originally made and when were they revised?

(b) Who provides money spent on their preparation?

(c) Have Government of India or the Provincial Governments ever contributed any amount for the purpose? If so, how much and when since 1920, especially for Sind?

(d) Are Government aware that the rolls contain names of voters who are dead, or have left the station concerned, or have not the necessary qualification, or the names of those who possess the required qualification are omitted?

(e) What is the agency which prepares the electoral rolls for both the urban and rural areas, and what publicity is given in order to give notice to the public that the rolls are being prepared? Is it by means of one newspaper, or more, that such information is conveyed to the public? Is it published in English, or vernacular as well?

(f) Is it a fact that in Sind lately such a notice was given for Karachi through the medium of one Anglo-Indian paper only?

(g) Is it a fact that the Sind Government have assigned that work for Karachi to the City Deputy Collector and have asked the public to help him?

(h) Will Government be pleased to state how much money have they provided for the preparation of the electoral rolls in Sind?

(i) Are Government aware that there are no established political parties in India as are in England to send lists of qualified voters and has any official agency been created for getting correct information from people both in urban and rural areas, before the preparation of an up-to-date electoral roll? If so, which is the agency in Sind? If not, why not?

Sir Lancelot Graham: (a) The electoral rolls for the constituencies of the Legislative Assembly were first prepared in 1920. By rule 9 of the Legislative Assembly Electoral Rules the rolls are required to be revised every three years.

(b), (c) and (h). Under item No. 44 of Part II of Schedule I to the Devolution Rules, elections for the Indian Legislature are a provincial subject, and consequently the respective Local Governments bear all the expense of conducting these elections.

(d) Government have no information.

(e) The Honourable Member is referred to the regulations for the preparation of electoral rolls contained in the Legislative Assembly Electoral Regulations for the various Provinces.

(f) and (g). Government have no information.

(i) The local officers appointed under the Provincial Regulations are entrusted with the duty of collecting correct information as far as possible. As to the agency in Sind, the Honourable Member's attention is invited to the Legislative Assembly (Bombay) Electoral Regulations.

CREATION OF BENCH COURTS OF HONORARY MAGISTRATES IN INDIA.

587. *Mr. Lalchand Navalrai: (a) Will Government be pleased to state, whether the Bench Courts of Honorary Magistrates in India were created by the Government of India or the Secretary of State for India?

(b) Were they created during the War times for temporary purposes or not?

(c) Are these Bench Courts of Honorary Magistrates in the centrally administered areas also?

The Honourable Sir Harry Haig: (a) and (b). Benches of Honorary Magistrates are set up by order of the Local Government under sub-section (I) of section 15 of the Criminal Procedure Code. That section has been in the Code since 1872 and was not introduced as a war measure.

(c) There are Bench Courts in centrally administered areas.

ARRANGEMENTS FOR THE BOARDING AND LODGING OF FOREIGNERS DETAINED IN INDIA.

588. *Mr. M. Maswood Ahmad: (a) Will Government please state whether they make any arrangement for the boarding and lodging of those foreigners who are detained in India at the instance of His Majesty's Government and are not granted passports to go back to their own country or any other part of the world?

(b) If so, what are those arrangements and from which item of the Budget are such expenses met?

(c) If the reply to part (a) above be in the negative, will Government please state the reasons for not providing adequate shelter and giving maintenance allowances to these persons?

Mr. B. J. Glancy: (a) So far as Government are aware, no foreigner has been detained in India in the circumstances suggested by the Honourable Member. The question of making arrangements for their board and lodging has not, therefore, arisen and Government can make no statement on the subject.

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

Mr. M. Maswood Ahmad: Is it a fact that one Shaikh Tahir Dabbagh has been detained in India and that his passport has been cancelled?

Mr. B. J. Glancy: As regards this gentleman, my information is that at his request arrangements have been made for him to proceed to Iraq, and facilities have been given.

CANCELLATION OF THE PASSPORT OF SHAIKH TAHIR DABBAGH.

589. ***Mr. M. Maswood Ahmad:** (a) Is it a fact that the passport of Shaikh Tahir Dabbagh was sent for by Government through the United Provinces Government when he was staying at Lucknow?

(b) Is it also a fact that Government have not yet returned the same?

(c) Is it a fact that Government have cancelled the passport at the instance of His Majesty's Government?

(d) Will Government please state the reasons which led to the cancellation of the passport?

Mr. B. J. Glancy: (a) and (b). Yes.

(c) The passport was impounded at the instance of His Majesty's Government.

(d) Government are not prepared to state the reason which led to the passport being impounded.

Mr. M. Maswood Ahmad: Will the Honourable Member be pleased to state whether this gentleman is at present in India or outside this country?

Mr. B. J. Glancy: As I said just now, arrangements have been made at his request for his transfer to Iraq. Whether he has actually gone there or not, I have no information.

Mr. M. Maswood Ahmad: Will Government be pleased to state if he is a subject of the Hedjaz Government or of any other Government, and, if he is a subject of any other Government will Government be pleased to state which Government that is?

Mr. B. J. Glancy: According to my information, he is a Hedjazee, but he obtained the passport which he possesses by misrepresenting himself to be an inhabitant of Mokala.

Mr. M. Maswood Ahmad: Will Government be pleased to state why they are not prepared to state the reasons why the passport was cancelled? Was it cancelled in the interests of India or in the interests of the British Government?

Mr. B. J. Glancy: The passport has not been cancelled.

Sardar Sant Singh: May I know what authority granted the passport originally?

Mr. B. J. Glancy: The passport, according to my information, was granted by an authority entitled to grant passports for inhabitants of Mokala.

Sardar Sant Singh: I want to know which Government it is.

Mr. B. J. Glancy: I am not clear as to who the exact authority is.

Mr. M. Maswood Ahmad: Have the Government of India any authority to cancel a passport granted by another Government?

Mr. B. J. Glancy: The Government of India have not cancelled the passport.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether this passport was returned to this gentleman if it has not been cancelled?

Mr. B. J. Glancy: The passport, as I said just now, has been impounded at the instance of His Majesty's Government, and Government are not prepared to state the reasons why that passport was impounded.

Mr. M. Maswood Ahmad: May I know if this passport was impounded in the interests of India or in the interests of some other Government?

Mr. B. J. Glancy: As I said just now, the passport was impounded at the instance of His Majesty's Government.

Sardar Sant Singh: May I know under what legal authority a passport can be impounded in British India?

Mr. B. J. Glancy: I should like notice of that question.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether any money has been paid to this gentleman while he has been detained in India on account of his passport being impounded?

Mr. B. J. Glancy: I am not aware that he has been detained, nor that any money has been paid to him.

Sardar Sant Singh: May I know if there is any law in British India by which an undesirable alien can be sent out of the country?

Mr. B. J. Glancy: The Honourable the Law Member would be in a better position than I am to answer that question.

Dr. Ziauddin Ahmad: Does the confiscation of his passport mean that he is not allowed to leave this country?

Mr. B. J. Glancy: As I said just now, arrangements have been made at his request for him to proceed to Iraq.

**APPOINTMENTS AND DISCHARGES IN THE DINAPUR DIVISION OF THE EAST
INDIAN RAILWAY:**

590. ***Pandit Satyendra Nath Sen:** With reference to Mr. P. R. Rau's answer to my starred question No. 521, dated the 19th March, 1934, will Government please enquire and state:

- (a) how many appointments among non-gazetted cadres have been made in Dinapur between 1926 and 1932;
- (b) (i) the number of ex-army men who were in employment in the Dinapur Division in the beginning of 1931;
- (ii) the number of men who have since been discharged;
- (iii) the number of the men, by whom they have been replaced, who are strikers from the Great Indian Peninsula Railway; and
- (iv) the number of men who are related to the Head Establishment clerk who is now officiating as the Assistant Staff Superintendent in Dinapur?

Mr. P. R. Rau: No, Sir. Recruitment to subordinate ranks is within the powers delegated to the Agent, and Government see no reason to interfere.

**RECRUITMENT OF MINISTERIAL STAFF IN THE IMPERIAL SECRETARIAT
AND THE ARMY HEADQUARTERS.**

591. ***Mr. S. C. Mitra** (on behalf of Mr. Gaya Prasad Singh): (a) Is it a fact that recently a circular has been issued departmentally in the Army and other allied branches of the Central Secretariat that the recruitment to the clerical and other lower grades of service should in future be stopped from South India and other Eastern Provinces?

(b) If the answer to part (a) be in the affirmative, will Government kindly state what were the considerations that led to the issue of such a circular?

(c) Is it the intention of Government to confine recruitment of ministerial staff to those areas in the up country from which recruitment to the army is usually made? If so, why?

Mr. G. E. F. Tottenham: (a) No.

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

**APPOINTMENT OF INDIAN ENGINEERS AS TEMPORARY ENGINEERS IN THE
MILITARY ENGINEERING SERVICE, ARMY HEADQUARTERS.**

592. ***Mr. S. C. Mitra** (on behalf of Mr. Gaya Prasad Singh): (a) Is it a fact that in the M. E. S. (Army Headquarters) Indian Engineers with high Indian and English qualifications, are being appointed as temporary overseers on very low pay under European Military S. D. Os.?

(b) Will Government be pleased to state what qualifications the latter possess, and whether they have to pass any examination? If so, what examination?

Mr. G. E. F. Tottenham: (a) Indian engineers with high Indian and English qualifications are applying for and obtaining appointments as

temporary Overseers. This is the normal method of entry to the higher ranks of the permanent establishment. They may serve under either Indian or European S. D. Os.

(b) All Military S. D. Os. have to qualify at a special course either at the Thomason College, Roorkee, or at the School of Military Engineering, Chatham, which demands a high standard of engineering knowledge and considerable practical experience in addition. In both cases, qualifying and final examinations have to be passed.

REPAYMENT OF MADRAS GOVERNMENT LOANS.

593. *Mr. K. P. Thampan: Will Government be pleased to state whether:

(a) their attention has been drawn to the speech of the Honourable Sir H. Stokes, the Finance Member in the Madras Legislative Council on the 13th March, 1934, in which he stated that the Government of Madras, about six months ago, approached the Government of India with a request either to reduce the rates of interest on their loans or to permit them to repay those loans from the accumulated balances and that the Government of India did not allow them to do either;

(b) the facts stated in the speech are true;

(c) Government have reduced the rate of interest on the loans due from other Provinces, and if so, the reason for Madras not being given a similar treatment; and

(d) the correspondence that passed between them can be placed on the table of this House?

The Honourable Sir George Schuster: (a), (b) and (c). In October last, the Government of Madras enquired informally whether they would be permitted to repay either from their accumulated balances or by borrowing in the open market the loans taken by them in the past from the Provincial Loans Fund. We could not accede to this request as it would cut at the very root of the whole arrangement relating to the Provincial Loans Fund. The Honourable Member will realise that we ourselves have no option of liquidating the loans which we raise from the public to finance the Provincial Loans Fund except when they actually mature. Thus supposing, for example, that in, say, 1929, we had raised 20 crores on a 20-year loan at 5½ per cent of which 10 crores was required to make advances to Provinces through the Provincial Loans Fund. Then, if in 1934, the provinces wish to pay off their 10 crores and borrow again at the current rates, we should be left with the liability of those 10 crores at 5½ per cent at a time when we could have raised fresh money at, say, 3½ per cent. We should in fact have to lose 20 lakhs per annum. On the other hand, we do help the Provinces whenever we get any advantage on our loans and we actually pass on to them the benefit of our conversion operations. We have already done this and the rates of interest charged to the Provinces on loans taken in the years 1921-22, 1922-23, 1923-24, 1924-25, 1928-29, 1930-31 and 1931-32, have been reduced in the case of all Provinces including Madras which took loans from the Provincial Loans Fund in those years. It is very surprising that this

fact was not mentioned by the Finance Member for Madras. Actually we have given benefits to the Provinces during the current year amounting to 34 lakhs per annum.

(d) As I have explained, there has been no discrimination against Madras. The correspondence with the Madras Government was confined to a demi-official enquiry from them to which we sent a demi-official reply. There was no official correspondence. I regret, therefore, that I am unable to lay the papers.

Mr. K. P. Thampan: Do I understand that the Government have not been able to convert the loans from which advances were made to the Madras Government and, in such loans, which the Government of India have been able to convert and reduce the rates of interest, the benefit was given to Madras?

The Honourable Sir George Schuster: We have been able to convert some loans from out of the proceeds of which the Madras Government took advances, and, in the case of those loans, we have given the Madras Government the benefit of our conversion.

Mr. K. P. Thampan: May I know the amount of benefit which the Government of India have given to Madras in that manner?

The Honourable Sir George Schuster: I am afraid that I have not got the figures: I will give it to my Honourable friend afterwards or lay it on the table or answer a further question if he likes to put it down on the paper. But I may tell him that the benefit to Madras was not very much, because they did not happen to have taken advances during those years on which we have had the benefit of conversions. As regards the whole of the Provinces, as I have told my Honourable friend, in the last year alone we have given them concessions amounting to 34 lakhs per annum: we make no profit and we do not attempt to make any profit out of the Provincial Loans Fund.

Mr. K. P. Thampan: May I know the total amount of loan that Madras has taken?

The Honourable Sir George Schuster: I am afraid I must ask for notice of that question.

Diwan Bahadur A. Ramaswami Mudaliar: Do the Government of India pay any interest to the Local Government on this accumulated balances with the Government of India?

The Honourable Sir George Schuster: According to the arrangements which have prevailed hitherto, we did not pay any interest on accumulated balances: as my Honourable friend is aware, all those arrangements will have to come under revision shortly and to be put on a definite business commercial basis, because, on the other hand, Provinces which are incurring overdrafts in the course of the year from us are not paying interest to us.

Diwan Bahadur A. Ramaswami Mudaliar: Was it open to the Local Government of Madras when the Honourable Member had his conversion scheme to tender for those conversion loans out of these accumulated balances?

The Honourable Sir George Schuster: The Government of Madras can certainly do what they like with their money: if they like to invest their money or take it away from us, they are fully entitled to do so.

Diwan Bahadur A. Ramswami Mudaliar: Is it open to the Madras Government to buy Government of India Securities in the open market out of these accumulated balances?

The Honourable Sir George Schuster: I imagine so: I would not like to say offhand that there is no restriction, and I should like to look into that point. But, as far as I know, there is no restriction on them to do what they like with their own money.

Mr. B. Das: May I inquire if the Madras Government at any time asked the permission of the Government of India to allow them to buy the Government of India loans from their accumulated balances?

The Honourable Sir George Schuster: So far as I know, no request of that kind has been made.

Diwan Bahadur A. Ramaswami Mudaliar: Is this accumulated balance with the Government of India kept in any separate fund or is it merged in the general balances of the Government of India?

The Honourable Sir George Schuster: It is merged with the general balances of the Government of India.

Diwan Bahadur A. Ramaswami Mudaliar: Is the Honourable Member in a position to state whether, if and when the Madras Government want to withdraw this accumulated balance, the Government of India are in a position to return it to the Madras Government?

The Honourable Sir George Schuster: We are certainly in a position to return it; our position is good enough to make good to any Province any balance it has got.

Dr. Ziauddin Ahmad: If all the creditor Provinces withdraw their balances, then what will happen to the debtor Provinces? Where will the money come from?

The Honourable Sir George Schuster: I think that is a hypothetical question: but it is a pertinent comment on the other questions that have been put.

Diwan Bahadur A. Ramaswami Mudaliar: So that Madras has to pay for the overdrafts of Bengal? That is also pertinent.

Mr. S. C. Mitra: Bengal is not the only Province!

Diwan Bahadur A. Ramaswami Mudaliar: And Burma and Assam:

PROPOSALS REGARDING THE INCOME-TAX DEPARTMENT IN THE NEW ORISSA PROVINCE.

594. ***Mr. Sitakanta Mahapatra:** (a) Will Government please lay on the table a copy of the proposals regarding the Income-tax Department in the new Orissa Province?

(b) Will the Orissa Province have a Commissioner of Income-tax of its own or will it be under the Commissioner of Income-tax, Bengal or Bihar?

(c) Will there be a permanent Assistant Commissioner of Income-tax for Orissa, and if so, where will his office be located?

(d) Will the operations of Income-tax Act be extended to Angul, and if so, will there be any recruitment of additional hands (Income-tax Officers)?

(e) How many Income-tax circles will the Orissa Province have and which of the present districts will be included in each such circle?

(f) What will be the revised scales of pay and strength of the Income-tax Department in the Orissa Province?

The Honourable Sir George Schuster: (a) to (c), (e) and (f). No decision has been taken as to the formation of a new Province of Orissa, and the Government have not had under consideration any proposal regarding the organisation of the Income-tax Department in such a province in the event of its being formed.

(d) The Government have not before them any proposal to remove the exemption from income-tax which is now enjoyed by persons, other than persons in the service of the Government, residing in the District of Angul.

REMISSION OF PENALTY IMPOSED FOR DEFAULTING PAYMENT OF INCOME-TAX IN BIHAR AND ORISSA.

595. ***Mr. Sitakanta Mahapatra:** (a) Is it a fact that the Commissioner of Income-tax, Bihar and Orissa, has issued a standing order to all Income-tax Officers under him, debarring them from exercising their statutory discretion in the matter of remission of penalty imposed for defaulting payment of the tax charged, without the approval of the respective Assistant Commissioners of Income-tax?

(b) What is the total number of petitions filed during the years 1927-28, 1928-29, 1929-30, 1930-31, 1931-32 and 1932-33, for remission of such penalties and how many of them have been successful each year in the Orissa Circle.

The Honourable Sir George Schuster: With your permission, Sir, I propose to answer questions Nos. 595 and 596, together. The information is being collected and will be laid on the table in due course.

NON-REFUND OF INCOME-TAX AFTER THE CANCELLATION OF ASSESSMENTS IN THE ORISSA CIRCLE.

†596. ***Mr. Sitakanta Mahapatra:** Is it a fact that even when assessments made are cancelled under section 27, or as a result of appeal or review or reference, the amount of income-tax already paid is not refunded (without specific appellate orders to that effect) until the case is done *de novo* in the Orissa Circle?

†For answer to this question, see answer to question No. 586.

COMPLAINTS AND GRIEVANCES OF INCOME-TAX ASSESSEES IN BIHAR AND ORISSA.

597. ***Mr. Sitakanta Mahapatra:** Are Government aware of the following complaints and grievances of income-tax assesseees in Bihar and Orissa, and if so, what steps have been taken for their redress:

- (a) that no waiting accommodation is provided in most of the Income-tax Offices, either for assesseees or their representatives who have therefore often to stand for hours together either in hot sun or in rains,
- (b) that unlike the recognised procedure in every other court no date is ever fixed either by the Income-tax Officers, or the Assistant Commissioner of Income-tax or the Commissioner of Income-tax for intimating the final orders in cases in which orders are reserved on the date of hearing;
- (c) that unlike the recognised procedure in every other court, no advance Cause Lists or lists of cases fixed for each day, are ever hung up by Income-tax Officers, or the Assistant Commissioner of Income-tax, or the Commissioner of Income-tax, for the facility of assesseees and their representatives, and that the assesseees are often not given even full 24 hours' notice: and
- (d) that unlike the recognised procedure in every other court the assesseees or their representatives are often not allowed inspection of their own records, on the plea of the records containing informations, which are not meant for or are confidential even for the assesseee concerned?

The Honourable Sir George Schuster: (a) No; in every Income-tax Office waiting accommodation is provided for assesseees and their representatives.

(b) Assesseees are generally not required to be present on the day on which final orders are passed either in assessment, appellate or review cases. Demand notices and appellate and revisional orders are sent to the assesseees by registered post or by peon as soon as they are passed. In a very large number of cases, demand notices are handed over to the assesseee on the same day after examination of accounts, and appellate and review orders communicated immediately after the hearing.

(c) Notices intimating dates of hearing are sent to the assesseees by registered post or peon. Where a number of appeals are fixed on the same day, a notice is generally hung up in the office on the date of hearing intimating the order in which the appeals will be taken up. Instructions have been issued to all Income-tax Officers to give a sufficiently long time to assesseees to comply with notices.

(d) Yes. An assesseee has no right to inspect his assessment file either in person or through a representative. Income-tax authorities have, however, discretion to allow the assesseee or his authorised representative to inspect in their presence any paper of which he is entitled to have a copy.

SHORTAGE OF WAGONS FOR TRANSPORT OF SUGAR-CANE FROM THE EARTHQUAKE AFFECTED AREA TO THE NEOLI SUGAR FACTORY.

598. ***Maulvi Muhammad Shafee Daoodi:** (a) Are the Government of India prepared to inquire from the Government of Bihar and Orissa whether it is a fact that the management of the Neoli Sugar Factory situated at the Manpur Nalaria Railway Station on the Rohilkhand and Kumaon Railway, between Bareilly and Kashgar, sent a telegram to the Director of Industries of the Bihar and Orissa Government soliciting the favour of supplying a sufficient number of wagons for carrying sugar-cane from the area affected by the recent earthquake, where cane growers had welcomed the proposal of the factory to absorb their cane in large quantity, but that no reply to this telegram was received for several days?

(b) Is it not a fact that a telegram was then sent to the Honourable Sir George Schuster complaining of the silence of the Director of Industries of the Bihar and Orissa Government and requesting him to arrange for the supply of wagons for the aforesaid purpose?

(c) Is it not a fact that after the complaint mentioned in part (b) a reply was received by the factory from the Director of Industries of the Bihar and Orissa Government, regretting the inability to supply wagons for carrying sugar-cane from the earthquake affected area to that factory due to shortage of wagons?

(d) What steps do the Government of India propose to take in order to help the sugar-cane growers in the area affected by the earthquake in transporting their canes to the aforesaid Neoli Sugar Factory?

Mr. P. R. Rau: (a) to (c). Government have not yet been able to obtain detailed information regarding the specific case referred to. But the Agent, B. & N. W. Railway, reports that as the supply of cane from the earthquake area to this factory would involve a haul of nearly 600 miles and the freight payable at the minimum rates would be roughly five annas per maund, the proposal does not seem to come within practical politics. In this connection, I would inform the Honourable Member that in order to facilitate the disposal of as much distress cane as possible, the Local Government have formed a Cane Marketing Board which arranges with the railway authorities for the despatches of cane to the best advantage. There are two hundred wagons a day available for the purpose. Sir Guthrie Russell, the Chief Commissioner of Railways, himself went to Muzaffarpur recently, and, on the 26th March, had an emergency meeting with the Cane Marketing Board, when arrangements for a regular supply of wagons to the satisfaction of the Cane Marketing Board were made.

(d) A copy of the question has been sent to the Director of Industries, Patna, for consideration.

Maulvi Muhammad Shafee Daoodi: Have Government made inquiries as to why the Director of Industries, Bihar and Orissa, replied in that way to the factory which had means enough for the absorption of surplus cane from the earthquake areas?

Mr. P. R. Rau: Government have not yet received a reply from the Director of Industries in reply to the letter written to him.

Maulvi Muhammad Shafee Daoodi: I hope Government will pursue this point and see that such incidents may not recur.

**AGREEMENT FOR THE CARRIAGE OF GOVERNMENT AND RAILWAY MATERIALS
BETWEEN DIFFERENT INDIAN PORTS.**

599. ***Mr. S. C. Mitra** (on behalf of Mr. Gaya Prasad Singh): (a) Has there ever been an agreement between the Secretary of State for India and the British India Steam Navigation Company, Limited, for the carriage of Government and Railway materials between different ports on the coast of India? If so, when, and on what terms?

(b) Is it a fact that there was such an agreement, dated the 14th February, 1906, on the subject? If so, what are the terms of the said agreement, and is it still in operation?

(c) Will Government be pleased to lay on the table copies of any such agreements that might have been entered into between the Secretary of State or the Government of India on the one hand and shipping companies engaged in the coastal trade of India on the other for such purpose?

The Honourable Sir Frank Noyce: Information is being collected, and a reply will be placed on the table of the House in due course.

**ADVERTISEMENTS OF TENDERS BY THE STATE RAILWAYS IN MUSLIM
NEWSPAPERS.**

600. ***Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state how many tenders were invited, for which advertisements appeared in papers, by the State Railways, during the current year and how many tenders were received from Muslim contractors?

(b) Have these advertisements ever appeared in any of the Muslim papers? If not, have Government considered the desirability of publishing such advertisements in Muslim papers in order to receive more tenders from Muslim contractors?

Mr. P. B. Rau: The information required is not available. Government are unable to accept the principle that communal considerations should enter into the question of the contracts entered into by railways.

Mr. M. Maswood Ahmad: Are Government aware that these advertisements are not published in papers which are only read by Muslim communities, and so the Muslim contractors do not get sufficient information?

Mr. P. B. Rau: Those, who are anxious to get contracts from railways, can, I think, be expected to read the papers in which advertisements of this sort appear.

Mr. M. Maswood Ahmad: Do Government propose that information should be put in one particular paper and that the interested persons should read that paper and may come to know as to what advertisements are in their interest?

Mr. P. B. Rau: I think that the papers in which these advertisements appear are sufficiently well-known to the people who are interested in them.

Mr. M. Maswood Ahmad: Do Government propose to give a list of those papers or lay it on the table or in the Library, in which these advertisements will appear in future?

Mr. P. R. Rau: I am not aware that there are many people in the Assembly who are likely to tender for contracts from railways.

Mr. M. Maswood Ahmad: That is not the point. The point is that the contractors at present are not aware in which papers advertisements are published: so do Government propose to mention the names of papers, so that the contractors may know and read those papers? That is the point.

Mr. P. R. Rau: I cannot understand that the placing of a list of such papers in the Library of this House would serve any useful purpose.

Mr. M. Maswood Ahmad: Are Government aware that it will serve a very useful purpose if Members of this Assembly can give out the names of those newspapers to the Muslim papers in order that contractors may be aware of these papers who are favoured by the Government?

Mr. P. R. Rau: I think my Honourable friend is making an assumption that is not warranted by the facts. He is assuming that the intending contractors are not aware, at the present moment, of the papers in which these advertisements appear.

Mr. M. Maswood Ahmad: Will Government be pleased to state the reason why they are not prepared to announce the names of those papers in which they publish these advertisements? What is the harm in it? Will Government be pleased to state it?

Mr. P. R. Rau: They consider it to be quite unnecessary.

Dr. Ziauddin Ahmad: On what principle are the selections of newspapers, to which the Railway Board and the other authorities send their advertisements, made, and is it not right for us to know what those papers are, never mind whether Hindu or Muhammadan?

Mr. P. R. Rau: The principle is the need of reaching the public who are interested in these things and to get the widest publicity.

Dr. Ziauddin Ahmad: Have we not got a right to know in which papers these advertisements are published?

Mr. P. R. Rau: I don't think that there is a regular list of papers to which all advertisements are sent. It depends on the particular purpose for which advertisements are sent.

Mr. S. C. Mitra: May I take it, Sir, that advertisements are generally given to papers that have the widest circulation?

Mr. P. R. Rau: That is so.

ADVERTISEMENTS FOR VACANCIES ON STATE RAILWAYS.

601. ***Mr. M. Maswood Ahmad:** Will Government be pleased to state what is the minimum number of vacancies for which the head of a department on Indian State Railways is obliged to advertise in papers for receiving applications or what other conditions require the necessity of such an advertisement?

Mr. P. R. Rau: No minimum has been fixed. For detailed information as regards recruitment, I would invite the Honourable Member's attention to rule 53 of the Rules for the Recruitment and Training of Subordinate Staff on State-managed Railways, a copy of which is in the Library of the House.

INFLUX OF MEDICAL PRACTITIONERS FROM GERMANY, ETC., IN BOMBAY.

602. ***Mr. S. G. Jog:** (a) Are Government aware that there is great excitement amongst the medical men of Bombay on account of the influx of medical practitioners from Germany and any other country, if any?

(b) Have Government received any representation in the matter from Bombay medical men?

(c) Are Government aware that there was a meeting held at Bombay to consider the situation created by this influx?

(d) Will Government please state what measures they propose to take to safeguard the interests of the local medical men?

(e) Will Government please state what powers the Central Government have, under the existing provisions of law, to meet the present situation?

(f) If the Central Government have no power, will Government please state the powers possessed by the Provincial Governments in the matter?

(g) If the present powers of Government either Central or Provincial, are not sufficient to meet the situation, do Government propose to take necessary steps to amend the existing law or rules?

(h) Will Government please state whether any reciprocity exists at present between Germany and India in respect of the recognition of medical degrees and the practice of medicine in both the countries?

(i) Will Government please make a general statement of their attitude towards this question?

Mr. G. S. Bajpai: (a) Government understand that some six or seven German doctors have arrived in Bombay since the beginning of this year and that this has been the subject of comment among certain sections of the medical profession in that City.

(b) No.

(c) Yes.

(d) to (g) and (i). There is no bar against the practice of medicine by any person in India. But certain privileges in the matter of appointments and grant of certificates can be enjoyed only by persons who are registrable under the Provincial Medical Registration Acts. Government do not consider that the situation referred to by the Honourable Member calls for any action on their part.

(h) Government understand that foreigners with or without foreign qualifications can practise in Germany; but that only those persons who have passed certain examinations and obtained a license of Government are entitled to describe themselves as physicians, surgeons, etc.

Mr. S. G. Jog: Are Government aware that a meeting was held in Bombay and resolutions were passed on the 18th March, 1934, and is it a fact that a copy of the resolutions passed at that meeting has been forwarded to the Government of India?

Mr. G. S. Bajpai: I have already answered that part of the question, Sir. A meeting has been held in Bombay. Government have received a set of these resolutions, and I may inform my friend that the second resolution extends hospitality to these German doctors.

Mr. F. E. James: Are Government aware that licences to practise the medical profession in Germany are granted only to those of the Aryan stock?

Mr. G. S. Bajpai: It is quite conceivable that Nazi enthusiasm may have reached limits of this restriction, but I could not speak with any authority on this point.

Dr. Ziauddin Ahmad: May I understand then that Indians holding Indian or British degrees can practise in Germany?

Mr. G. S. Bajpai: I have already stated, Sir, that so far as the right of practice is concerned, that is not regulated by any law. The only question is whether a person can describe himself as an expert physician or surgeon. That is regulated by a law, and for that purpose a licence of the German Government is necessary.

Mr. S. C. Mitra: Do Government realise that these persecuted scientists and medical men are deprived of their German nationality, and any sin against the Government of Germany should not be inflicted on these scientists?

Mr. G. S. Bajpai: That, Sir, is an expression of opinion which, I hope, will be duly appreciated by the conveners of the meeting in Bombay.

Dr. Ziauddin Ahmad: May I know if any person, who holds a regular certificate from Indian or British Universities, can practise without any permission whatsoever from the German Government in any German town?

Mr. G. S. Bajpai: My information is that, so far as practising medicine is concerned, there is no law in Germany to restrict it.

Dr. Ziauddin Ahmad: There is a law; you cannot practise freely.

Mr. G. S. Bajpai: According to my information, there is no restriction. But if my friend has more recent information, I should be very glad to have it.

Dr. Ziauddin Ahmad: If it is discovered that Indians holding British or Indian degrees cannot practise without the permission of the German Government, will the Honourable Member be prepared to enforce the same condition in the case of the German doctors who have come to India?

Mr. G. S. Bajpai: I may remind my friend that a General Medical Council has been set up in this country, and if there are any disabilities to which Indians in Germany are subject, it will be for the General Medical Council to take up the question.

Mr. S. G. Jog: In view of the fact that there is no authoritative information on the subject, will the Honourable Member be pleased to make further inquiries from the German Government as to the exact position in regard to Indians practising in Germany?

Mr. G. S. Bajpai: I am not prepared to concede that the information, which has been given to me by my medical advisers, is less accurate than the information which my friend gathers from newspapers. If my friend is able to supply me with a copy of the German law on the subject, I shall consider if any action is necessary.

Mr. M. Maswood Ahmad: May I know if these German doctors have come here to settle down in this country permanently?

Mr. G. S. Bajpai: Whether they will settle here to their last day or go back earlier, I cannot say.

Mr. S. G. Jog: May I know if the Honourable Member will refer the whole subject to the General Medical Council for their information and let us know what action they propose to take in the matter?

Mr. G. S. Bajpai: It is not necessary for me to refer the matter to the Medical Council. Their functions are pretty well defined in the Medical Council Act.

Mr. C. S. Ranga Iyer: Will Government be pleased to state whether they will take steps to give every encouragement to these exiles from Germany, as encouragement was once given to the Parsis who fled from the tyranny of Persia, and enable them to find a home in this country?

Mr. G. S. Bajpai: So far as Government are aware, there is no handicap anywhere to these people getting all the hospitality that the people of this hospitable land are prepared to extend to them.

REPRESENTATIONS OF THE MEMBERS OF THE CENTRAL LEGISLATURE TO THE RAILWAY ADMINISTRATIONS.

603. ***Dr. Ziauddin Ahmad:** (a) Did the Railway Board issue any letter to Railway administrations in September, 1933, or on any other date, about their paying no attention to the representations of the Members of the Legislative Assembly or of the Central Legislature?

(b) Are Government prepared to lay a copy of that letter on the table of this House?

Mr. P. E. Rau: The answer to part (a) is in the negative, and part (b) does not arise.

Pandit Satyendra Nath Sen: Have the Railway Board, during recent years, respected any formal recommendation made by any Non-Official Member of this House?

Mr. President (The Honourable Sir Shanmukham Chetty): That question does not arise.

Dr. Ziauddin Ahmad: Does the Honourable Member remember that I expressed this view on the occasion of the general discussion on Railways, and the Honourable gentleman did not contradict it at that time?

Mr. P. E. Rau: It has been contradicted now, Sir, at any rate.

UNSTARRED QUESTIONS AND ANSWERS.

COMPLAINTS AGAINST THE SECRETARY OF THE TEXT BOOK COMMITTEE, DELHI.

255. **Seth Liladhar Chaudhury:** (a) Are Government aware of the complaint, which has appeared against the Secretary of the Text Book Committee, Delhi, in the local *Tej* of the 9th March, 1934, and the daily *Watan* of the 8th March, 1934, regarding his repeated irregularities and thereby causing great loss to authors and publishers of Delhi? If so, will Government please state what steps they propose to take in this matter?

(b) With reference to the first and the last part of the reply given to question No. 96 by Bhagat Chandi Mal Gola in this House on the 26th February, 1934, are Government aware that there are complaints of his partial treatment towards Muhammedans in his capacity as District Inspector of Schools, Delhi?

(c) Are Government aware that questions are continually being put in this House against the District Inspector of Schools in this respect?

(d) If the reply to the above parts be in the affirmative, will Government please state why he has been detained in Delhi? Is it a fact that orders of his transfer to Multan as Deputy Inspector of Schools were issued in October, 1933?

Mr. G. S. Bajpai: (a) Yes; after enquiry, Government have ascertained that the allegations made in the communication to the *Watan* all refer to publications by a certain local author who has been accused of certain irregularities, and whose action is under consideration by the Text Book Committee.

(b) Yes; but no complaint has been substantiated.

(c) Some questions have been asked.

(d) The final orders of the Punjab Government are awaited, the post in question being included in the Punjab cadre.

ALLEGED PREFERENTIAL TREATMENT TOWARDS MUSLIMS IN THE EDUCATION DEPARTMENT, DELHI.

256. **Seth Liladhar Chaudhury:** With reference to the reply given to question No. 97 of Bhagat Chandi Mal Gola in this House on the 26th February, 1934, regarding alleged preferential treatment towards Muslims in the Education Department Delhi, will Government please lay on the table a copy of the report if it has since been received? If not, will Government please state when the report may be expected?

Mr. G. S. Bajpai: Government have enquired into the allegations and have ascertained that they have no substance. The papers submitted by the enquiring authorities are confidential and cannot be laid on the table.

COMPLAINTS AGAINST AN ASSISTANT DISTRICT INSPECTOR OF THE EDUCATION DEPARTMENT, DELHI.

257. **Seth Liladhar Chaudhury:** Are Government aware of the complaints appearing in the *Tej* of the 9th March, 1934, against an Assistant

District Inspector of Education Department, Delhi, who, against Government circular, on the 25th March, 1933, as Chairman passed a resolution for some unauthorised books for Delhi recognised Patshalas? If so, are Government aware that it is a serious irregularity? What action do they propose to take in this matter?

Mr. G. S. Bajpai: Yes; the Government of India have ascertained, after enquiry, that the resolution was passed by an association of the teachers concerned at a meeting which the Assistant District Inspector was invited to attend and was voted to the chair. Books Nos. (1) and (3) had already been approved by the Text Book Committee. As the names of the author or publisher of No. (2) have not been stated, it is not possible to say what series of books are referred to.

DUTIES OF THE SECRETARIES OF THE WORKS COMMITTEES OF THE GOVERNMENT OF INDIA PRESSES.

258. **Rao Bahadur M. C. Rajah:** (a) Will Government be pleased to enumerate the duties of the Secretaries of the Works Committees of the Government of India Presses?

(b) Is it a fact that invariably the Reading Branch representative is appointed as Secretary of the Works Committee in the New Delhi Government of India Press? If so, will Government kindly state the reason therefor?

(c) Is there any specific provision in the rules debarring other members of the Works Committee from holding this office?

(d) How much time has the Secretary usually to devote to discharging the duties of his office?

The Honourable Sir Frank Noyce: (a) The Secretary assists generally in collating the agenda, in conducting the meetings of the Works Committee and in writing up the minutes of the meetings.

(b) The members of the Committee elect from among them a Secretary, and his appointment is subject to the approval of the Manager. For the past three years the member representing the Reading Branch on the Works Committee has been elected as Secretary.

(c) No.

(d) The time varies with the work, and I have no record of it.

ACCOUNTANTS IN THE RAILWAY CLEARING ACCOUNTS OFFICE AND STATE RAILWAY ACCOUNTS OFFICES.

259. **Mr. S. G. Jog:** Will Government please lay on the table a statement giving the following information separately in respect of Railway Clearing Accounts Office and all State Railway Accounts Offices taken together:

- (i) total number of employees who have qualified themselves for the posts of accountants by passing S. A. S. Part II, Appendix D and Appendix E examinations;
- (ii) total number of posts of accountants; and
- (iii) the percentage of (ii) to (i)?

Mr. P. R. Rau:

	Railway Clearing Accounts office.	All State Railway Accounts Offices.
(i)	32	85
(ii)	15	134
(iii)	47%	157.6%

EMPLOYEES IN RAILWAY ACCOUNTS OFFICES QUALIFIED FOR THE POSTS OF ACCOUNTANTS.

260. **Mr. S. G. Jog:** (a) Are not Government aware that the number of employees in the Railway Accounts Offices, qualified for the posts of accountants, is far in excess of the posts of accountants?

(b) Are Government also aware that the number of qualified hands not yet provided in the posts of accountants, is so high that there is no likelihood of the railways requiring any more qualified hands for many years to come?

(b) Are Government also aware that the number of qualified hands, Appendix D examination for some years to come to avoid unnecessary expenses to the railways in holding such examinations and giving enhanced increments to the unprovided qualified hands?

Mr. P. R. Rau: (a) and (b). The figures have been supplied in reply to the previous question, and I leave it to my Honourable friend to draw his own conclusion.

(c) Government do not consider it advisable to hold the examination in abeyance. Passing the examination is calculated to increase the efficiency of the staff.

PERSONS QUALIFIED FOR THE POSTS OF ACCOUNTANTS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

261. **Mr. S. G. Jog:** (a) Is it a fact that some highly educated men, M.A.'s, LL.B's, B.A.'s and B.A.'s with Honours, etc., who have qualified themselves for the posts of accountant are rotting in lower clerical grades (class II or III) on Rs. 80 or 90 in the Railway Clearing Accounts Office? Is it also a fact that they have put in five to seven years' service, and that they do not stand any chance of promotion to higher clerical grades for many years to come in the natural order of seniority and can draw no benefit for passing Accountants examination?

(b) If so, are Government prepared to give the assurance that such cases will be duly considered when making promotions to class I of clerical scale?

Mr. P. R. Rau: (a) There are some graduates who have qualified for accountant's grades at present in lower grades.

(b) Promotion in the Railway Accounts Department is based on merit and efficiency and not merely on seniority.

APPENDIX D EXAMINATION.

262. **Mr. S. G. Jog:** (a) Is it a fact that unlike other sister departments, such as Railway Audit, Civil, Posts and Telegraphs, and Military Accounts, no benefits for passing Appendix D examination earlier is given

in spite of representations having twice been made to the Financial Commissioner of Railways on the subject?

(b) If so, do Government propose to consider giving this benefit to the people who have passed Appendix D, and S. A. S., part II examinations so far against those who will pass Appendix D examinations hereafter (while maintaining intact the present seniority of existing qualified hands) to ameliorate their extreme hardship?

Mr. P. R. Rau: (a) Yes.

(b) No. I would also invite my Honourable friend's attention to the answer I gave on the 20th March, 1933, to question No. 784, by Mr. K. P. Thampan, on the same subject.

PROMOTIONS IN THE RAILWAY ACCOUNTS DEPARTMENT.

263. **Mr. S. G. Jog:** (a) Is it not a fact that Sir Arthur Dickinson in his reports on the Indian Railways deprecated the practice of attaching too much importance to length of service and seniority in making promotions in accounts department and strongly insisted on making promotions chiefly on basis of efficiency and merit?

(b) Are Government prepared to consider adopting a policy of making more rapid promotions of qualified hands to encourage efficiency and merit in the Railway Accounts Department?

Mr. P. R. Rau: (a) Yes.

(b) The rules in the Railway Accounts Department already provide for promotion being made at every stage by selection based on merit and not merely with reference to seniority.

SELECTION FOR THE POSTS OF TICKET COLLECTORS IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

264. **Mr. S. G. Jog:** (a) Is it a fact—

- (i) that a selection for the posts of ticket collectors was held last year in the Moradabad Division of the East Indian Railway;
- (ii) that a large number of candidates from far off places were called and interviewed by a properly constituted board of officers; and
- (iii) that three or four days were spent in interviewing candidates and then a final list of successful candidates was made out?

(b) Is the Honourable the Commerce Member prepared to give the assurance:

- (i) that efforts will be made as far as possible to provide all selected candidates in future vacancies; if not, why not; and
- (ii) that no further selection will be held till the present list of selected candidates is exhausted; if not, why not?

(c) In case fresh selection is held before providing all the hands already selected, are Government prepared to give the assurance:

- (i) that the names of the candidates already selected will be included in the list of candidates selected in subsequent selection without requiring them once again to appear before Selection Board; if not, why not; and
- (ii) that candidates already selected will be given priority over those selected in subsequent selections?

(d) Will the Honourable the Commerce Member please state how far this rumour is correct that the authorities intend to hold another written examination of the hitherto selected candidates in the above mentioned selection on the occurrence of vacancies and only successful hands will be provided? If so, why?

(e) Was any understanding of holding such examination given to the candidates at the time of selection? If not, why not?

(f) Are Government aware that the rumoured condition of holding written examinations subsequently imposed without giving prior notice is causing great discontent amongst the selected candidates and the public and they regard it as a mere pretext to provide only those candidates in whom the officers are interested by condemning others at the examination?

(g) Are Government prepared to consider the question of not holding any further written examination of the already selected hands for this selection at least?

Mr. P. R. Rau: Government have no information. The power to recruit subordinate staff has been entirely delegated to the Local Administrations, and Government do not see any necessity to interfere.

ISSUE OF LOANS BY RAILWAY EMPLOYEES.

265. **Mr. M. Maswood Ahmad:** Is it permissible for a railway employee to issue loans on exorbitant rates of interest to other railway employees?

Mr. P. R. Rau: I would invite the Honourable Member's attention to rule 8 of the Government Servants' Conduct Rules which defines the position of Government servants in the matter of lending money.

RESOLUTIONS PASSED BY THE MUSLIMS OF GODHRA.

266. **Mr. M. Maswood Ahmad:** Has the attention of Government been drawn to resolution No. 1, passed by the Muslims of Godhra on the 15th January, 1934, protesting against the orders to admit the children of Railway servants in service on the Bombay, Baroda and Central India Railway? If so, what action have Government taken or propose to take in the matter?

Mr. P. R. Rau: With your permission, Sir, I propose to reply questions Nos. 266 to 269 together. Copies of the resolutions referred to have been received by the Government of India. These resolutions relate to recruitment to service on the Bombay, Baroda and Central India Railway, and the Government of India are not directly concerned in the matter; they have, however, forwarded copies of these resolutions to the Agent of the Bombay, Baroda and Central India Railway.

RESOLUTIONS PASSED BY THE MUSLIMS OF GODHRA.

†267. **Mr. M. Maswood Ahmad:** Has the attention of Government been drawn to resolution No. 2, passed by the Muslims of Godhra on the 15th January, 1934, regarding adequate representation of Muslims in service on the Bombay, Baroda and Central India Railway? If so, what action have Government taken or propose to take in the matter?

†For answer to this question, see answer to question No. 266.

RESOLUTIONS PASSED BY THE MUSLIMS OF GODHRA.

+268. **Mr. M. Maswood Ahmad:** Has the attention of Government been drawn to resolution No. 3, passed by the Muslims of Godhra on the 15th January, 1934, regarding promotions to higher posts of Muslims in service on the Bombay, Baroda and Central India Railway? If so, what action have Government taken or propose to take in the matter?

RESOLUTIONS PASSED BY THE MUSLIMS OF GODHRA.

+269. **Mr. M. Maswood Ahmad:** Has the attention of Government been drawn to resolution No. 5, passed by the Muslims of Godhra on the 15th January, 1934, demanding an increase in the agricultural Muslim percentage in Sheds on the Bombay, Baroda and Central India Railway? If so, what action have Government taken or propose to take in the matter?

COMMUNAL COMPOSITION OF THE STAFF OF THE NEW DELHI MUNICIPAL COMMITTEE.

270. **Mr. M. Maswood Ahmad:** (a) Will Government kindly lay on the table a statement showing the total number of Hindu, Sikh and Muslim clerks employed in the offices of the Secretary, Electric and Water Works Engineer, and the Health Officer, of the New Delhi Municipality?

(b) What was the strength of this staff according to communities on the 1st of April 1933? How many appointments have since then been made, and how many of them have gone to Muslims?

(c) What is the total strength of the Municipal:

- (i) Inspectors and Sub-Inspectors,
- (ii) Water and Electric Meter Readers,
- (iii) Water and Electric Meter Checkers,
- (iv) Health and Sanitary Inspectors and Sub-Inspectors,
- (v) Vaccinators, and
- (vi) Daroghas?

How many of them are Hindus, Sikhs and Muslims?

(d) What are the qualifications of the men referred to in parts (c) (iv) and (v)? Is it a fact that the majority of them have no qualifications? If so, what steps have the Municipality taken to secure qualified personnel? If they do not propose to do so, are they satisfied that the sanitary needs are adequately met?

(e) Is it a fact that the strength of the Muslim staff is hopelessly inadequate? If so, what steps have been taken to bring up their number to the required proportion?

(f) Is it a fact that the Municipal Committee employs no Muslim as an officer? If so, what steps have Government taken to employ a Muslim as an officer? If none, are they satisfied that the Muslim community is getting its due share of appointments? If not, how do they propose to secure representation of Muslims?

Mr. G. S. Bajpai: The information has been called for, and will be furnished to the House on receipt.

RETRENCHMENT IN THE METEOROLOGICAL DEPARTMENT.

271. **Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state how many men were retrenched from the Meteorological Departments at Poona, Agra, Delhi and Calcutta, during the economy campaign of 1930-31?

(b) Will Government be pleased to state how many of them have been taken back and how many men were recruited from outside, disregarding the waiting list at each station separately?

(c) Will Government be pleased to state how many Muslims were retrenched at such stations and how many of them were taken back?

(d) Will Government be pleased to state what was the proportion of Muslims at each station before and after retrenchment and at present?

The Honourable Sir Frank Noyce: Information is being collected, and will be placed on the table of the House in due course.

CREATION OF A POST OF SUPERINTENDENT FOR CO-ORDINATION OF PERSONNEL BRANCHES ON VARIOUS DIVISIONS OF THE NORTH WESTERN RAILWAY.

272. **Mr. M. Maswood Ahmad:** (a) Is it a fact that a special post of Superintendent has been created for a period of six months for the purpose of co-ordination of personnel branches on various Divisions and extra Divisional offices on the North Western Railway?

(b) Is it a fact that Mr. Guran Ditta Mall has been placed on this special duty?

(c) Is it also a fact that several orders relating to re-organisation of personnel branches have been issued from time to time during the last ten years (since 1924)?

(d) Is it also a fact that Head Clerks, second men and other senior clerks of personnel branches of all the offices of the North Western Railway were given training in each sub-section of the personnel branch in the Headquarters Office, North Western Railway?

(e) If the reply to the above parts be in the affirmative, will Government please state the special circumstances which warranted the appointment of a Superintendent on special duty for the purpose of co-ordination of personnel branches during this period of financial stringency?

(f) Will Government please state to what extent the work of co-ordination has been accomplished since the appointment of the said Superintendent on this special duty and how many offices he has visited during this period and with what result?

(g) Will Government kindly state whether some more Superintendents posts will be created to co-ordinate the work of other branches, for example Works Branch, Transportation Branch and Commercial Branch?

Mr. P. B. Rao: I have called for information, and will lay a reply on the table of the House, in due course.

CREATION OF THE POST OF DEPUTY AGENT, ORGANISATION, ON THE NORTH WESTERN RAILWAY.

273. Mr. M. Maswood Ahmad: (a) Is it a fact that the post of the Deputy Agent, Organisation, has been created on the North Western Railway with a view to effect saving by job analysis?

(b) If the reply to part (a) be in the affirmative, will Government please state if the job analysis of the Head Clerk of the Copying Branch in the Headquarter office has been made, and if so, how much work is actually done by the Head Clerk, and do the duties entrusted to him justify the retention of his post?

(c) Is it a fact that the said Head Clerk has nothing to do except general supervision and the actual work of distribution and checking is done by his assistants?

(d) Is it also a fact that his assistants also supervise the amount of work done by each typist?

(e) If the reply to part (d) be in the affirmative, will Government please state what other general supervision is exercised by the Head Clerk who is holding grade VI (285—15—330)?

Mr. P. R. Rau: (a) Yes—as a temporary measure.

(b) to (e). These are matters within the competence of the Agent, North Western Railway, to decide. Government have no information.

WORK OF DISTRIBUTION OF PUBLICATIONS ON THE NORTH WESTERN RAILWAY.

274. Mr. M. Maswood Ahmad: (a) Is it a fact that the work of distribution of publications has been transferred from Central Registry Headquarters Office, North Western Railway, to the Printing Press, North Western Railway?

(b) If the reply to part (a) be in the affirmative, will Government please state if this transfer of work has reduced the work and responsibility of the Superintendent, Central Registry?

(c) Is it also a fact that the different sections of the Central Registry (receipt, despatch and record) have their respective Head Clerks to supervise their work?

(d) If the reply to parts (a), (b) and (c) be in the affirmative, will Government please state whether the recent job analysis has justified the retention of the post of Superintendent, Central Registry, in grade VII (Rs 400—20—500) and if so, will Government please give the details of the remaining duties of the said Superintendent?

(e) Do Government propose to consider the advisability of retrenching this post in view of the present financial stringency and entrusting the work of general supervision to the Office Superintendent, like other Sections which have no Superintendent, or to the Head Clerks of his Sub-Sections? If not, why not?

Mr. P. R. Rau: Government have no information. These are all within the competence of the Agent to decide, and I am sending a copy of the question to him. Government are not prepared to interfere in the matter.

REDUCTION OF THE POST OF SUPERINTENDENT, CONSTRUCTION, ON THE NORTH WESTERN RAILWAY.

275. **Mr. M. Maswood Ahmad:** (a) Is it a fact that the post of Superintendent, Construction, was brought under reduction last year owing to there being only 12 clerks working under him?

(b) Is it also a fact that the Superintendent of the Medical Branch, North Western Railway, has now only eight clerks under him as a result of the recent re-organization of that Branch?

(c) If the reply to parts (a) and (b) above be in the affirmative, do Government propose to consider the advisability of likewise retrenching the post of the Superintendent, Medical Branch, and reverting one of the officiating Superintendents for the sake of economy?

Mr. P. R. Rau: (a) and (b) Government have no information.

(c) I am sending a copy of the question to the Agent for his information.

OFFICIATING HEAD CLERKS IN CERTAIN GRADES ON THE NORTH WESTERN RAILWAY.

276. **Mr. M. Maswood Ahmad:** (a) Is it a fact that there are some officiating Head Clerks in grades V and VI on the North Western Railway?

(b) Is it also a fact that there are several men in grades V and VI on the surplus list of the North Western Railway?

(c) If the reply to parts (a) and (b) be in the affirmative, will Government please state if there are special circumstances or reasons for allowing the officiating men to continue, in the presence of the present surplus staff of the same grade?

Mr. P. R. Rau: (a) and (b). Government have no information.

(c) I have sent a copy of the question to the Agent, North Western Railway, for considering the suggestion.

DISCHARGE OF ONE NASIB ALI OF THE DRAWING BRANCH, HEADQUARTERS OFFICE, NORTH WESTERN RAILWAY.

277. **Mr. M. Maswood Ahmad:** (a) Is it a fact that one Kishori Lal of the Personnel Branch of the Headquarters Office, North Western Railway, was discharged on account of insubordination and for his addressing his appeal to higher authorities direct, and that he was subsequently reinstated on his appeal for mercy?

(b) Is it also a fact that another clerk named Nasib Ali of Drawing Branch of Headquarter office, was similarly discharged for an identical offence, and that his appeal for mercy was rejected?

(c) If the reply to parts (a) and (b) be in the affirmative, will Government please state why such differential treatment was meted out in two similar cases in the same office?

Mr. P. R. Rau: (a) Government have no information.

(b) Government have no information beyond that an appeal against his discharge was received by the Railway Board from Mr. Nasib Ali, which was returned to him for submission to the proper authority.

(c) Government are not aware of the details of the cases referred to, but full powers in these matters have been delegated to the Local Railway Administrations, and Government are not prepared to interfere.

NON-APPOINTMENT OF ANY MUSLIM PERSONNEL OFFICER IN THE LAHORE DIVISION, NORTH WESTERN RAILWAY.

278. **Mr. M. Maswood Ahmad:** Is it a fact that since the re-organisation of the divisional scheme on the North Western Railway, no Muslim Personnel Officer (D. P. O. or A. P. O.) has ever been posted in Lahore Division? If so, will Government please state whether there are special reasons for keeping off Muslim officers from these posts in particular?

Mr. P. R. Rau: Government have no information, but I would remind the Honourable Member that postings cannot be arranged on a communal basis. As regards the latter-part of the question, I am sure he is aware that there are Muslim officers working as D. P. Os. or A. P. Os. on the North Western Railway.

ABSENCE OF MUSLIM COMMERCIAL OFFICERS ON THE NORTH WESTERN RAILWAY.

279. **Mr. M. Maswood Ahmad:** (a) Is it a fact that there is not a single Muslim Commercial Officer in the Headquarters Office or on the different Divisions of the North Western Railway?

(b) If so, are Government prepared to consider the advisability of posting an adequate number of Muslim commercial officers in these offices?

Mr. P. R. Rau: (a) No.

(b) Does not arise.

PROMOTION OF BINDERS AND WAREHOUSEMEN IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

280. **Kunwar Hajee Ismail Ali Khan:** (a) Is it a fact that binders and warehousemen of the Government of India Press, New Delhi, were on piece rates prior to 1927? If so, will Government be pleased to state the number of classes, with rates, and whether the promotion to the next class was given annually or biennially?

(b) Will Government be pleased to state what procedure of promotion of binders and warehousemen of the Government of India Press, New Delhi, from junior to higher grade is being observed now-a-days?

(c) Is it also a fact that no officiating allowance is given to a binder or a warehouseman when acting in place of a binder or a warehouseman getting higher pay?

(d) Is it a fact that there are four fixed grades for warehousemen and five fixed grades for binders ranging from 18-25 and 30-50, respectively, and in each case promotion to the next grade is given only on the death or retirement of a higher grade man and thus the future prospects of binders and warehousemen remain blocked till any death or retirement occurs?

(e) Is it a fact that there are certain men in the Binding and Warehouse Departments of the Government of India Press, New Delhi, who

are working for the last 15 or 20 years and are drawing Rs. 25 per mensem? If so, will Government be pleased to state whether there is any possibility of these men reaching the maximum of their grade till their retirement under the existing procedure of promotion?

(f) If the replies to the preceding parts be in the affirmative, are Government prepared to amalgamate all the nine fixed grades ranging from Rs. 18-50, and form two grades *i.e.*, 18-25 for warehousemen and Rs. 30-50 for binders, in which they may be allowed to get increments annually like other Government employees?

The Honourable Sir Frank Noyce: (a) The reply to the first part is in the affirmative. There were eight classes on rates varying from one anna to three annas five pies per hour. No annual or biennial increment was allowed.

(b) Promotions are made as vacancies occur on the basis of seniority and efficiency.

(c) In the case of binders, the position is as stated. As regards warehousemen, the matter is under examination by the Controller of Printing and Stationery.

(d) The reply to the first part is in the affirmative. But the grades for new entrants in the case of binders vary from Rs. 25 to Rs. 45. As regards the second part, promotion on a system of grades depends on the occurrence of vacancies.

(e) There are three warehousemen on Rs. 25 per mensem who have rendered 15 years' service. Their future promotion depends on their seniority, efficiency and the occurrence of vacancies in higher grades.

(f) No.

RECRUITMENT OF MUSLIMS AS COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

281. **Kunwar Hajee Ismail Ali Khan:** Will Government be pleased to state whether the recruitment and appointment of Muslims as copyholders, since 1928, in the Government of India Press, New Delhi, is being made according to the Home Department letter for reservation of one-third of all vacancies to redress the communal inequalities? If not, why not, and what action do Government propose to take to make up the deficiency in the number of Muslim copyholders? Is it a fact that there are four posts of copyholders lying vacant?

The Honourable Sir Frank Noyce: The instructions issued to the Controller of Printing and Stationery regarding the application of the Home Department orders to the industrial staff do not provide for the appointment of any specified number of Muslim copyholders. The second part of the question does not arise. The reply to the last part is in the negative.

DUTIES PERFORMED BY THE ROUTINE CLERKS OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

282. **Mr. S. G. Jog:** (a) Will Government please state the nature of duties performed by the routine clerks of the Railway Clearing Accounts Office, Delhi?

(b) Is not the despatch, receipt and other similar work in other Government Offices generally intended for clerks?

(c) What is the system in force in respect of such work in the office of the Chief Auditor, Railway Clearing Accounts Office, Delhi, and the Controller of Railway Accounts?

(d) Will Government please state the reasons why the routine clerks, doing the above duties, are not even given the status of clerks in the Railway Clearing Accounts Office?

(e) Is it not a fact that under the present rules routine clerks are given the promotions to the regular clerical grade at the rate of five per cent?

(f) What are the reasons for fixing such low percentage in respect of promotions of routine clerks?

(g) Is it not a fact that when doing the duties of clerks class I, II and III, the routine clerks of the Railway Clearing Accounts Office are denied the officiating allowances?

(h) What steps have Government taken, or propose to take, to encourage the routine clerks with good and advanced ability and necessary qualifications?

(i) Will Government please lay on the table a statement showing :

(i) the number of routine clerks promoted to clerkship since the year of 1926 and the rate of percentage;

(ii) the number of men appointed in the grade of clerks since 1926;

(iii) the number of non-matriculantes recruited in the grade of clerks since 1926; and

(iv) the number of matriculate routine clerks?

(j) Is it not a fact that in the past years crewmen, caretakers and mechanics were given the clerical jobs and no steps were taken to provide routine clerks who were actually doing the duties of clerks class I, II and III?

Mr. P. B. Rau: (a) and (d). There is no sanctioned grade of routine clerks in the Clearing Accounts Office, but there are some punchers, dak distributors who are generally and loosely called routine clerks. Their duties are punching machines, cards operation of accounting machines and distribution and registration of dak.

(b) and (c). So far as I know, receipt and despatch of dak in Government offices is generally done by the lowest grade clerks, regular clerks or routine clerks or by both according to the nature of the work and organization of the particular office.

(e) Yes.

(f) and (h). The proportion is fixed in the interests of efficiency and is designed to meet the case of deserving men.

(g) I would refer my Honourable friend to the reply I gave on the 5th February, 1934, to question No. 69, by Pandit Satyendra Nath Sen.

(i) The information is not easily available.

(j) The matter is being looked.

REPRESENTATION FROM THE ROUTINE CLERKS OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

283. **Mr. S. G. Jog:** (a) Has the Financial Commissioner, Railways, received any representation from the routine clerks, duly forwarded by the Director, Railway Clearing Accounts Office, Delhi? If so, what

grievances were stated in the memorials, and what steps were taken to redress them?

(b) Is it a fact that most of the routine clerks have been continuously discharging the duties of clerks for a number of years, and that in case of vacancies occurring in the respective grades, outsiders are directly appointed?

(c) Is it not a fact that the waiting list of the retrenched persons is practically exhausted? If so, why are not chances given to the routine clerks who have been efficiently discharging the duties attached to higher grade posts for the last seven or eight years?

(d) What has led Government to overlook the recommendations of the present Director, Mr. K. R. S. Rau, in respect of modification of five per cent rule?

Mr. P. R. Rau: (a) and (d). A memorial was received by the Controller of Railway Accounts requesting chiefly that the prospects of promotion as clerk should be improved. I understand that they were informed that in view of the long waiting list of employees discharged in the economy campaign the question of improving the prospects was not practicable.

(b) I would ask my Hon. jurable friend to refer to the reply I have just given to clause (g) of question No. 282. The reply to the latter part of the question is in the negative.

(c) There is still a fairly long waiting list of discharged men.

INTERPRETATION OF ARMY PENSION REGULATIONS.

284. Mr. S. G. Jog: (a) With reference to their answer to unstarred question No. 196 parts (a), (b) and (c), of the 14th March, 1934, stating "The Pension Regulations are issued by the Government of India, with whom rests the ultimate responsibility to interpret them", will Government please state whether their interpretation includes the interpretations of (i) the Military Accountant General, and (ii) the Auditor General?

(b) Are these interpretations made, and have been made, with reference to Government's day-to-day intention, or with reference to the Regulations and Army Instructions, approved by the Secretary of State for India, and the recent orders of Government on the Recommendations of the War Pensions Committee?

(c) Are Government prepared to follow the example of Great Britain where Appeal Tribunal's interpretations and adjudications as regards War Pensions are binding on the Ministry of Pensions as well as on the claimants?

(d) Are Government aware of their repeated statements in reply to questions that Regulations allow full arrears where a claim is made within the time prescribed, *vide* paragraph 44 of the Financial Regulations and their recent orders on Recommendation No. VII of the War Pensions Committee admitting full arrears in such claims, and is it a fact that the Army Department, Government of India, have set examples disallowing arrears, and that this practice will be followed by the sanctioning authority in similar other cases?

(e) Is it the intention to go back on the right of appeal accepted under Recommendation II of the War Pensions Committee?

Mr. G. B. F. Tottenham: The question is being examined, and a reply will be laid on the table in due course.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

285. **Mr. S. G. Jog:** (a) Will Government be pleased to state if the right of appeal against the finding of "not attributable to military service", recognized under Recommendation No. II of the War Pensions Committee, is intended to apply for peace disablements and deaths also?

(b) Did not the right mentioned in part (a) exist in Regulations, Army Instructions, or Army Orders prior to the issue of the aforesaid Government orders?

(c) If the reply to part (b) be in the negative, will Government please state the extent to which they would act up to their answer to unstarred question No. 143 (c) of the 9th March, 1932, in which they stated: "There is, however, nothing to prevent an appeal being preferred against the decision of an original board either on the point of attributability to military service, or in regard to the degree of disability"?

(d) Have the Officers Commanding been apprised of this view of Government?

(e) Are Government aware that in hard cases such as amputations of both legs certified as "not attributable", appeals against attributability are not being forwarded to the proper authorities?

(f) If not, will they be pleased to refer to letter No. 1298/40/I.M.E., dated the 8th February, 1934, of the Kirkee Arsenal?

(g) What procedure is laid down in the Regulations for the redress of grievances against a finding of "not attributable" when the Officer Commanding persists in not forwarding an appeal to the proper quarters?

Mr. G. B. F. Tottenham: The question is being examined, and a reply will be laid on the table in due course.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

286. **Mr. S. G. Jog:** (a) With reference to Government's answer to unstarred question No. 182 of the 10th March, 1934, given in bracket (There has been no such decision as is referred to. 'Old age' and 'debility' are not recognized as diseases, and may not be used by Invaliding Boards) and state if the Adjutant General has not adjudicated a War-unfitness, nomenclatured by the Medical Board as 'old age' to be inadmissible for a disability pension as per letter No. If/Pen./12876-34, dated the 7th February, 1934, of the Royal Artillery Training Centre, Muttra?

(b) Has the attention of Government been drawn to the Ministry of Pensions' Review, given on page 329 of the 'official History' of the War, casualties and Medical Statistics of the Great War, published by His Majesty's Stationery Office, London, in which 12456 stabilized awards for 'debility' have been shown to have been made by the Ministry of Pensions in the United Kingdom?

(c) Will Government state why there is a fundamental difference between the view taken in England as regards 'debility' being a pensionable disability and the view taken by the Medical Directorate ((in India) as regards 'debility' being no disease and not pensionable?

(d) Has not the term 'disability' used in Recommendation No. V of the War Pension Committee, been regarded to include 'debility' and 'old age' if they necessitate an individual's discharge preventing him from putting in further service to earn an ordinary or service pension?

(e) Have Government not allowed to such persons their accumulated War and Privilege leave?

(f) Have not they allowed any medical furlough, half-pay or without pay leave, so that the minimum number of years service required to earn an ordinary pension may be supplemented and completed? If so, what periods did they allow in the case of Indian combatants and of the followers?

Mr. G. R. F. Tottenham: The question is being examined, and a reply will be laid on the table in due course.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE
- GREAT WAR.

287. **Mr. S. G. Jog:** (a) Will Government be pleased to refer to their answer to unstarred question No. 143(c) of the 9th March, 1932, stating that "India Army Order No. 130 of 1927 contains provision for assembling medical boards, not in cases of appeals, but in cases in which a previous medical board had not been able finally to assess the degree of the disability. Such boards cannot go into the question of origin of the disability, as that was decided by the original board", and state if it is a fact that the Army Department, Government of India, have decided that the decisions of the fresh medical board should prevail in the cases:

(i) where owing to loss, destruction or misplacement of records, formal sanction to pension by the Controller of Military Accounts was withheld in cases where the adjudication of a disability as "attributable to military service" is borne out by such an entry on a discharge certificate as "granted an injury pension by a medical board"; and

(ii) where the finding of the original medical board as attributable to military service is borne out by the fact of the grant of a Last Pay Certificate, duly signed by a Divisional Disbursing Officer showing a provisional advance of six months pension pending formal sanction to a disability pension by the Controller of Military Accounts concerned?

(b) Is it a fact that the aforesaid decision of the Government of India is arrived at in cases where the original medical board's proceedings, medical history sheets, etc., are missing?

(c) What is the basis for the decision?

(d) Will Government be pleased to state whether the decision in part (a) is not in contravention of Recommendations Nos. XII and XIII of the War Pensions Committee and India Army Order No. 130 of 1927?

Mr. G. R. F. Tottenham: The question is being examined, and a reply will be laid on the table in due course.

PAY OF TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

288. **Sardar Sant Singh:** With reference to the answer given to starred question No. 387 of the 1st September, 1933, regarding the pay of Travelling Ticket Examiners on the East Indian Railway, will Government be pleased to state the name and the nature of duty of the separate organisation of which the Travelling Ticket Examiners are part?

Mr. P. E. Rau: I would refer my Honourable friend to the Report of the Committee composed of Messrs. Moody and Ward which enquired into the system, a copy of which is in the Library of the House. The present organisation is based on their recommendations.

SUPPRESSION OF INDIAN ASSISTANT STATION MASTERS BY EUROPEAN AND ANGLO-INDIAN GUARDS ON THE EAST INDIAN RAILWAY.

289. **Sardar Sant Singh:** With reference to the answer given to starred question No. 389 of the 1st September, 1933, regarding supersession of Indian Assistant Station Masters by European and Anglo-Indian guards of the East Indian Railway, will Government be pleased to state the percentage of promotions to (a) Station Masters' grade (300—10—350) from qualified guards on Rs. 215 and from Assistant Station Masters, respectively, during the preceding seven years or less; (b) the posts of Assistant Station Masters, Class "A", "B", "C", "D", "E", and "F" from guards and from lower class respectively during the preceding seven years or less as may be available?

Mr. P. E. Rau: I lay on the table a statement containing the information required.

(a) Grade.	Percentage of promotion from qualified guards.	Percentage of promotion from Station Masters or Assistant Station Masters or Assistant Yard Masters.
Station Master Rs. 300—10—350 . . .	Nil	100%

(b) Class of Assistant Station Masters.	Posts filled by promotion from guards list.	Posts filled by promotion from lower classes.
Class 'A' Rs. 40—3—55	Nil	100%
Class 'B' Rs. 60—3—75	Nil	100%
Class 'C' Rs. 78—3—90	Nil	100%
Class 'D' Rs. 103—5—140	Nil	Nil
Class 'E' Rs. 150—10—250	Nil	Nil
Class 'F' Rs. 260—10—290	75%	25%

Regarding Class 'F' Assistant Station Masters, there were only four vacancies in this grade, one of which was filled by promotion from lower class Assistant Station Masters' list and the other three from Guards' list.

INCOME-TAX ASSESSEES WHO HAVE GOT THEIR PLACE OF BUSINESS TRANSFERRED TO OTHER PROVINCES.

290. **Mr. Sitakanta Mahapatra:** (a) Will Government please lay on the table a statement showing the number of assesseees who have got their principal place of business transferred from Orissa (Cuttack, Puri, Balasore, Sambalpur, Ganjam) to other Provinces between the years 1922 and 1933 and the total amount of income-tax revenue lost to Orissa in such cases and the provincial quota of the Orissa Province under Meston Settlement, therefrom?

(b) What is the amount of tax such assesseees, who have got their principal place of business transferred out of the province, had finally paid from year to year from 1922 so long as they were in Orissa and what is the amount of tax assessed on these particular assesseees from year to year in other Provinces to which they got themselves transferred since after such transfer?

(c) What is the total number of applications filed for transfer of principal place of business which have not been granted in Orissa (district by district) between the years 1922 and 1933?

The Honourable Sir George Schuster: The question refers to the operation of Devolution Rule 15. There is at present no separate Orissa Province, and, even if one were to be formed, there is nothing to show that it would come into existence before a date when constitutional changes took place which would include the supersession of Devolution Rule 15. For this reason, little purpose would be served by obtaining the information required, and, as the information could not be compiled without a very considerable expenditure of time and labour, I do not propose to call for it.

REALISATION OF INCOME-TAX DEMANDS BY CERTIFICATES OR DISTRESS WARRANTS IN ORISSA.

291. **Mr. Sitakanta Mahapatra:** (a) Will Government please lay on the table a statement showing the number of cases in which the income-tax demands had to be realised by certificates, or distress warrants each year, in each district in Orissa, including Ganjam and Sambalpur, during the period 1922 to the end of 1933, and the amount of income-tax revenue realised by such processes each year?

(b) What was the total number of persons against whom warrants of arrests had to be issued and who were put in civil jail in Orissa, inclusive of Ganjam and Sambalpur, district by district during the above period and what was the amount of revenue involved in such cases and the cost incurred on such arrests?

The Honourable Sir George Schuster: With your permission, Sir, I propose to answer questions Nos. 291, 294, 295 and 296 together. The information is being collected, and will be laid on the table in due course.

AVERAGE TIME TAKEN IN THE FINAL DISPOSAL OF PETITIONS FOR
REMISSION OF INCOME-TAX IN ORISSA.

292. **Mr. Sitakanta Mahapatra:** Will Government please lay on the table a comparative statement showing the average time taken in the final disposal of petitions for remission of income-tax as were unsuccessful and of those which were successful in the Orissa Circle?

The Honourable Sir George Schuster: The information is not on record and could not be obtained without an expenditure of time and labour that would be incommensurate with the value of the results.

PETITIONS OR APPEALS AGAINST ASSESSMENT OF INCOME-TAX IN ORISSA.

293. **Mr. Sitakanta Mahapatra:** Will Government lay on the table a statement showing the number of cases in which assesseees who had filed petitions under section 27, or appeals under sections 30 or 32 or review under section 33 or references under sections 66 (2) or 66 (3), were allowed to withhold payment of the income-tax demanded, without incurring any penalty, till the disposal of such petitions or appeals or reviews or references in the Orissa Circle?

The Honourable Sir George Schuster: The information cannot be compiled without an inordinate expenditure of time and labour.

CONCANCELLATION OF THE ASSESSMENTS OF INCOME-TAX IN ORISSA.

†294. **Mr. Sitakanta Mahapatra:** Will Government please lay on the table a statement showing (i) the total number of such cases in which assessments of income-tax were cancelled during the years 1928-29, 1929-30, 1930-31, 1931-32 and 1932-33, (ii) the amounts of tax already paid on account thereof, (iii) the amount of interest accrued at current bank rate during the period between the date of original payment and the date of cancellation of the assessment, and (iv) the date of final disposal in the Orissa Circle?

DISPOSAL OF INCOME-TAX CASES IN BIHAR AND ORISSA ON GAZETTED
HOLIDAYS.

†295. **Mr. Sitakanta Mahapatra:** (a) Are Government aware that the income-tax assesseees in Bihar and Orissa have been required to comply with the requisitions of the Income-tax Officers even on Sundays, and public and gazetted holidays, during the years 1931-32, 1932-33 and 1933-34, against their consent and that any non-compliance on such dates have been dealt with as default?

(b) Will Government please lay on the table a statement showing the number of cases fixed by Income-tax Officers during the Christmas holidays of 1931, 1932 and 1933, district by district, in Bihar and Orissa and the number of those which were assessed under section 23 (4)?

CASES UNDER SECTION 23 (4) OF THE INDIAN INCOME-TAX ACT IN ORISSA.

†296. **Mr. Sitakanta Mahapatra:** Will Government please lay on the table a statement showing the number of cases disposed of under section 23 (4) in each district during the years 1931-32, 1932-33, and 1933-34, and how many of them were re-opened by Income-tax Officers, Assistant Commissioner of Income-tax, Commissioner of Income-tax and H. C., respectively, in the Orissa Circle?

†For answer to this question, see answer to question No. 291.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Brojendra Mitter (Law Member): Sir, I lay on the table the information promised in reply to starred question No. 432 asked by Sirdar Harbans Singh Brar on the 10th March, 1934.

BRITISH INDIAN DELEGATES OR SUBSTITUTE DELEGATES TO THE LEAGUE OF NATIONS.

*432.

Hindus.	Muslims.	Europeans.	Parsis.	Christians.	Sikhs.	Total British Indians.
64	22	72	11	3	1	101

NOTE 1.—Advisers to delegates have not been included in the above statement.

2.—In addition a place in the Indian Delegation to the Assembly of the League of Nations was offered to Sir Sunder Singh Majithia in 1932 but owing to private affairs he was unable to accept.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table the information promised in reply to starred question No. 523 asked by Mr. S. C. Mitra on the 19th March, 1934.

RUMOURED ILLNESS OF MR. SATIN SEN, A STATE PRISONER IN THE CAMPBELLPUR JAIL.

*523. (a) The answer to the first part is in the negative. An X-Ray examination prior to this transfer to the Campbellpur Jail showed that his hip joints were clear and free of disease. He was also examined in November, 1933, by the Civil Surgeon, Rawalpindi, who recorded the opinion that the only positive signs of any defect in Mr. Sen were low blood pressure with high diastolic pressure and pulse rapidity and that his body was suffering from loss of tone owing to lack of exercise and that what was necessary to improve his general health was that he should take more exercise. He is shortly to undergo a thorough examination by X-ray and otherwise. I should add that he is a detenu and not a State prisoner.

(b) I have no knowledge of this.

(c) His weight on arrival at Campbellpur was 159 lbs. His present weight is 143 lbs.

(d), (e) and (f) A representation from Mr. Sen for a transfer was received in April, 1933, by the Punjab Government who transmitted it to the Bengal Government. The representation was not supported by the Deputy Commissioner and was rejected by the Bengal Government.

(g) His correspondence is dealt with under the ordinary rules in force and no other restriction is placed on it.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table the information promised in reply to parts (b) and (c) of unstarred question No. 220 asked by Mr. S. C. Mitra on the 21st March, 1934.

MONEY ORDERS ISSUED AND PAID.

220. (b) The information is given below :—

		Number. (a)	Percentage of (a) on the total of India.	Value. (b)	Percentage of (b) on the total of India.
		Rs.			
Bengal and Assam Circle (excluding Calcutta).	Issues	8,213,000	24.05	14,70,54,000	21.69
	Payments.	6,127,500	17.04	12,02,41,000	16.10
Calcutta.	Issues	2,139,000	6.27	3,93,72,000	5.81
	Payments.	2,858,000	7.95	6,06,54,000	8.12

(c) At the end of the year 1932-33, there were 148,552 active Savings Bank Accounts at Calcutta and the percentage of this number to the total number of accounts in the Bengal and Assam Circle is 21.54.

Mr. B. J. Glancy (Political Secretary): Sir, I lay on the table:

- (i) the information promised in reply to unstarred question No. 145 asked by Khan Bahadur Hajj Wajihuddin on the 6th March, 1934; and
- (ii) the information promised in reply to unstarred question No. 217 asked by Maulvi Sayyid Murtuza Saheb Bahadur on the 19th March, 1934.

URS OF KHAWJA SAHIB IN AJMER.

145. (a) Government have not classified any fairs according to their importance.

(b) Holidays are declared by Local Governments at their discretion under the power vested in them by the explanation under Section 25 of the Negotiable Instruments Act, 1881, and Government see no reason to interfere with the exercise of that discretion.

(c) This question has been considered by the Agent, Bombay, Baroda and Central India Railway and discussed with his local Advisory Committee and the conclusion arrived at is that the issue of concession tickets will result in a loss of railway earnings.

(d) In view of the replies given to parts (a), (b) and (c) above, Government do not propose to take any action in the matter.

ALTERATION IN A FIRST INFORMATION REPORT RECORDED AT THE GOVERNMENT RAILWAY POLICE STATION AT SHAMGARH IN CENTRAL INDIA.

217. (a) No.

(b) to (g). Do not arise.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to starred question No. 434 asked by Mr. Nabakumar Sing Dudhoria on the 10th March, 1934.

ARRIVAL OF DOCTORS FROM GERMANY TO SET UP PRACTICE IN INDIA.

*434. (a) It is understood that since the beginning of this year some 6 or 7 German doctors have arrived in Bombay to set up in private practice.

(b) and (c). Government have no information.

(d) Medical practitioners who are on the register of the General Medical Council of Great Britain or on the register of the Provincial Medical Councils of India are liable to be removed from such register if they resort to the practice of advertising with a view to their own gain.

(e) Government have no information.

(f) According to information which was published by the General Medical Council of Great Britain in 1929, foreigners with or without foreign qualifications can practise in Germany; but only those persons who have passed certain examinations and obtained a license of the Government are entitled to describe themselves as physicians, surgeons, etc.

(g) Government do not consider it necessary to take any steps in the matter at present.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table the information promised in reply to unstarred question No. 229 asked by Mr. S. G. Jog on the 27th March, 1934.

DISABILITY PENSION TO MILITARY EMPLOYEES INVAIDED DURING THE GREAT WAR.

229. The word "permanently" used in the Government orders on Recommendation No. XIII of the War Pensions Committee is not to be interpreted literally. Of the three documents specifically referred to by the Honourable Member, hospital cards are not maintained for Indian troops and followers. Medical History Sheets and casualty forms are retained for twenty-five years after the soldier becomes non-effective by discharge, death, etc.

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

- (i) the information promised in reply to unstarred question No. 74 asked by Mr. S. C. Mitra on the 13th September, 1933;
- (ii) the information promised in reply to starred question No. 1359 asked by Mr. E. H. M. Bower on the 11th December, 1933;
- (iii) the information promised in reply to unstarred questions Nos. 155 and 156 asked by Mr. S. G. Jog on the 6th March, 1934; and
- (iv) the information promised in reply to starred question No. 354 asked by Khan Sahib Shaikh Fazal Haq Piracha on the 6th March, 1934.

RECKONING OF SENIORITY ON THE NORTH WESTERN RAILWAY.

74. The Agent, North Western Railway reports that seniority in a grade is based on the date of confirmation in that grade and between grades an individual on a higher scale of pay ranks senior to one on a lower. Promotion from grade to grade is dependent on fitness as well as seniority.

RULES FOR THE RECRUITMENT AND TRAINING OF THE SUBORDINATE STAFF ON STATE RAILWAYS.

*1359. (b) and (c). On the North Western, Great Indian Peninsula, and Eastern Bengal Railways no drivers were recruited as probationers or appointed direct since 1931. On the East Indian Railway, one Hindu was recruited as a probationer for training as a driver and one European and 4 Muslim drivers were appointed direct as they had previous experience on that railway.

RE-INSTATEMENT OF "B" GRADE GUARD EX-STRIKERS ON THE GREAT INDIAN PENINSULA RAILWAY.

155. The Agent, Great Indian Peninsula Railway, reports:—"No "B" (Guard) grade ex-strikers have been reinstated in their former grades. There have, however, been no vacancies which required to be filled."

TREATMENT OF RE-INSTATED EX-STRIKERS ON THE GREAT INDIAN PENINSULA RAILWAY.

156. Ex-strikers of the Great Indian Peninsula Railway borne on the waiting list of reinstatement and taken on after the 16th July, 1931, have been engaged in an officiating capacity in accordance with the orders under which all vacancies which might occur after that date were to be filled in an officiating capacity or on a temporary footing. Existing orders provide that a railway servant re-employed in an officiating capacity who would, but for the decision referred to above, have been appointed on a permanent footing will be eligible to subscribe to the Provident Fund. The latter part of the question does not therefore arise.

SYSTEM OF RECRUITMENT OF PERMANENT WAY INSPECTORS ON THE NORTH WESTERN RAILWAY.

*354. (a) Permanent Way Inspectors are not recruited direct. They are promoted from Assistant Way Inspectors on the following basis: -

- 75 per cent from Assistant Way Inspectors, Grade II (recruited from apprentices).
- 25 per cent from Assistant Way Inspectors, Grade I (promoted from Mates, Time-Keepers etc.).

(b) There is no such designation as "Assistant Inspector Grade II". An Assistant Way Inspector, Grade II, qualified for the post of a Permanent Way Inspector, is an employee who has been recruited as such on the successful conclusion of a four years' apprenticeship as an apprentice Permanent Way Inspector and who is recommended as fit for the post of Permanent Way Inspector, whereas an apprentice P. W. I. working as an Assistant Way Inspector, Grade II, is still an apprentice undergoing a four years' apprenticeship, during the last year of which he is required to be in-charge of a section of Railway line, a large station, permanent way renewals, etc., under the instructions of the Permanent Way Inspector.

(c) (d) and (e) As already explained in the reply to (b) above, apprentice Permanent Way Inspectors are recruited on the successful completion of their apprenticeship as Assistant Way Inspectors Grade II, as vacancies permit. Vacancies of Permanent Way Inspectors are filled from Assistant Way Inspectors, Grades II and I, in the proportions given in the reply to part (a) of the question above.

(f) The Agent, North Western Railway considers that the present system gives adequate consideration to the claims of Assistant Way Inspectors, Grade I, for promotion to the post of Permanent Way Inspectors. No change is proposed.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I beg to move the following:

"That this Assembly do proceed to elect in such manner, as may be approved by the Honourable the President, 11 members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

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

"That this Assembly do proceed to elect in such manner, as may be approved by the Honourable the President, 11 members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): I may inform Honourable Members that for the purpose of election of Members to the Standing Finance Committee for Railways, the Assembly Office will be open to receive nominations upto 12 Noon on Thursday, the 5th April, and that the election, if necessary, will, as usual, be held in the Secretary's Room on Saturday, the 7th April, 1934. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE SUGAR (EXCISE DUTY) BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the motion* moved by the Honourable Sir George Schuster on the 29th March, 1934, and the amendment† moved thereon by Mr. M. Maswood Ahmad.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): Sir, yesterday I was narrating to the House what benefit the sugar industry has conferred on India. I have already told you that last year the Railway Department

*"That the Bill to provide for the imposition and collection of an excise duty on sugar be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. S. C. Mitra, Mr. Muhammad Azhar Ali, Seth Haji Abdoola Haroon, Lala Hari Raj Swarup, Mr. Jagan Nath Aggarwal, Mr. Bhuput Sing, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Mr. A. Das, Bhai Parma Nand, Mr. C. S. Ranga Iyer, Mr. F. E. James, Mr. G. Moran, Nawab Major Malik Talib Mehdi Khan, Sardar Nihal Singh, Major Nawab Ahmad Nawaz Khan, Mr. G. S. Bajpai, Mr. G. S. Hardy, and the Mover, with instructions to report within seven 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 1st of August, 1934."

[Seth Haji Abdoola Haroon.]

increased their income by Rs. 2½ crores, a big portion of which must be attributed to the sugar industry. To my knowledge, 400 tons of sugar machinery were imported, the railway freight on which was between Rs. 50,000 and Rs. 60,000. Moreover, the factories have to get cement, lime, concrete, and hundreds of other things, and, according to my calculation, each factory has paid railway freight to the extent of not less than one lakh of rupees. Last year, 75 new factories were established in different parts of India, and each factory has spent, including railway freight, about Rs. six lakhs, and, in the shape of wages to labourers, artisans, and others, they have paid about Rs. 4½ crores which has minimised the depression in India. The sugar industry has helped in solving the unemployment in the country. At present about 140 factories are working, and each factory employs about 1,000 men. It means that 150,000 people get employment from the sugar industry. Besides that, not less than 5,000 educated people are employed in these factories as technical men, such as chemists, clerks, accountants, and so on. Again, according to this year's estimate, about 5½ million tons of sugar-cane will be crushed in these factories. In India, the average yield is ten tons per acre, and that means about 5½ lakhs of acres are cultivated by the agriculturists. I do not know how many agriculturists will be required to cultivate 5½ lakhs of acres of land, but it cannot be less than 5½ lakhs of men. I may remind the House that this so-called protection duty was levied by the Finance Member as a revenue duty.

Let me now come to the question of profits which these sugar manufacturers are supposed to be making. There is a loud cry outside this House, in this House and by the Finance Member that the sugar manufacturers are making huge profits. Unfortunately, up till now nobody has cited figures to show that such and such a factory has made 50 per cent, or 100 per cent, or 20 per cent, or 30 per cent, profit, but only vague allegations are made that because it cost five rupees to make sugar and it is selling at ten rupees, therefore, the manufacturers have made five rupees per maund as profit. I cannot deny that, on account of the high revenue duty between 1929 to 1932-33, the old established factories have made profits, but I may explain—I am sorry I am not fluent enough to express myself properly, but I may put the facts before the House in my own way. It must be remembered that the sugar industry had been in existence for a long time, but it came to be properly organised since 1929-30, and, from 1929-30 to 1932-33, only 57 factories commenced to work and they produced about 3,50,000 tons of white sugar, whereas the consumption in India is about 11 or 12 lakhs of tons. If these 350,000 tons had been imported from Java, the price of Java sugar for the last two years is Rs. 10 a maund at the ports, and they have to pay a freight of Rs. 1-8-0 per maund, and so, in the interior part of the country, say, the United Provinces, Western Punjab, Northern Punjab, Eastern Bengal and Bihar, they could not purchase sugar for less than 11-8-0 per maund. But these factories erected at these centres are able to sell their sugar at Rs. 10-12-0, or Rs. 10-8-0, or Rs. 10-4-0, or even Rs. 10 a maund. Because the people of those places cannot purchase sugar for less than Rs. 11 or Rs. 11-8-0, those factories are able to sell their sugar at Rs. 10, but as the production of these factories commenced to increase and these places are unable to consume all the sugar, the sugar manufacturers have to sell their sugar in far away places to dispose of them. On account of this,

they have to pay heavy freight to the railways. I want to give you one instance. From the United Provinces to Madras, the railway freight charged is Rs. 1-4-0, sometimes Rs. 1-6-0 sometimes Rs. 1-4-0 and sometimes Rs. 1-3-0. Up to Karachi, 1-8-0, 1-4-0, 1-3-0, and so on. All these people have to send their sugar to these ports, because all the sugar cannot be consumed in the territory where it is manufactured. In many foreign countries, such as Germany and England, they are selling their sugar at Karachi at Rs. 10 and they are also selling in Cawnpore where sugar is manufactured at Rs. 10, because they have a big organisation. In Java also, they fix the price for the different countries. Today they want to compete with India, because India has commenced to manufacture sugar. But unfortunately we are not organised well. Later on, the sugar market went down, with an average price of 7-12-0.

Now, I want to draw the attention of the House to what the Tariff Board say on page 69. They show two prices, the present price, that is to say, when the report is written, and another, the price during the period of protection in which you find that they have put all the costs separately, such as the raw materials, labour, power, fuel, supervision and office charges, repairs, packing and miscellaneous. For the first period, they say that sugar will cost Rs. 8-3-1 per maund and have deducted 1-10-8 for the molasses, leaving 7-8-5, they put overhead charges and profit at ten per cent 1-13-4, and they say that 9-5-9 is a reasonable price, but, at the end of the protection, they consider that 7-12-5 is a reasonable price. I want to inform the House that, within a year or two, the sugar manufacturer brought down the price to 7-12-0 which the Tariff Board considered reasonable at the end of the period of protection, and, besides that, we do not get anything from molasses. I have given these figures to show to the House what these figures represent and what are the profits. These are the figures given by the Tariff Board on more profitable rates. If this is true, then we are losing six annas nine pies as the molasses price, and now our Honourable friend, the Finance Member, comes forward with one rupee excise duty. Can any Honourable Member imagine that the sugar manufacturer can make a profit? If this is the condition of things, then the sugar manufacturer will sustain loss.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): We have got these figures. May I ask the Honourable Member to give a certified copy of the figures of certain factories actually at work at Gorakhpur or Pilibhit or some of the places in the United Provinces, because we manufacture there 50 per cent of the sugar in the country?

Seth Haji Abdoola Haroon: I am bringing these figures, and I do not know whether the Honourable the Finance Member or the House will accept them. I want to give you the instance of a few factories. They are all shareholders companies. First is the Basti Sugar Works under the management of an Indian.

Dr. Ziauddin Ahmad: That is an expensive factory. That is in my own constituency.

Seth Haji Abdoola Haroon: The Doctor Sahib is always expensive. He gives tea parties and dinners. I am not giving so many parties. The Doctor Sahib is generous. I cannot consider it as very expensive. For

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the Basti Sugar Works, the share capital is Rs. 7,86,000 and block capital Rs. 27,71,000. What is the profit they have gained? In 1932, 30 per cent, in 1933, 25 per cent. The average is not more than ten per cent on the block capital. I shall give another instance—the Cawnpore Sugar Works which was established 25 years back. The Company is managed by the well-known European firm of Begg Sutherland and Co. 15 lakhs share capital and block capital of 68 lakhs. They have built up their reserves and so on. They gave 35 per cent in 1932, and 30 per cent in 1933. In 1934, they cannot give more than 20 or 25 per cent according to my calculation. It is six per cent on the block capital and 30 per cent on the share capital. Then, the Punjab Sugar Mills, conducted by an Indian gentleman. It is ten lakhs paid up share capital, 16 lakhs of rupees paid-up capital account, 40 per cent they gave in 1932, 20 per cent they gave in 1933—average 11 per cent. Another Company, John Findlay, an English Company, had 11 lakhs paid-up capital, 20 lakhs block capital, and they gave 15 per cent in 1932. 12½ per cent in 1933—average 6.6 per cent was paid to the shareholders. These are all old companies—some were started five years ago, some ten years ago, some 25 years back.

I shall now give you some facts and figures regarding some of the new Companies. The Beta Sugar Company, established in 1932, commenced to work in 1932, five lakhs of capital, 8.45 lakhs block capital, gave 10 per cent in the two years, average 5.9 per cent. The Ganesh Sugar Company eight lakhs share capital, 9.47 lakhs block capital, ten per cent dividends, average 8.5 per cent. The New Swadeshi Company, ten lakhs capital, average 4.8 per cent dividend. The Diamond Sugar Company, ten lakhs capital, Rs. 10,35,000 block capital, 2.6 per cent dividend. Besides that, there is always a general argument sought to be made.

Yesterday, my friend, Mr. Muhammad Yamin Khan, told us that within two years the Daraula Factory made up all their capital. I have been three times to that Factory, and some few miles away there is a Factory in Mansurpur which belongs to my friend, Lala Hari Raj Swarup. I have been there also, and, Sir, I was quite astonished when I heard that within two years the Daraula Factory made all this cent per cent profit. I also have experience of my own Factory, and I think that the Daraula Factory is owned by Lala Shri Ram. Now, he has got his big works in Delhi, I mean to say the workshop in Delhi, and he has got one or two cloth mills and he has a lot of experience of machinery, and what I say is that, as regards that Company, there were lots of trouble with regard to machinery, but he kept three motor cars and one lorry ready immediately to send back parts to the works for repairing them or putting in new parts. Well, this Mansurpur Factory of my friend, Lala Hari Raj Swarup, has got no works, and I am afraid that Factory is not working and may have to close. I asked my friend—how is this? He said: "I have got these difficulties and I have sent my men here and there, and, therefore, I am unable to work". I want the Government and the House to know that if we are unable to work our sugar factory for one minute we incur a loss of three rupees per minute. If we are unable to work our factory for one hour, we lose about Rs. 200 and if we are unable to work our factory for 20 hours, we stand to lose

Rs. 5,000; and all my Honourable friends know that we, who have established these new sugar factories, have had no previous experience, and, unfortunately, in our country, there is no supply of an adequate number of technical men or of trained labour—chemists or engineers—who have to run the sugar factories. So, nobody can imagine what sort of difficulties we are experiencing in these days. Of course, they say: "You are making lots of profit". Sometimes my friend, Mr. Joshi, suggested to the Government that all these industries should belong to the State, that we should nationalise them all, and so on. Now, if the Government or the public come forward, and if all these sugar factory owners are assured of at least a return of ten per cent, as was suggested by the Tariff Board, then all of us, including my friend Lala Shri Ram, will come forward and hand over our factories to some organisation which will give us a ten per cent profit. Everybody here or in the Bazar can say whatever he likes, but no organisation or no Company comes forward to take up all these factories. So we have to organise ourselves, work for ourselves and make the industry as successful as we can, whether we get ten per cent. or 20 per cent profits, or we have to lose.

Sir, I hope I have now established clearly before the House that the sugar factories are not making such huge profits as has been suggested; and, side by side, I have also shown by means of figures that, if the proposed excise duties are levied on sugar factories, then, not only can they not make any profits, but they will lose utterly.

Sir, now I want to suggest to the House and particularly to the Government Benches that, before you levy the excise duty, you should examine the whole situation. I think no one in this House nor even ourselves can grudge or can object to that excise duty if a reasonable profit say, ten per cent. as has been suggested by expert bodies, is assured to us; and, in that case, I am willing to accept, instead of Rs. 1-5-0 even two rupees per hundredweight as excise duty. But if I find that, after paying this excise duty, not only do I not make any profit, but the industry has been groaning and has been suffering and thereby the whole country also has been suffering, then we must oppose this excise duty in this House. Sir, I know very well as a sugar merchant that all over the world the consumers are paying excise duties and very heavy excise duties to their Government. I also have no objection to paying an excise duty, but, first of all, we have to consider whether the industry can at present bear such excise duty or whether it can bear in one or two or five years one rupee, two rupees or five rupees of such duty. We must consider all these points. I know the time has come when the Government cannot get much money from the customs duties. The time has come when, day by day, you will find that the income from the customs duty on account of high duties and also on account of some tariff walls all over the world will diminish. I know the time is coming very soon when Government will have to put an excise duty on sugar and matches, and I also know that in the near future Government will also have to put an excise duty on cotton, wheat, rice and other cereals, because they will be in need of money. But, at the present moment, you have to consider whether the sugar industry can bear the excise duty or not. I myself do not know whether the Government of India have consulted the Provincial Governments about the levy of this excise duty or not, whether they have consulted the Imperial Agricultural Institute or not, and whether they have

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consulted the Sugar Technologist or not. I think they ought to consult all these bodies. Unfortunately I do not know anything about this matter. I do not know, for instance, what were the opinions of the Governments of the United Provinces and Bihar and Orissa. These are the centres where the sugar is mostly manufactured. I do not know what is the opinion of the Punjab Government. But, I find from the newspapers that all these Provincial Councils have condemned this excise duty. The Madras Council also has condemned this excise duty. I do not know the opinion of the Imperial Agricultural Institute. They are very much interested in this industry and they have been working for the improvement of the sugar-cane, both as regards its quality and quantity, for the last several years. They have worked very hard at it, and they have got a Sugar Committee which gives them advice. As a member of the Sugar Committee, I can say that nobody brought any point about the excise duty. So, I want to know from the Government whether they have consulted these various bodies, and, if so, whether they will lay those opinions on the table of the House or put them in the Library or submit them before the Select Committee, so that we may have the advantage of perusing them. After seeing them, I will be in a better position to help the Government. Sir, I want to know the opinions of the Local Governments. If this excise duty is levied without consulting the various bodies, whom I have mentioned, the result will be anything but satisfactory, Sir, I am a layman in this industry, and I knew nothing about it two years ago. But whatever experience I have gained during the last two years, goes to show that the prices cannot be raised above Rs. 7-12-0, because we have to sell our sugar in the ports. If we have to sell sugar at a lower price, then, in my opinion, as a layman at least, one-third of the factories are bound to be closed and the remaining two-thirds of the factories will be able to supply sugar only to the interior of the country, such as, the United Provinces, the Punjab, Bihar and Orissa and the Eastern Bengal. They will not be able to supply sugar to the ports and they cannot get sugar from foreign countries, especially from Java. Sir, Government might be satisfied with the arrangement that half the sugar consumed in this country might be produced by the local factories and the rest might be imported from foreign countries. But will my countrymen be satisfied with this arrangement? Will this House be satisfied with this arrangement? I have already said that I am a layman in this industry, but my own idea is that the sugar industry in India has a bright future before it. My own opinion is that India can supply sugar, not only for our own consumption, but also can supply the United Kingdom within the next five years.

Mr. President, you know that when we were at Ottawa, I brought this point before our Committee that India must have a preference on any article which she is not exporting at present. But, in future, India might come forward and export those things to the United Kingdom which are today being supplied by the dominions and the colonies. Immediately, somebody asked me a question and wanted to know what was my opinion about it. I said that in my opinion sugar could be exported to the United Kingdom, say, within the next five years. So, I wanted preference on sugar also. Thank God, on account of other things, they have entered clause 13 in the Ottawa Pact according to which I am now entitled to approach the

Government whenever I like and ask them to correspond with the United Kingdom Government that India must get Rs. 3-9-0 per cwt. as a preference duty as is given to the dominions. Sir, today the position in India is this. There is a talk in some newspapers and also among the Members of this House that when Java is able to produce sugar at three rupees a maund, why should we give such a heavy protection to the Indian sugar, say about five rupees per maund? They are right that Java is selling at present at three rupees a maund *c. i. f.* Calcutta and Karachi. I want to inform the House that this price is not profitable to Java but, on account of the heavy stock lying in Java, they are compelled to dispose of their sugar at three rupees per maund. Because I have dealings with Java, I know their cost is not less than Rs. 4-8-0 per maund *c. i. f.* whereas, our cost is not less than Rs. 7-8-0 per maund. The Government of India know very well that, 25 years back, Java was in the same position as we are today. The Java land could not produce cane more than 300 maunds per acre as we in India are producing today 300 or 400 maunds per acre. But, within the last 25 years, through the organisation of labour and through scientific enquiries and through the backing of the Government of Holland, they are now able to produce in Java 1,700 maunds of cane per acre. They have not only improved their quantity, but also the quality of the cane, so that they are now able to recover sugar to the extent of 9.5 to 11.8 per cent. and this is the result of 25 years' hard struggle. Are you allowing us to work like this? You do not allow the sugar industry, even to live. We started the industry only a few years back, and you cannot expect so much perfection from us immediately. Give us some time, and, as I told you, within the next five years, India will be able to export sugar to England. Today I am glad to inform the House that, not only the Government of India, but also other Provincial Governments are doing their best to improve the quality and quantity of cane and especially the Imperial Council of Agricultural Research is doing its best, and I believe that, within the next few years, India will come to the level of Java, and India, though she cannot compete with Java in all respects, can at least reduce the cost of manufacturing sugar very much below what it is today. The manufacturers of sugar in India cannot oppose this excise duty, because all over the world it is the consumers who pay the excise duty.

My request is only this that Government should enquire into the matter thoroughly and find out whether the immediate imposition of the excise duty is profitable to the country, or whether a little more time, say, one or two years, should be given before levying this excise duty. The Government of India should also consult the Provincial Governments before coming to a final decision. I know the Honourable the Finance Member is in difficulties and he wants money immediately. On account of that only, the Government consider it proper that the sugar excise duty must be levied. Of course, I cannot do anything except to appeal to the Honourable the Finance Member to consider what will be the fate of the industry in future if this duty is levied immediately. (Interruption.) I hear somebody saying that there is over production of sugar in India today. But this is not correct. In my opinion, there is room in India for 140 more factories. First of all, we must try to oust the foreign sugar imported from foreign countries, and, after succeeding in that attempt, we must try to reduce the price of sugar for internal consumption, and thus the consumption of sugar will increase. I want to inform the House that at present ten tons of cane can produce hardly one ton of *gur*, and two tons of *gur* can produce one ton of sugar, and from about 12 tons of cane you can produce one maund of white sugar from these factories. In my opinion, the time is not far off

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when people will eat more white sugar if the price is made to be less than the *gur*.

I want to bring to the notice of the Government one or more points. I have read in the newspapers that a few weeks back a Sugar Conference was held in London where the producers of all Governments met together. There is a move in the world that those countries, which are not producing sugar, should try to produce them, and those countries, which are not producing sugar in large quantities, should increase their production. I also read in the newspapers that a deputation of Lancashire people went to Holland and negotiated that in exchange for the textiles of England, Holland should send sugar from Java, and I also read that Holland was going to send two lakhs of tons of sugar to the United Kingdom. I do not know whether this is correct or not, but I do not think the Government of India are taking any steps in that direction to send something from India in exchange for some other thing from England.

There is another point that I want to bring to the notice of the Government. I want to know whether the Government of India have consulted the Provincial Governments and the Imperial Council of Agricultural Research and the Sugar Technologist, and, if so, will the Government place on the table of the House or before the Select Committee all the opinions received with regard to the sugar excise duty? Are the Government also prepared to lay on the table a list showing the amount collected by way of income-tax from sugar mills, and what percentage of profit these mills have made on their shares? This information is very important, because there is a general belief that the sugar industry is making huge profit. But the real truth is known to the Income-tax Department of the Government of India. If the Government should supply all this information, then we can understand whether the sugar factories are working efficiently, and, if they are not efficient now, they can try to improve the condition of the industry. In this way, the country also would know the real position of the industry at present.

Sir, I again appeal to the Honourable the Finance Member that, before deciding to impose this excise duty on sugar, he must consider all these things. He should consider what the cultivator will have to suffer, how it will affect the income-tax, unemployment and labour, and all these things. If, after considering all these things, the Select Committee or Government think fit to put this excise duty, I think everybody will agree to it.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I should like to put the case of the general public. We have listened with considerable attention and patience to the case that has been put forward on behalf of the manufacturers of sugar. It was the duty of the House to hear what the sugar manufacturers have got to say, and then come to a conclusion how far the policy which the House is going to adopt in the interest of the public is compatible with the claims put forward by the manufacturers of sugar.

As regards the general policy, I take it there is no question. The development of the sugar industry in the last four years has been a most remarkable phenomenon, and I for one rejoice at the great development that has taken place within such a short time. It almost looks as if this country may become entirely self-contained and self-sufficient so far as the supply of sugar is concerned, within a very short time indeed; that is to say, if

things pursue their normal course and if those who are carrying on the industry prove their efficiency of management and can refrain from unfair competition with each other.

So far as protection is concerned, as I have been able to follow the speech of the Honourable the Finance Member, who has put forward this Bill, he does not intend to reduce that protection in any way and Rs. 7-12-0, as proposed by the Tariff Board, will remain. The proposal that he has made and which has been so seriously objected to on behalf of the industry in this country is the excise duty of Rs. 1-5-0. As I have been able to follow the case of Government, they say that, owing to the protective and the high revenue duties, the revenue from import duty has seriously declined. The revenue derived from the import duty in 1930-31 was, I believe, something to the extent of ten crores. And now the Honourable the Finance Member has been able to budget only for two crores for 1934-35. I know those figures have been disputed by my Honourable friend, Mr. Morgan, but that is a matter of calculation and drawing the right inference from the trend of the trade within the last four or five years; and I think it is a matter which can only be settled by the Select Committee. But there can be no doubt, and nobody denies it, that there has been a very substantial decline in Government's revenue since the development of this industry in the last four years, and of course the Government would naturally look to some source for supplying this deficit. Their proposal is that in order to compensate for this decline in the revenue of Government owing to the rapid development of the sugar industry in the country under the shelter of a high tariff wall, it is fair and equitable that an excise duty should be levied of the amount proposed. As I have said, my Honourable friend, Mr. Morgan, has questioned the figures of the Honourable the Finance Member. He is not satisfied that the decline in the revenue will be so much as Sir George Schuster puts it. He is inclined to suggest that for 1934-35 Government may very well look forward to four crores instead of two crores,—if I followed my Honourable friend correctly. That is a matter for the Select Committee to decide, but, anyway, even if my Honourable friend, Mr. Morgan, is correct to some extent in disputing the accuracy of the figures of Government, even then there will have been a very substantial decline. We who represent the public of this country will only rejoice if the industry established in this country supplies the entire demand of the country. In that case, Government will be faced with the total disappearance of revenue from import duties.

It has been asked, supposing that happens, have Government no other remedy? I think it was suggested that Government might resort to direct taxation, and the revenue that would be derived from increased income-tax and otherwise will make up the loss that the Government revenues may suffer through decline in foreign imports. Now, Sir, I do not think those Honourable Members who make suggestions of that sort have been able to satisfy the House that it will be possible for Government to make up for this loss of revenue by increased income-tax. My Honourable friend, Haji Abdoola Haroon, has asked Government,—in fact challenged Government,—to give figures showing how much increased income-tax has been paid by these sugar concerns. I daresay, they will be supplied to the Select Committee. That, again, is a matter which can only be gone into by the Select Committee.

At present it seems to me that what we are concerned with is to see whether on general principles this imposition of excise duty is justifiable on the part of Government or not. It seems to me that when an industry

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like this rises up under protection and the result of it naturally is that the general tax-payer has had to make enormous sacrifices in order to secure protection, it is only reasonable to expect that, when the industry prospers, it should be called upon and it is its duty to make a fair contribution to the general exchequer. I think that is a general proposition which cannot be disputed by any one. We have heard a great deal of argument as regards the enormous profits that the sugar industry has been making. The sugar manufacturers, who are represented in this House, and their friends and advocates have disputed the fact that the industry has been making such large profits. I happened to look into one of the representations that was made by, I believe, a fairly big concern in the United Provinces—the Saraswati Mill. Their claim seems to be that at least 15 per cent, after meeting all the charges, depreciation, interest on capital, and all that, should be allowed as dividend to the sugar industry. It is not disputed that the old established industries have been making very large profits, 100 and perhaps 200 per cent in some cases, and their shares have gone up. So far as we are concerned,—so far at least as I am concerned,—I do not think that is a matter which need disturb us at all. The only question is that if the factories have been making such large profits under protection, we the general public that have been making such large sacrifices should be entitled to call upon them to share in the sacrifices that we have been making. I know these factories and companies, which are business concerns, are out to make as much profit as they can. It is natural, and I do not think there is really any business house that will be inclined to accept any counsel of moderation in that respect from outsiders, whether the Government of India or anybody else. I do not think that is an advice likely to be accepted. But while that is a natural attitude on their part, the natural attitude on the part of others like us, who are not specially interested in this industry or any other industry, is that we have got to reconcile the two interests, their interests and of the public, as far as possible, and that is really a task which faces this House in a matter of this sort. It is not a very easy matter to come to a conclusion upon. In this House special interests are specially represented under the Constitution; they are represented not only in person, but also through agents. We have got to bear that in mind. That is the Constitution; and, therefore, it is certainly expected that they would put forward the case as strongly as they can, and that case has to be carefully examined to see how far it is justified.

My Honourable friend, the Finance Member, raised some very interesting general questions as regards certain trends of the policy of protection. He used rather strong language in describing what the reactions might be, if care was not taken, on the industries themselves and on the public. It is perfectly true, and nobody can deny it, that if the industries are not able to manage their concerns with that efficiency which is expected of all industries now-a-days in the world, when there is competition among the different countries all over the world, if they are too greedy, and, therefore, invite competition to an unusual extent, if they are unable to come to some arrangement among themselves in order to regulate the output, in that case, I am afraid, what my Honourable friend, the Finance Member, has told us may come to pass. We are just beginning

to have large-scale industries in this country, capitalised and managed by Indians and also others in certain classes of commodities. So far as the sugar industry is concerned, there ought not to be much difficulty in the way of those engaged in it, because, after all, this is an industry which does not require any specialised technical skill such as other industries may require; and we know, as a matter of fact, there is at present a lack of adequate skilled labour in the country. The processes, so far as I know, are perfectly simple. Labour is very cheap and it is not at all technical as I have said. There is no lack of cane available in the country. The soil in many parts of India is particularly suited to the growing of cane, and, therefore, it ought not to be very difficult for enterprising business men like my friend, Seth Haji Abdoola Haroon, and others, to see that the entire want of India is supplied by indigenous industries. But they have to bear in mind, as has been pointed out in such forcible language, that even then they cannot ignore world competition. If that is borne in mind, there is no reason whatever why they should not go ahead and establish the industry on a firm footing. It seems to me, the crux of the matter in these cases is what should be the criterion which the Select Committee should adopt in fixing the rate of excise duty, in arriving at which they have necessarily to take into consideration how it will affect the industries which have already been established and the new factories that are being started. What profits, for instance, should be allowed for, whether profits should be allowed in addition to interest on capital, a claim the force of which I have not been able to grasp yet. If there are shareholders' companies, for instance, or if there are proprietary interests, and if you say they should be secured a return of six per cent as interest on capital, and, on the top of that, there should be secured to the concerns dividends or profits of another ten per cent or 15 per cent allowing for the working expenses and depreciation and also Reserve fund, it seems to me the position becomes ridiculous. Sir, people find it very difficult now-a-days to get even four or five per cent for their money, and I should think that the sugar companies themselves will realise or ought to realise that if they place their demands too high, it cannot be accepted by the public or Government, and, in their own interest, it is extremely inadvisable for them to put their demand so high as has been put.

Then, Sir, my friend, the Diwan Bahadur, who, I find is not here at present, very eloquently pleaded the case of the new companies. He said that a number of new companies, not only in his Province of Madras, but also in my Province of Bengal, have been started, and this excise duty would mean that many of them may have to be closed down, because they will not be able to pay their way or make anything out of the business. Sir, I have not been quite able to follow his reasoning. I take it that in any business or in any profession, when a new competitor enters the field, he generally finds himself very seriously handicapped. Take my own profession of law. We know what hard struggle every junior barrister or pleader has to go through. Take the case of medicine: it is just the same there. In any industry, therefore, I suppose a new competitor has got to go through a certain amount of difficulties. He cannot expect to make the same profits so easily as the older established companies with their established reputation behind them make. But, Sir, if there is anything in the proposal that this duty will unfairly hamper

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the new concerns, then I take it that is a matter which can be very well threshed out in the Select Committee. I have not been able to follow the case very clearly of the new companies at this stage.

I have dealt so far with the case of the factory produced sugar. Now, we have got to deal with the case of what are called *khandsaris*. These, I understand, are small concerns,—I do not know whether they employ steam power or not, but if they do employ steam or electric power, they employ it on a small scale. The limit that has been laid down in the Bill applies to concerns which employ 20 men or more, that is, the factories; those concerns which employ less than 20 men do not come under the purview of this measure. The Finance Member said that it would be for the Select Committee to consider whether the *khandsaris*, who produce white sugar on a small scale, should not also be asked to pay the excise duty. I could not gather from the speech of my friend opposite or from the speeches of the Honourable Members who have spoken so fully on the subject on this side of the House whether these concerns, called *khandsaris*, supply any particular class of people with sugar of an inferior quality at a lesser price, that is to say, whether they cater for the poorer people while the factories cater only for the more well-to-do classes

An Honourable Member: That is correct.

Sir Abdur Rahim: Well, if that is correct, as I am told it is, in that case I am not so sure that it would be in the public interest to impose the same sort of excise duty on these people, because, after all, sugar is a necessity of life as much as salt is, and I do not see why the poorer classes should be deprived of their sugar, or their supplies of sugar should be curtailed to any substantial extent. There may also be administrative difficulties in bringing in the *khandsaris* within the purview of the law, as these are small concerns run by less than 20 labourers, it will not only be a great hardship on them to comply with all the requisitions of the law, but it will be very difficult for the Government to see that the Act is properly administered in their case, and it may lead to a cost out of proportion to what the Government may expect to realise from these small concerns.

Now, there is another proposal of the Government in connection with this measure which requires consideration at this stage, and that is fixing the price of cane or rather giving the Local Governments authority to fix the price of cane. That will only apply in the case of factories buying cane. I understand, Sir, from the representations received that the factories consume about ten per cent of the sugar-cane grown in the country. If that be so, there may be a difficulty in seeing that the cultivators do really benefit by this measure. I entirely agree with the Government that the cane growers must be protected as far as possible. Every precaution ought to be taken to see that those poor men who cultivate the cane and who have perhaps no other means of earning their livelihood are not compelled to sell their produce to the nearest factory at whatever price they can get. They ought to be assured of a reasonable living wage, so far, therefore, as policy is concerned, I am entirely in agreement with the Government in this respect, but I do think the rules and regulations by

which this obligation is to be enforced on the factories have to be very carefully thought out. There is on the one hand a great danger of the regulations being made too oppressive for the owners of the factories; on the other hand, it may be possible for the factories to evade such regulations without much difficulty, because, as I have said, the factories consume only ten per cent of the cane grown in the country. Therefore, 90 per cent of their cane the cane growers will have to sell to outsiders and the price in these cases cannot be regulated and will not be regulated. But, Sir, so far as the principle is concerned, I am entirely at one, as I have said, with the Government, and I believe further the time has been reached when we ought to extend the principle to other commodities as well. I am specially thinking just now of jute in my Province. I believe the jute manufacturers in my Province themselves have now realised the necessity of giving a fair price to the cultivator of jute. My Honourable friend, Mr. Morgan, knows very well that there is considerable dissatisfaction in the Province as regards the way the jute growers have suffered. In a case like that, it ought to be possible for the Local Government or the Government of India, whoever is in charge of it, to fix a suitable price, and I may say that in the case of jute it would be much easier to do this than in the case of sugar-cane.

Sir, as a last thing I feel compelled to make one general observation. It does seem to me that matters of this sort cannot be usefully determined in this House unless there has been a very sifting and reliable enquiry into the subject beforehand. The Tariff Board has made an enquiry and the protective duties have been fixed in accordance with that enquiry. But we know in another connection, for instance, that the findings of the Tariff Board have not been accepted by the different parties. I suggest to the Government very strongly that they ought to see that the Tariff Board's enquiries are so conducted, and, if necessary, their personnel so selected, as to command the highest confidence in the country. Their status ought to be as high as you can make it, say, the status of High Court Judges. They must be men in whose judgment, and, above all, in whose impartiality the public will have the most implicit confidence. If that is secured, and if, in every case, there is a sifting enquiry, in conducting which the Board is fully authorised to call for all the documents and information that may throw light on the subject, then in that case I feel that our task would be considerably lightened. As I have been listening to the debate since yesterday, I admit freely that I have felt extremely uncomfortable—not only during this debate, but during the debate on some other similar occasion. This House, which represents the whole of India and the interests of 350 millions, should not be turned into an exchange mart. We should see to it that the larger interests of the public are kept constantly before us, that we do not have unseemly wrangles between different parties differently interested. That is only possible if there is a responsible body to assist the Government and whose voice will command the utmost confidence of the public and that we in this House, who are not interested in any particular industry or concern, should have materials before us upon which we can rely implicitly and say his is the right course for the Government to adopt.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadan): A great deal has been said on this question during the last few days, in fact, during the last few weeks, from the point of view of the industrialists and agriculturists, from the point of view of the general public,

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from the point of view of doctors, philosophers and mathematicians and others, but I shall try to look at the question from the point of view of the general public among whom the agriculturists come first.

An Honourable Member: Lawyer!

Mr. Jagan Nath Aggarwal: The lawyer has no interest in it or that is absolutely infinitesimal. It is from that point of view of the general public that I wish to examine this question. It seems to have been taken for granted that protection was granted to this industry as if in a fit of absent-mindedness by the Assembly. It seems to have been assumed that a group of capitalists, financiers like my Honourable friend, Seth Haji Abdoola Haroon, or my Honourable friend, Lala Hari Raj Swarup, and others, got the ear of the Government of India and got them to pass the Sugar (Protection) Bill of 1932, and, as a downright capitalist measure, that Bill was placed on the Statute-book in the interests of a certain minority of the people of this country, and, having got up from our slumber after two years with the help of mathematicians and doctors and philosophers, we have discovered

An Honourable Member: And lawyers!

Mr. Jagan Nath Aggarwal: The lawyer does not come into the show—having got up from our slumber and having discovered that we have made a mistake we are trying to rectify it. If it were so, I should have been the first to admit it

Dr. Ziauddin Ahmad: The mistake was the surcharge of 25 per cent.

Mr. Jagan Nath Aggarwal: It is a calamity, and not merely a mistake that there was this surcharge of 25 per cent. My Honourable
1 P.M. friend, the learned Doctor, should have gone on his knees before the Finance Member and begged that it ought to be taken off all round. But what is the point in my Honourable friend tinkering with this 25 per cent surcharge only with regard to sugar? I wish to examine the question, Sir, how it was that protection was granted to the sugar industry? Was it in the interests of the small body of sugar refiners and manufacturers, or was it in the interests of the general body of the people of India and the agriculturists of this country? If, Sir, it was in the general interest, including that of the agriculturists, has that interest been satisfied now, or is it because only a few people have been left to make money out of it that we are now changing our attitude? If not, either it is the result of ignorance or of perversity that we are going now to change horses in mid-stream.

The House will permit me to take their memory back a few years and remind them that after the Great War India found herself in the position that she had to depend for her white sugar upon supplies from outside. There were considerable difficulties during the War in ensuring that supply, and it was considered to be a measure of national importance that India should be self-sufficient in the matter of sugar. Was it because of the War when we found it difficult to ensure that supply because of

the difficulty in the command of the sea, or was it a sentimental pleasure that we wanted to see India self-sufficient, or was it our economic necessity? I wish to subject that matter to some analysis. If it was only a question that during the War we were in difficulties, we might just pass over it; wars are few and far between, and it may be a matter of a decade or two when that kind of contingency will arise, and if it was a sentimental pleasure, perhaps we may give the go by to that also or perhaps like my friend, Diwan Bahadur Ramaswami Mudaliar, who says it is a sentimental pleasure, perhaps we may indulge in it to a certain extent, but I submit that it was in the national interest that the Government of India felt that we should be self-sufficient in the matter of sugar. I wish to inform the House even at this late hour why that need was felt. In the year 1919, the Government of India appointed a Sugar Committee with a view to devising means to suggest remedies and to see if India could not develop her cane production and secure the improvement of her cane as a means for making herself self-sufficient in the matter of sugar. Mr. McKenna of the Government of India was placed on special duty as President. A valuable report was produced which we had a look at the other day from the Library and it pains me to say that from 1920, for ten years it was pigeon-holed. The House need hardly be reminded that sugar-cane is, so to say, a native of this soil. The cane from which we produce all the sugar originally started from this country. In fact we have been told that the word "kand" and "sharkara" are natives of this soil, and they have travelled into foreign lands in the form of words like sucrose, kand, candy, and so on, and it was felt that we have here the raw material of this industry in the sugar-cane. We have a very valuable market for the consumption of the finished article and we have cheap labour, and what is more, we are engaged practically in converting this raw material into the finished product by absolutely out of date methods, and, therefore, it was felt that if we could improve our methods of manufacture, if we could utilise the raw produce, it would be all to the good. In fact, one might as well point out that sugar cultivation plays an important part in the agricultural economy of this country, and that is the point that I wish to emphasize, because this crop is ready at a time when the agriculturist is not employed; in the interval during the period of the sowing of the principal crop and the ripening of that crop when the agriculturist is only looking on, this crop affords him valuable employment. What is more, this crop can very soon be converted into money at a time when he has to pay the revenue of the Government. The produce of this crop comes in very handy in cash. There are various other advantages which the Committee had in view. One of them was that the cultivation of sugar leads to a much better outturn of other crops in rotation, either due to the use of manures or due to better aeration. or, as a result of the deeper cultivation, it is a much greater advantage to the agriculturist to have another crop in rotation on a sugar-cane field, so that from these various points of view it was felt that it was all to the advantage of the agriculturist. Now, Sir, what was the situation which we found at the time of the Sugar Committee and a few years afterwards. A million tons of sugar were imported from outside. It brought in a very handy revenue to our Chancellor of the Exchequer and it brought in in the year 1930 or 1931 something like ten crores of rupees, but there is no use in crying over spilt milk. When the Finance Member was a party to the passing of that Bill, he very clearly visualised a situation when this handsome

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revenue will disappear, and, if that time has come too early, the fundamental conditions have not changed, the fundamental conditions being that it is to the interest of the general public in India and to the interest of the agriculturist that this cane crop should be utilised in making the best kind of sugar out of it, that all the cane crop that can be grown should be taken up and that the agriculturist should get sufficient for his labour and sufficient for his crops during the slack season of his agriculture. Those conditions have not changed.

Then, in response to an inquiry from the Council of Agricultural Research, this matter went to the Tariff Board, and the Tariff Board presented a very valuable report some time in 1930 when only 29 sugar producing factories were in operation in this country. Now, the details of these recommendations and various matters connected with this report have been furnished to this House in some detail, and I have no desire to travel over the same ground again, but what I wish to point out is that, before action could be taken on the report of the Tariff Board, the tariff situation in this country was that in 1931 we had raised the customs duty on sugar to Rs. 7-4-0 per cwt., and, by the supplementary Finance Act of 1931, we raised 25 per cent surcharge on these duties. This was done as a purely revenue measure. The House will remember that we began as a revenue measure of 7-4-0 plus 25 per cent surcharge, bringing the figure to 9-1-0 per cwt. as a purely revenue measure. It was six months afterwards that the House considered the Sugar (Protection) Bill and passed it, so that it adopted the existing scale of duties at the time and granted protection for seven years up to 1938 at the rate of 7-4-0 and on inquiry thereafter up to the year 1946. What has been the position since? The Tariff Board visualized that, in the course of seven years, or in the course of 15 years, we will be able to supply all the sugar we want and that the growth of factories will be gradual in the sense that it will take about ten years or so before we could supply all the sugar we wanted. If the Tariff Board proposals had been put in operation as they themselves visualized then, possibly the progress would have been steady, but, due to mistake, mischance, or, I might say, misfortune, we had at that time a duty of 9-1-0 instead of 7-4-0. My friend, the learned Doctor, may quarrel and say this is bad arithmetic or this was merely a chance, but then the world must take things as they come. The Sugar (Protection) Bill ensured to the sugar manufacturer a continuance of 7-4-0 for seven years, but he actually found that he had in operation before the Sugar Bill came into force a duty of 9-1-0. Is he to take the word in the Bill or is he to take the conditions as they existed? He chose to trust to the conditions as they existed, and trusting to the conditions as they existed and to the declared intentions of the Government of India and of this House that the fostering of industries in the national interest is the paramount duty of this Government, the sugar manufacturers turned to it at a time of acute depression to this country. That the progress has been rapid and very rapid indeed, the following figures will show.

At the time when the Tariff Board undertook their inquiries, as I have said, the number of factories for producing sugar was 29. In the next year, it was 34. In the year 1932-33, we had 57, and, in the year, 1933-34, the present year, we are having 137. It is 77 factories in a year. The growth was remarkable because of the fact that although we had guaranteed only protection as the Tariff Board recommended at the rate of 7-4-0, the

existing conditions were, in the words of the Honourable the Finance Member, such as to give an extraordinary stimulus for the growth of this industry. The result was that the progress of a decade was achieved within two years. If this was a matter of national concern, the growth of these factories, for the general welfare of the agriculturist and the general public and of the industrial enterprise of this country, it should have filled the heart of every person interested in the national concerns of this country with pleasure. The Tariff Board, I am sure, would have been happy to feel that the progress which they visualised would take place in a decade had taken place in two years. The Commerce Member, who piloted that Bill in this Assembly, would have felt happy, in fact Sir George Rainy might have felt happy that what he had visualised would take place slowly did in fact take place in a few years, and, what is more, that the starting of these factories has afforded occupation to thousands of people—agricultural labourers, mechanics, chemists, engineers and others which was all to be welcomed. Judging it from that standard, the Honourable the Finance Member might well pardon these factory owners if they think there has been a breach of faith with them. Of course technically one might say there is no breach of faith. So far as things go technically, in the sense that the Honourable the Finance Member having passed this Bill in 1932 was careful enough to utter a warning in 1933 and is levying the duty only in the year 1934. But, Sir, if you put yourself in the position of those people who were told that it was in the national interest that these factories should grow up, that the interests of the agriculturist and of the general public would be served by the growth of these white sugar factories, then I do not see how anybody can deny that they are being treated roughly, unfairly and in a different manner from any other concerns in this country.

Sir, I wish to take up one or two matters to which the Honourable the Finance Member drew the attention of this House. The first was that the sugar concerns reaped profits in the appreciation of the capital value of their shares and in dividends the like of which this country had never seen. Now, Sir, the Honourable the Finance Member took one sugar concern, and this I have with some little difficulty traced in the Bombay market—the Belapur sugar concern—as being a concern whose shares were previously selling, or rather it was a case where some unfortunate owner was out to sell his shares, at Rs. 2-8-0 per share and who finds at this time that his shares are valued at Rs. 186 per share. Granting that this was so, I wish to place these figures before the House. Does that show an extraordinary state of affairs? This is the quotation which I read from the *Capital*, dated the 29th March:

“Under the Miscellaneous section of the Bombay market this Belapur sugar company is supposed to have a paid-up capital of 18 lakhs, a reserve of 23 lakhs, a block account of 29 lakhs, and a share of Rs. 50 paid-up”

—a share of Rs. 50 which is now quoted at Rs. 186, i.e., a little more than three and a half times.

Now, I wish to present to the House a number of concerns whose shares have risen more than ten times; and if the appreciation of share values in any test, my friends from Bombay and other places, if that principle is applied to half of them, will find it hard to stand that test.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan-Rural): There are heaps of shares whose values are reduced.

Mr. Jagan Nath Aggarwal: Unfortunately I am not an archaeological scholar, and I do not know the ancient history of these concerns. A Rs. 50 share has a present value of Rs. 186; profit and loss carried forward, Rs. 27,000; year 1929, no dividend; year 1930, no dividend; year 1931, six per cent; year 1932, 12½ per cent; year 1933, 18 per cent. Now, there is nothing to shock the conscience, because one finds on this very page various concerns of which I shall mention a few.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member will resume his speech after lunch.

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. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

Mr. Jagan Nath Aggarwal: When the House rose for lunch, I was drawing your attention, Sir, to the fact that whereas the shares of the Belapore Sugar Works were standing at 186, the original price being Rs. 100, there are various other concerns where the appreciation and the dividends have been much higher. I just turn a page and I find that the shares of a concern known as the Bengal Paper Mills worth Rs. 25 stand at Rs. 71. The dividend has been from 1928 onwards Rs. 17½ per cent and, from 1929, 20 per cent all along. Then, in the case of the Titagarh Paper Mills, a share of 2½ stands at very nearly 16, more than six times and a share of one stands at 6½. The dividends have been from 1928 onwards 25 per cent, 40 per cent, 35 per cent, 35 per cent, 45 per cent, and 22½ per cent interim. Now, Sir, I have particularly drawn the attention of the House to these paper mills and my friend, Mr. Joshi, would be very much interested in this matter, because paper is a concern to which this House has granted protection. Has anybody ever turned his attention to the subject that here are these mills which are making profits and whether they should be allowed to do it? Has anybody's conscience been stirred that this is unconscionable or has the grasping hand of the Honourable the Finance Member turned in that direction? I say it is all to the good that these concerns are making profits.

Mr. N. M. Joshi (Nominated Non-Official): There is not much revenue in it.

Mr. Jagan Nath Aggarwal: Why not? You can leave 10 or 15 per cent profit and take the rest with your socialistic instincts. That is not very extraordinary. But you are up to taking over even the whole mill. But you are incompetent to manage them. This is one point. Then, Sir, I need hardly point out that the shares of various Banks stand at three times their value. The share of the Imperial Bank, valued at Rs. 500, now stands at Rs. 1,250; a share of Rs. 100 Allahabad Bank now stands at Rs. 360. And, what is more, I wish to invite the attention of the House to the various Jute Mill shares where it is not uncommon to see the value gone up by three times.

I just turn the page of jute mill shares. I find that a share of Rs. 100 stands at Rs. 327. In another concern, a share of Rs. 100 stands at Rs. 377½, and, in another concern, the share of Rs. 100 stands at Rs. 398. A share of Rs. 100 stands at Rs. 506 in the case of the Caledonian. A share of Rs. 300 stands at Rs. 865 in the case of Gandopara, and so on. So far, then, as the charge of profiteering is concerned, it is clear that this industry has not made either extraordinary profits nor has it enjoyed that extraordinary appreciation of shares which some of my friends on this side of the House seem to imagine that these concerns have. As a matter of fact, it is only a matter of three years that this favourable state of circumstances has arisen and some of the concerns are barely on their feet. They have enjoyed one working season. Others are in their first working season, and it would be strange indeed if, during this short interval, there had been any very great appreciation of shares all round. It is quite true, as has been pointed out, that in the case of some concerns which were lucky enough to have been in the field at the time when protection was granted there has been appreciation; but that is an accidental circumstance. If a concern came into existence eight years before this House thought of giving protection and it enjoys the benefit of that protection, you cannot take much credit for that. It has been there already, and it has taken the chance of being there just as it might have faced adverse conditions if protection had not been given to it. We were told that the Basti Sugar Mills had their shares standing well over Rs. 200. That is perfectly correct. But does the House know that the shares were standing at Rs. 270 at the end of the last working season? They are now standing at Rs. 207 or even Rs. 200. Does the House know that the Punjab sugar shares which stood at Rs. 330 last summer (say June) are now standing at Rs. 230 with hardly any buyers? Further, that the shares of the Nawabganj Sugar Factory which were quoted at Rs. 1,000 are now standing at Rs. 750. The shares of the Jagatjit Mills which stood at Rs. 810 are now available for Rs. 700. The share of a newly started concern—and there are about a dozen of them—will not be looked at in the market.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Why so?

Mr. Jagan Nath Aggarwal: Because of the *blighting* effect of this contemplated duty and because of internal competition. If I may be pardoned for mentioning it, that is the reason why my friend, Mr. Anklesaria, and his friends in Bombay have not looked at this proposition, because it is not yielding high dividends. It is the agriculturist Provinces like the Punjab and the United Provinces that have turned to the utilisation of the agricultural produce. It is not a profiteering concern, and that is why my friend does not care for it.

Now, Sir, it was pointed out that these people have no justification for calling this a breach of faith. It was rather an unkind remark from the Government of India and especially from a British financier in charge of the finances of the Government of India. The House gave protection in the year 1932 and we find that the Exchequer profited considerably during these two years by the import of machinery over which, against the wishes of this House, an import duty of ten per cent was levied.

Now, we find that in the year 1932-33, Rs. 91,48,000 was the value of sugar machinery imported into this country. In the year 1933-34, it was Rs. 1,66,89,000. This is the value of the machinery which the

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public has paid for and on which a handsome duty has been levied, and it would be interesting to note that the majority of plants ordered were British. I find that out of 27 plants ordered in 1932-33, fourteen were British, and, out of 47 ordered in 1933-34, twenty-seven were British. It does look a bit unkind to feel that after having all these crores invested in machinery and after having given the Government in the way of duty these huge sums, the very next year when these industries are struggling on their feet, you have this excise duty threatening them in the face. One might almost at this stage try to look at the proposition from another point of view. The House must remember that protection has been granted not only to white sugar, crystallised sugar, but to the sugar industry including therein *gur* and molasses. The House will remember, the whole point of this Sugar Act was that the interest of the cane grower should in all phases be protected. Protection, therefore, extends to the import of *gur* and to the import of molasses and to the import of sugar, and the point underlying it was, in the words of the Tariff Board, that the predominant industry of this country, agriculture, should be protected. For this I crave the indulgence of the House to read one or two extracts from the report of the Tariff Board of 1931. At page 39, the report says :

"We desire to emphasise that the strongest aspect of the case for protection is that based upon national importance of promoting the cultivation of sugarcane. It is of the utmost importance that the area under cane should not diminish and the real problem before us is to provide an outlet for the larger quantities of cane which may be expected from the introduction of improved varieties."

I need hardly pause to point out that one of the chief problems before the Government and the people has been that our variety of cane should improve and also the yield from every acre of land and for that purpose the Coimbatore Research station has done a good deal of work on this question. With the improved variety of cane, the yield of cane will increase, and, therefore, we should not allow any diminution in the area of cane which existed at the time when the Tariff Board examined this question. Then, the Tariff Board report says :

"The price of most staple crops in India depends on world causes since the home market is not sufficient to absorb the total production. But in the case of sugarcane the position is different. The imports of white sugar into India amount to nearly one million tons. There is thus a market for a considerably increased production of cane in India provided that it can be made available for the manufacture of white sugar."

It is with that object that we designed that sugar industry be promoted so that it may absorb the extra cane in the sugar factories. The report proceeds :

"There is perhaps no other agricultural product of equal importance in regard to which Government has the power to afford substantial relief by ensuring that so far as possible the home market shall be reserved for the Indian agriculturist, so that however greatly he may be affected by world causes as regards his other crops, one source may remain from which he may hope to obtain the wherewithal to pay his rent and irrigation dues and provide those necessities of life for which cash payment is required."

Looking at it from the point of view of Provincial Governments, I am glad to find that there is no provincial jealousy here. The Tariff Board remark :

"Most of the local Governments stress the importance of cane cultivation in India not only from the point of view of the agricultural classes but also in connection with

the provincial Governments' financial commitments. In view of the record fall of jute prices, a crop which in the past has been the mainstay of the Bengal agriculturist, the maintenance or extension of sugarcane cultivation, which may to some extent provide an alleviation for the present depression, is a matter of great importance to that province. In Bombay also any large contraction of the cane area must seriously embarrass the Government. A very large sum of Government money (Rs. 9 crores) has been sunk in the construction of the Deccan irrigation canals. The revenue derived by way of irrigation dues is about Rs. 26 lakhs of which sugarcane pays over Rs. 10 lakhs."

This is with regard to the two Provinces of Bengal and Bombay which are at once in the promotion of sugar-cane, and, therefore, of sugar-cane industry. I need hardly refer to the Provinces of the U. P., and the Punjab which have the largest area of cane or of Bihar and Orissa. Now, Sir, the Tariff Board sum up in paragraph 32 their conclusions with regard to the importance of sugar-cane cultivation. On this subject they say:

"It will be useful here to summarize our conclusions regarding the importance of cane cultivation in the agricultural system of India. Sugarcane occupies a definite place in the crop rotation of this country which it would be difficult to fill if any considerable reduction in the area occurred."

—That is important from the agricultural point of view—

"Its cultivation is followed by increased yields of other crops sown in rotation with it, partly as a result of the residual effect of the manure used in cane cultivation but largely also on account of the thorough stirring up and aeration of the soil which is a feature of the intensive cultivation required if heavy crops are to be obtained. It is also of great importance as a source of cattle fodder at a time when the supply of grass has begun to decline. At all times it occupies a prominent position in agricultural economy as being one of the few crops on which the cultivator relies to meet his cash requirements and at the present time, when the prices of other agricultural products have fallen to very low levels, the importance of maintaining the area under cane and its prices cannot be over-estimated."

Further on, the report says:

"Finally it is the one crop for which if it can be utilized for the manufacture of white sugar, the home market is more than sufficient. While it is beyond the power of Government to control the prices of other agricultural products, since these depend on world conditions, in the case of cane it is possible to ensure the maintenance of a reasonable price level by protecting the *gur* market against foreign competition and by providing an outlet for any surplus cane produced by the development of the white sugar industry."

Now, Sir, it has been sufficiently made clear to the House that the real question for the protection of sugar industry is the protection of cane growing and of *gur* manufacture, and, as a last resort, of white sugar production. If that is so, then my submission is that several of my Honourable friends on this side of the House have really missed the point when they talk of any conflict between the interests of the agriculturists and the interests of the white sugar producer. On this point, I am tempted to place another set of facts before the House, but I wish to preface them with one preliminary observation. As I have said, protection has been granted to the sugar-cane grower, and if he does not get full benefit of protection, I am all for the proposition, for any proposition which will ensure the full benefit of protection to him.

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

It is primarily in his interests that protection has been granted and all measures designed for the purpose of giving to him or securing to him the full value for his produce will have my hearty support. It is a matter

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of regret that on that point the Sugar Committee of 1933 in July last did not yield any practicable result, but these two matters are, if I may say so, not connected, so to say, by means of this excise duty. You can have protection assured to the sugar-cane grower, and you may have your Bill and your enquiry if you like without bringing this odious excise duty on sugar. I may be pardoned for saying that my Honourable friend, the Finance Member, has thrown an apple of discord into this House by promising seven lakhs for promoting a Bill for ensuring the price of sugar-cane to the cultivator in this measure. I put it that the two things are entirely disconnected, and, by putting on an excise, you cannot promote the interests of the agriculturists. If I may put it the other way, supposing the excise leads to the closing down of the factories, does it mean that the cane grower will be benefited in any way? The factories may afford to be closed for a year, but the cane grower certainly cannot afford to indulge in the luxury of throwing away his produce. We must remember that cane is not cotton or wheat, and we cannot store cane for any length of time. After ten days lying in waggons or in the fields, cane becomes useless, and, therefore, one must get what price he can. But, as I said, there is no connection except perhaps for the purpose of passing this measure through the House, between the excise duty and the provision of seven lakhs for Local Governments for looking into this question of sugar-cane rates. That measure stands on its own feet, and I have every sympathy, and, I am sure, the House will have every sympathy with any measure that is designed to give the producer of the raw cane his due share in the protection, because it was in his interest that the protection has been designed.

Now, as I say, we are out to give full value and adequate value to the producer of cane. But are we doing it? We must know what this man does with his cane. By abusing the factory owner and by bringing in a measure to secure value to the producer of cane, we only touch the fringe of the subject. I will invite the attention of the House to this matter and to a chart which I find in this book of Mr. Gandhi at page 54; and the House will notice that in 1923-24, only 1.3 per cent of the cane grown in India was used in factories, 71.4 was used for the making of *gur* and the rest in other processes. And, coming down to the year 1932-33, I find that 6.6 per cent of the cane grown in this country was used in factories, 11 per cent in chewing processes and 69 per cent in *gur*. So that, we find that it is only a sixteenth of the cane produced that is used by these factories. The real problem is to see that the *gur* manufacturer gave good value to the agriculturist. The estimate for the present year is of ten per cent, that ten per cent will be used in the factories. I have grave doubts if that figure will be reached, because of the catastrophe in Bihar a good deal of the cane would have been wasted. To take the best of those figures, the utmost that has been absorbed will be anything between six to ten per cent and if we are going to secure to the cultivator the best value that he can get from the factories, we will be touching the problem only to the extent of six per cent. Well, Sir, I have no quarrel with any measure that may be designed to secure that purpose, but we have to see that the agriculturist gets his full value for his produce all over. And the difficulty is that for his *gur*, which also has been protected against Java, he does not go to anybody to sell it. As I reminded the House, this is the time

when he is unemployed and free; he crushes his cane, boils his juice and either makes *gur* of it or takes it to the neighbouring *khandsari* manufacturer and he makes sugar out of it. Nobody has ever suggested that we should fix the prices for the cane which he will be utilising in the manufacture of *gur* or for the juice which would be taken to the *khandsari* manufacturer. Therefore, this proposition, as I said, really does not touch the whole question.

Now, Sir, my Honourable friend, Dr. Ziauddin, with all his calculations and facts and figures, went into this question yesterday and reminded the House that we made a mistake in the year 1931 and that we were out to rectify that mistake. I should very much like to be told where the mistake lay. If the mistake lay in the levy of the surcharge, that had been levied before the Sugar (Protection) Bill was passed by this House. If the mistake lay in protection, nobody has suggested that protection should not have been given. Where was the mistake then? It was an emergency measure that we levied the surcharge and it is still there. If you want to rectify the mistake, I for one do not quarrel, because a surcharge of 25 per cent has been levied on customs, on income-tax, on super-tax and on every other thing, and we will be only too glad to have that surcharge removed. Well, Sir, that is the point which Dr. Ziauddin suggested which makes me think that the whole of this question has been looked at from a wrong point of view. Now, Sir, if the proposition was, as I have submitted to the House, that it is the protection of the agriculturist, of his cane, of his *gur*, of his molasses and of his sugar industry, in so far as it utilises the surplus of his cane for which we wish to see that not an inch of land is left unoccupied and not a single cane is left unused, then my point is that my Honourable friend, the Doctor, is mistaken.

Now, Sir, one proposition further we may examine. Who is it that pays for this white sugar? Upon whom as the consumer is this duty levied? My friends on this side seem to think that it is the poor agriculturist who is made to pay for it. It is a wholly mistaken idea. The agriculturist does nothing of the kind. He is far too shrewd a fellow to go near any white sugar made in the mills. He is content with his *gur*. He makes his own *gur* and sells it. Sugar is left to the town dwellers, well-to-do and middle class people to make and to buy.

(Interruption by Mr. B. Das.)

My friend, Mr. Das, says that he suffers from all diseases. May I remind the House that Mr. Das is a man without a Province and without a factory? It has been shown in the report of the Sugar Committee and the report of the Tariff Board that Orissa is a Province which is only fit for growing rice; it cannot grow sugar-cane, and I can very well understand why Mr. Das has no sympathy with this measure and this protection. He is incapable of grasping the full significance of this thing. But I was out to examine whether Mr. Das was one of the consumers of sugar and whether this duty of Rs. 9-1-0 per hundred-weight is in any way contributed by him. On this subject, the House will bear with me if I invite their attention to page 90 of the Tariff Board report. It says:

"As regards the incidence of the duty on the consumers of sugar the information before us does not entirely support the conclusion arrived at by the Taxation Committee. For it appears that the poorest, namely the agricultural classes, consume little sugar, their requirements in this direction being met by *gur*, while even in the smaller towns *gur* is consumed to a very large extent. There are also indications that imported sugar is used largely by the well-to-do and middle classes, partly because these classes are in

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process of discarding the prejudice, which is to some extent sentimental, against the use of imported sugar and partly because they are in the habit of consuming tea, coffee and other beverages sweetened with sugar to a far greater extent than is the case with the poorer classes."

Well, Sir, if tea and coffee and sweet drinks are responsible for the consumption of white sugar, then the agriculturist is in no danger of paying anything for this duty:

"We have found, and on this opinion trade opinion supports us, that the price of white sugar is not the determining factor in the price of *gur* and throughout large portions of India the price of *gur* is practically independent of that of imported sugar and is regulated in the main by the character of the season and the output of cane. It appears, therefore, probable that the burden of the sugar tax falls to a greater extent on the well-to-do classes than the Taxation Committee supposed."

The opinion of the Bihar and Orissa Government was quoted to the House yesterday. I will now point out the opinion of the United Provinces Government. They say:

"It will be observed that, though estimates show considerable difference in various parts of the country, the conclusion can be substantiated that very little sugar is used in the agricultural areas (except those parts of the United Provinces where *khandsari* sugar is made) while in the towns the consumption of sugar exceeds largely that of *gur*. More than one officer expresses the opinion that sugar is mainly used by the well-to-do classes, the middle classes use about half sugar and half *gur* and the poorer classes in the main still use *gur*."

If one were to be guided by that consideration, the fears of the agriculturist are certainly allayed, because the agriculturist is in the happy position of being a man who has all to gain and nothing to lose by the well being of the sugar factories, because he makes *gur* for himself and sells his cane to the sugar factories which turn it into sugar and sell to the town people and make money: he has had his share of the money, because he gets good value for his cane. If that is so, the attack on the poor man's sugar is only to be found in the imagination of my learned friend, Dr. Ziauddin Ahmad, who unfortunately is not here now. Talking of the poor man's salt is all right: you cannot go on taxing it; but to talk of the poor man's sugar is meaningless: he has *gur* in place of sugar, and if you were to tax his *gur*, then you may talk of the poor man's *gur*. To the same effect one finds at page 92 of the Tariff Board's Report: quoting from the Punjab it says:

"In no case is sugar a part of the dietary. In the case of the two Jats, the landholding class, the daily consumption included 5·7 and 9·9 *oz* of *gur*, but no *gur* is included in the consumption of the three other families . . . We believe we are justified in assuming therefore that the agriculturists, who are the poorest as well as the largest class in India, will incur very little if any additional expenditure as a result of the protective duty on sugar. On the other hand the gain which will accrue to agriculture from the extension of white sugar factories, the exclusion of foreign sugar and the prevention of the manufacture of imitation or adulterated *gur*, should far outweigh any disadvantage resulting from an increase in the price of imported sugar above the prevailing low levels. The duty will we believe be borne in the main by the urban population, but even here the incidence of taxation will be higher per head in the case of the well-to-do and middle classes.

This is the first occasion on which proposals for protection will be of direct advantage to the rural classes, both agriculturists and labourers, and there is therefore perhaps a rough justice about the proposals which should appeal to the unbiased observer . . . In the towns the incidence of the duty per head will be higher in the case of the richer and middle class consumers who are best able to bear it, while it is not unreasonable to expect that the urban population who have mainly benefited from the adoption of a policy of protection, should in turn be prepared to bear some burden for the benefit of the agricultural classes."

If that is so, then my submission to the House is that the proposition has to be looked at from the point of view that the incidence of this tax, so to say, affects the small class of people who are well able to look after their own interest. I wish to draw the attention of the House to the figures of the prices of sugar which have prevailed during the last few years. On this subject, it is a matter of satisfaction to know that the prices of sugar now prevailing are the lowest that we ever had. We find at page 61 of Mr. Gandhi's monograph, that the price which in 1923-24 was Rs. 18 a maund has been gradually coming down till it was Rs. 9 in 1929-30, Rs. 10-10-0 in 1932-33, and, in February, 1934,—I believe—Rs. 10-2-0 . . .

An Honourable Member: This is Java sugar.

Mr. Jagan Nath Aggarwal: I find that the prices of indigenous sugar are lower by Rs. 1-12-0 to Rs. 2 due to internal competition. If that is so, then there is no comparison of the imported prices with those ruling inside the country, because the imported article has ceased to be a commodity which rules the prices of sugar inside the country. Due to internal competition, we are having sugar produced in the country selling at Rs. 2 a maund less than the imported product, and that, I submit, takes off a great deal of the objection of the cost of protection which has been granted by the Legislature.

I may also invite the attention of the House to one or two subjects. One is that the production of sugar in this country at the present moment, according to the most favourable calculations, is somewhere in the neighbourhood of 9,00,000 tons, something like what we would be consuming in a normal year; and the consumption of sugar from all sources is three times that much. The demand is satisfied by sugar produced by indigenous methods and by *gur* as I have said already. The question is, if it was a matter of paramount consideration to the Government to afford protection to white sugar industry, so that it might utilise the cane and give relief to the agriculturist, and we are going to levy this excise duty on the cane sugar produced in these factories, are we acting fairly by these newly started concerns? In other words, the amount of sugar produced by indigenous methods, some of which may be employing power and engaging labour, comes to a substantial figure of one-third of the amount, about 250,000 tons of sugar produced by *Khandsari* and other methods. It would work like this: sugar produced in these central factories or mills would be subjected to a duty of one rupee per maund, while sugar produced by these other methods will enjoy a protection to the extent of one rupee per maund. The result of it would be that the output of *khandsaris* or other sugar producing concerns will be considerably increased. Is that the intention of the Legislature, that we should go back to old methods? Is it the policy of the Legislature that we should go back to the old *khandsari* method and encourage the manufacture of sugar produced by old world methods, or is it our attempt to bring in the methods of producing sugar by the factory method? If not, I do not see any justification for not bringing in the production of sugar by the *khandsari* method into the tariff ring on which we are going to levy this excise duty.

At this stage I may try to remove one or two misapprehensions with regard to this *khandsari* system. It may be suggested that the *khandsari* system is a cottage industry and that the agriculturist's occupation should never be taxed, that the agriculturist is the man who grows his cane and any occupation, to which he can turn his leisure hours, should not be

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taxed. If that is so, if this was a cottage industry, I am fully prepared to give it all the protection we can, subject to one consideration to which I will presently refer. If *khandsari* production of sugar was a cottage industry of the agriculturist, by all means, I say, give it protection. But is it so? The facts and figures supplied by the Tariff Board, and the other documents we have, show that it is an industry of people in the Rohilkund Division of capitalists and others in the towns to whom the agriculturists bring their *rab*, and it is by a certain process of passing the cane juice through wood bushes stacked together and other things that they prepare their sugar. If that is so, I do not see any justification for excluding them from the scope of this measure. I further learn that they sometimes use oil mill machinery, and though these processes may be scattered about in several establishments, it is just possible that they may not have 20 men working in a place and they may escape coming under the purview of this measure on that account. If the development of the cane sugar industry is the chief concern of the Legislature, and if we want this industry to grow, if the growth of this industry was the chief concern of the Government in the year 1932, then what has happened in the year 1934 that the Government and the Legislature should go back upon the protection that has been granted to the industry? Is there any country in the world which grants protection to an industry and in a couple of years' time puts an excise duty on it? After all, you cannot go back upon your policy within so short a time by an indirect method. If *gur* was competing with this and we were imposing this excise duty in the interest of *gur*, then I could understand the position, but that is not the case. The consideration which we have to bear in mind before we grant protection to an industry is that the industry should produce a commodity of good quality and by economical methods. It is well-known that the *gur* that is produced by our agriculturists involves a waste of 33 per cent. to 50 per cent., and that is the reason why refineries which use *gur* as raw product are coming to grief. They are all being converted into sugar-cane crushing plants, and if the *gur* industry goes on, in which our agriculturists are engaged, our endeavour should be either to give them modern methods or give them *gur* value for their cane, so that they may have it converted into sugar, but I do not see how this *khandsari* system of production of sugar, which is neither agricultural nor modern, is entitled to any protection.

Now, Sir, what I find is that the sugar industry, even within the limits of the protection granted to it, is in the position that
 3 P.M. its products should be subject to a tax of one rupee per maund or not. Now, the incidence of the tax can well be judged by the fact that figures have been quoted in detail in the House to show that the margin of profits left to the factory owner is something in the neighbourhood of Rs. 1-8-0 or so per maund after meeting working expenses. I have figures for one or two factories, and I find that in one factory, the production of sugar was 2,76,000 maunds in the year 1932-33, and the profit was Rs. 1-7-6 per maund. That is very favourable indeed in a most favourable year and in a concern which has been in existence for several years. Similarly, in another concern, where they made two lakhs of maunds of sugar, the profit was in the neighbourhood of four lakhs of rupees, or put it at two rupees a maund. If that is so, out of this profit,—I am taking the

most favourable figure for my argument,—if the profit was in the neighbourhood of Rs. 1-8-0 to Rs. 2-0-0 in a factory which has been working for the last eight or ten years,—from this profit you have to take away income-tax, super-tax, surcharge, and all these things come to about 26 per cent,—you have then also to provide for various charges like profits, depreciation and the rest of it, the depreciation comes to a fair amount,—if you are going to eat into the profit of Rs. 1-8-0 a maund, I really do not see what is left at all for these factories in the way of profit or for surplus, and so on. And this is the case, mind you, Sir, of a factory which has been in operation for the past several years. Factories which have been at work for only one or two seasons could have no margin of profit at all for handing over to the exchequer anything in the nature of Re. 1-0-0 per maund by way of excise duty. Therefore, the proposition is that if you want the industry to grow, let them first find their feet. When the industry has grown and has had a few working seasons, then would be the time to consider whether the excise duty should be levied or not. In fact, the Tariff Board itself proposed that in the year 1938 the question would arise as to how far this protection should continue and whether we should be on safe ground to grant the same amount of protection.

Then, Sir, my learned friend, the Finance Member looked into the case of old established factories in the United Provinces and Bombay. Would it not have been better if he had cast a glance across the Jumna from Delhi to Saharanpur and seen that there was not a single railway station which had not a factory or semblance of a factory somewhere which had either been erected already or which was in course of erection? I do not know if the proposed excise duty is put on whether any of these sugar factories will ever be able to pay any dividends for the next few years. The real test for this question would be to look at the sugar concerns that have come into being during the last two years or so and see how far they have been able to make a large profit or if they would be able to make any profit at all. Of course, there might be extraordinary cases; just as hard cases make bad law, there might be a few extraordinary cases which by a fluke might have made a good fortune, but that certainly does not illustrate the point. My friend, Mr. Yamin Khan, mentioned the case of a sugar factory which had earned in one year half their capital. Well, Sir, the explanation of it is, here was a most favoured man, he had a workshop to himself and the whole area was also at his disposal. There was no competitor for him. But does that concern tell the same tale this year? He will be a bold prophet who said that this concern would be able to pay this year even half as much as it paid previously. In this connection I may as well say that, before this excise duty was levied, there was a Conference held last year. We had an interesting discussion there; and one would like to know if this matter was ever placed before the Sugar Conference, and, if all the experts were called there at the expense of the tax-payer, if expert advice was taken on various matters, why was not the question of excise duty and the extraordinary profit, which some of the sugar concerns were making, referred to them? If this matter was placed before the Conference and if their advice had been taken, we might have been on safer ground. Then, there are the Local Governments. Was this matter ever referred to them? Certainly, the Local Governments would be in a position to say if profiteering has gone on in such a hopeless way that it was time for the Government to intervene. . . .

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): It was not referred to them.

An Honourable Member: The market has fluctuated.

Mr. Jagan Nath Aggarwal: The market has fluctuated even during this one month. As I said, it is time that you proceeded on some well considered basis and not on the opinion of dilettante philosophers or misguided philosophers . . .

Mr. B. Das (Orissa Division: Non-Muhammadan): Do you say then that Sir George Schuster is a dilettante philosopher?

Mr. Jagan Nath Aggarwal: There are people who forget that in a matter of this kind any step taken in a hurry may lead to disaster, and a disaster in the industrial field will re-act on every one in the country, the agriculturist, the town dweller, poor man, villager, the labourer, in fact on every one in the land. One might almost feel that the real line of inquiry, as was foreshadowed by the Tariff Board, would have been for my friend opposite and for those of his way of thinking who hold that the sugar people have done better, to have suggested to the Government of India an inquiry into the utilisation of molasses, a product for which the Tariff Board thought a value of Rs. 1-8-0 per maund would be had, but which now costs the sugar mills some money for having them thrown into the river or into the jungle,—to have taken measures to see that the bagasses, in which there is still some portion of sugar left, are not burnt in the mills. But this much must be recognised that during the past few years the sugar industry has made good progress with regard to the extraction of sugar from cane. Whereas the extraction of sugar was as low as five per cent before, it is now in the neighbourhood of nine per cent, and the yield of cane has also improved. But the lines of enquiry which had been foreshadowed by the Tariff Board have not been taken up. It is time that an enquiry was directed in these various directions which would increase the efficiency of the sugar mills, which would bring more profit to the agriculturist and to the cane grower, and it would then be time to take stock of the situation and to levy an excise duty. I am at one with those who feel that if an industry has grown up and is flourishing and kicking, if I may say so, it would be time to take a stock of the situation and make up our losses in the customs revenue by levying a duty on the industry. But the first essential condition for that purpose is to allow the industry to grow up and to allow it to become a hefty baby as my Honourable friend, Mr. B. Das, would say, and then it would be time to levy a duty, to put shackles on its arms, if necessary, and not before. The effect of a duty like this may amount to infanticide, and I hope those who support the levying of this duty will carefully consider this point before they give their support to it.

Rai Bahadur Lala Brij Kishore (Lucknow Division: Non-Muhammadan Rural): Sir, I no doubt will congratulate Government for what they have done for the development of the sugar industry in India and those responsible for it should legitimately feel proud.

But they cannot afford to rest on their laurels. They have before them the up-hill task of stabilising the industry. India is situated exceptionally well in regard to the manufacture of sugar, and, if the industry is properly organised, it may not only be able to supply its

own requirements, but may supply the requirements of the other countries as well.

In fact, what is needed is a bold policy of encouragement both on the part of Government as well as of the manufacturers. In my opinion, the real problem of sugar industry at present is not the problem of retention of further protection or otherwise of the industry, but reorganising it by reducing the cost of manufacture by constant researches in chemistry and engineering and by better utilisation of the by-products. The last item requires immediate attention. The proper utilisation of the by-products of an industry plays an important part in determining the margin of profit in the industry and its future development.

Molasses and Bagasse are the two most important by-products of sugar industry and unfortunately the sudden increase in the production of molasses with the simultaneous decrease in its consumption is a problem the manufacturers cannot tackle. This important by-product unfortunately is not at present a source of profit, but loss as it involves expenditure on its disposal.

I shall, therefore, request both Government as well as the manufacturers that, in the present controversy, the factories should not be ignored. I wish the sugar industry in India should be brought to such a perfection that it may be an envy of the world. The problem cannot be tackled individually. Let the entire services of the nation as well as of the Government, therefore, combine, so that the infant industry may not be nipped in the bud.

As regards the question of fixing the prices of cane, the problem is a very difficult one and controversial: still I shall wholeheartedly accept any proposal that ensures the payment of a fair price for their produce to the cane growers. India is predominantly an agricultural country and we should have the interest of the cultivators foremost and I think this will be in the interest of cultivators.

The factory owners may well argue that the instances when cane growers are paid low rates have been only a few and isolated, but I wish that such few and isolated cases should not recur. But, at the same time, in our zeal to help the cultivators, we should not go too far and ignore the important principle of economics. The problem, therefore, requires a very careful examination and I hope that the Select Committee, under the leadership of such a competent and experienced person as the Honourable Sir George Schuster, will deal very efficiently with the question.

In conclusion, I should also like to draw the attention of the Government as also of the House to the problem of the factories that produce sugar from *gur*. I know there are about four such factories working in my Province and they are some of the oldest factories in the country. Being adversely situated in the matter of location (at a distance of over 100 to 150 miles from big cane producing areas), they have not been able to convert themselves into cane factories or to add cane crushing sets to their plants. The capital sunk in them exceeds over half a crore. There is no arguing the point that the cost of production of sugar by these factories is higher than in cane factories, and, in my opinion, the proposed excise duty will greatly handicap these factories. In fact, I am doubtful if it will be possible to work them profitably when the proposed excise duty is imposed. Their problem, therefore, requires special considera-

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tion and I hope their problem would not be overlooked or ignored by the Select Committee.

In my opinion, it will be advisable that at least those factories, which are purely refineries, may be exempted from the operation of the Bill, or some other measures may be suggested in order to save them from destruction.

With these suggestions, I sit down.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): I believe that this is the first time that an excise duty is placed on a foodstuff within two years of the industry having been given protection. The Finance Member himself was doubtful as to the attitude to be taken in this matter, but ultimately he made up his mind to fight the propagandist who made loud representations against this imposition. The first charge against this measure is that it is a breach of faith on the part of the Government. Two years ago, the Government thought it best to give a protective duty to foster this industry and to make India self-sufficient in the matter of sugar. Within two years, the angle of vision has changed, and the Finance Member now wants to put an excise duty on the industry. People, on the faith of this protective duty, have put their money—some say 20 crores, some say 15 crores—in the industry, and naturally they resent the interference by the Finance Member against the promise made in the Bill that the protective duty would remain for 15 years. Sir, on the faith of that assurance, this money has been put in. The Finance Member has also his defence that he warned, in his Budget speech last year, people against relying upon the duty. In his speech introducing this Bill, he referred to this subject and stated that last year he gave a warning, and if people had not heeded his warning, he could not help. These are the words he used on that occasion:

“On the other hand, it would be highly imprudent for those who are investing money in the sugar business to forget that present conditions are more favourable than those on which according to the recommendations of the Tariff Board they have any right permanently to rely.”

I rely upon the word “permanently”.

His warning was that the industry should not rely permanently for protection, because things have turned out to be more favourable. Nobody thought of permanently retaining the tariff duty in the Statute-book. It was a duty for 15 years only, but the Finance Member must be mistaken if he thought that it was not going to remain in force even for one year, for this was stipulated in the Statute itself. Then he goes on:

“For that reason a due proportion of the profits that are earned on the present basis ought to be accumulated as reserves, for no right can become established to a continuance of the present position.”

What is the warning in these words? The warning is that you cannot expect the Tariff Bill to remain permanently, that it is time that you should keep a reserve against future contingencies. Does he think that within one year the industry has sufficiently grown as to be able to keep a reserve and to accumulate a reserve? It is open to criticism whether this is a warning or not. It is merely an advice given to the industry that they should not expect the tariff to remain for ever, and that, so long as the tariff remains, they should keep a reserve against future contingencies. That is not a warning, if I may say so, but it is

an advice given by the Finance Member. Does that enable him now to come within two years with a proposal for a tariff or rather an excise duty against this commodity? Does he think that an excise duty is to be treated as a reserve by the industry or is it not an imposition against the industry itself which, according to his own words, ought not to be done, but, instead, a reserve should be created? The change of attitude has been explained by the Finance Member in this way that the industry has made enormous profits in the meantime, within one year, and he goes on to quote some instances where shares have gone high. I have nothing to do with the speculation, but one of the motives which the Finance Member has stated for introducing this measure is to prevent speculation. That is a very laudable object, and I wish the Finance Member had taken this counsel some time before. We know that in Calcutta, Bombay, Madras, Karachi and Cawnpore, speculations are rife every day and no step has yet been taken by the Government or by any person to stop speculation, nor do I think that any step can ever be taken to stop speculation. Speculation must go on, and it will go on irrespective of the present measures. Then, what is the motive of this Bill? As has been pointed out by some speakers and particularly by Mr. Aggarwal, the Finance Member's information about the extraordinary profits made by the industry is not founded on facts. It is only six or ten per cent that the industry has got, and that is only in the case of concerns of long standing and not the new concerns. The older concerns, which started their business in this country 30 years ago, have made enormous profits, but what about the infant institutions which have come into being by reason of the Tariff Act passed by this House? In the Investors' India Year Book, I find the following passage:

"Sugar producing companies enjoyed a boom during the year 1932, and here again this was almost entirely due to the working of the Sugar import duties. Innumerable new factories under both private and public ownership have been put up during the year and the principal danger to this industry in the future seems to be over-production. Efforts, however, are being made to set up an organisation to check cut-throat competition, and though this will be more difficult than in the case of Cement and Jute Fabric, owing to the number of small privately owned mills in existence, the task is not impossible. It cannot be said that at the present time there is over-production and with the existing protective duty scheduled to remain in force until March, 1938, prospects for this industry may still be described as favourable."

The real reason for the favourable condition of the industry at the present moment has been stated to be the fixity of the tariff for the next 15 years. If a duty is now inflicted upon this infant industry, it is bound to ruin the industry.

Then, the Finance Member has said that the new industry cannot expect in one year to pay interest on the capital, expenses, depreciation and also dividends. I do not know of any company which pays both interest and dividend to the shareholders at the same time. The interest may be paid on borrowed capital, but not to the shareholders themselves. Therefore, the whole calculation upon which the Bill has been based is faulty and is incorrect. Under these circumstances, I do not know why this Bill has been brought into existence at all. I must say one thing in connection with this. There are certain passages in the speech of the Honourable the Finance Member which go to show that he is somewhat afraid of this industry having markets outside India. So far as regards all other commodities and industries in this country, there is no chance of any one of them going out of India and selling their commodities outside, but this industry, if everything goes on all right within the next few

[Mr. S. C. Sen.]

years, will have a market outside for the consumption of the products of the industry. Probably the Finance Member thinks that such a condition ought not to be allowed to grow, and hence, in his anxiety to put some sort of obstacle in the way of this growing industry, he has imposed this duty. He says:

"At present, as I pointed out to my Honourable friend, they, in order to secure a position in the Indian market, will get under our proposals margin of protection representing something like 200 per cent *ad valorem*. If they want more than that, is there the slightest chance or hope that they will develop their efficiency so as to take their place competitively in other markets? It is quite impossible, and that is the reason why I said in my Budget speech that taking a long view, our present proposals which would make the task of the sugar manufacturer not quite so ridiculously easy as it is at present is really in the interests of the sugar industry itself."

Sir, I do not know what is meant by that, unless the Finance Member wants to make the position of this industry so hard that it may not go outside India and engage in any competition in the market abroad, and this in the interest of the United Kingdom who, as is reported, is already negotiating with Java. I, therefore, oppose this Bill.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, my Honourable friend, Mr. Jagan Nath Aggarwal, began by saying that he was going to speak on behalf of the consumers, on behalf of the industrialists, on behalf of the agriculturists, on behalf of the tax-payers and on behalf of everybody, but he ended his speech with a very strong plea on behalf of the industrialists alone. (Laughter.) Like the brilliant lawyer that he is, he has presented their case in a very convincing manner which would do justice to any able lawyer or advocate, but, Sir, he has not tackled the most important point. He admitted, in the first instance, that in the year 1930 the Government were deriving a customs revenue of ten crores of rupees, and, in the present year, they have budgeted only for two and a half crores. There has thus been a diminution in the customs revenue to the extent of seven and a half crores of rupees, and my Honourable friend has not suggested any means in his otherwise long speech by which he would make good this serious deficiency.

[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).]

Well, Sir, what is the position? If he is going to convince the Government or if he is going to fight for the cause that this deficiency should be met by a reduction in the military expenditure or in the cost of the civil administration, then I would agree with him, and I would oppose the levy of this excise duty. But, so far as I have heard him, I have not heard any arguments to prove that the agriculturists will suffer by the imposition of this excise duty.

Sir, the Tariff Board itself suggested a protective duty of Rs. 7-12-0 as a maximum, and this measure retains that protection. That is to say, the Bill retains Rs. 9-1-0 protective duty and seeks to levy Rs. 1-5-0 excise duty, which is the difference between Rs. 7-12-0 and Rs. 9-1-0. Sir, the Tariff Board has envisaged a period for the development of the sugar industry and said that the industry should supply the whole requirements of the country within a period of seven to ten years. But, what do we find? Within two years, the industry has so developed that it is almost making India self-supporting. This rapid growth, however, is really

alarming, and I think that is not a very healthy feature. Sir, it stands in the same position as the Bombay mills. They are now thriving under the high protective wall, the cost of which is met by the tax-payer, but once this wall is removed, then, unless they organise themselves, the industry will fall like a pack of cards. (Hear, hear.) Our Haroons and Swarups are in a very comfortable position now under the shelter of the high protective wall. But, once that protection is removed, for some reason or other, they will suffer a crash and approach us like the Modies with beggar's bowl and ask for more and more protection. Sir, I want to stop such a calamity, and it is only in the interest of this industry that I welcome this excise duty.

My Honourable friend, Mr. Aggarwal, said that *khandsari* sugar also should not escape the excise duty once that was levied. He said he was doubtful as to whether it was a cottage industry at all. Sir, the *khandsari* industry stands in the same position to the sugar industry as the handloom industry stands in relation to the mill industry.

(Interruption by Lala Hari Raj Swarup.)

Well, I do not want to yield; I know what my friend wants to drive at. *Khandsari* sugar is really a cottage industry, and it is the agriculturist that really takes to this *khandsari*. I am obliged to my friend, Mr. Aggarwal, for pointing out statistics from the book of Mr. M. P. Gandhi, wherein he stated that "the cane that is consumed in factories enjoying protection is 6.6 per cent in 1932-33 and ten per cent. in 1933-34" and he also pointed out that 69 per cent of the cane had been converted into *gur* and 11 per cent had been converted into sugar by indigenous processes. I am not accustomed to this word *gur* in our Presidency—the word *jaggery* is used there, so, if I cannot properly pronounce the word *gur*, I must be excused. Thus, nearly 80 or 90 per cent of the cane has been either converted into *jaggery* or into sugar by indigenous processes; it is only ten per cent of cane that is converted into this sugar. Then, what is the position of this 90 per cent of sugar-cane? Sir, it is common knowledge that the price of *jaggery* has fallen considerably and does not even pay the cost of manufacture. I am not basing my case on mere surmises, but I base my statement on the bulletin issued by the Department of Agriculture of the Madras Presidency. This is what they say:

"The present market price for *jaggery* is so low that the profits from the sugarcane cultivation have gone down. Except in specially favoured localities, the cost of production is hardly covered by the present price realized for *jaggery*. This unsatisfactory position can be improved either by reducing the cost of growing sugarcane or by making white sugar instead of *jaggery*."

Sir, that is the only course for the agriculturist. He must convert into sugar the cane which he cultivates. It is only ten per cent of the sugar-cane that is consumed in the factories. He must find a market for the remaining 90 per cent of the sugar-cane. At present, even the indigenous processes consume only 11 per cent and all the 70 per cent he has to convert into *jaagaru* or to sell it at a very low price. He is entirely at the mercy of the factory-owners where factories exist or at the mercy of God where no factories exist. My suggestion is that he must necessarily convert this 70 per cent, which he is now converting into *gur*, into country-made sugar for which there is some market, and that is why I say that the *khandsari* must be protected at all costs.

[Mr. T. N. Ramakrishna Reddi.]

Everybody has been raising his voice on behalf of the industrialists and on behalf of the wealthy factory owners, but very little has been said in this House on behalf of these *khandsari* manufacturers or on behalf of the agriculturists. If this excise duty is also levied on *khandsari*, then they cannot stand the competition of this factory sugar which is now enjoying, even after this excise duty, a protective duty of Rs. 7-12-0. The reason is this. In the first instance, the white sugar has got a very good market and can command a good price, but the sugar manufactured by *khandsari* process or any other country-made process commands a lower price. That is one handicap. In the second place, *khandsari* is manufactured only by the open pan system, and they get only three to four per cent of sugar.

Lala Hari Raj Swarup (United Provinces: Landholders): They get on the average five per cent.

Mr. T. N. Ramakrishna Reddi: In extreme cases, perhaps they might get even five per cent. But I do not admit it. The Honourable Member is entitled to his opinion just as I am entitled to mine. Even if it is five per cent, it is very much less than what a factory gets by the vacuum pan system, which comes to about nine or ten per cent.

Lala Hari Raj Swarup: It is only eight per cent.

Mr. T. N. Ramakrishna Reddi: Even there, you will find, Sir, that nearly 50 per cent more white sugar is manufactured from the same amount of cane. Even there, the factory is in an advantageous position.

(Interruption by Lala Hari Raj Swarup.)

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member does not want to give way, and he should be allowed to proceed with his speech without interruption.

Mr. T. N. Ramakrishna Reddi: Sir, I am treading on the corns of my Honourable friend, and that is why he is interrupting me. Anyhow, I am not going to yield to his interruptions.

Besides, Sir, this country-made sugar has to find out a different market. The white sugar has got one market and this *khandsari* sugar has got a different market. It caters to the needs of the poorer people who make out of it sugar candy and sweetmeats and so many other things. It is for the consumption of the poor man. If then it is placed in the same position as the white sugar, it is bound to go to the wall. It may be asked, why has it not had this experience so far? The answer is that hitherto there was very little white sugar produced in this country and all the white sugar needed was coming from foreign countries, and the price of Java sugar was very high, and, therefore, the *khandsari* sugar was not very much affected by way of competition. But, now, because of the protection, the country is making its own sugar, and, on account of internal competition, the price is also going down, and, therefore, it is going to cut across the price of *khandsari* sugar, so much so that people, who were till now using *khandsari* sugar, might be inclined to use white sugar. The *khandsari* sugar manufacturer will then be reduced to a desperate condition. In order, therefore, to protect these 90 per cent sugarcane growers, the *khandsari* sugar must be protected, and it must be

excluded from any excise duty that might be imposed upon the factory-made sugar.

Well, Sir, it might be asked that if the *khandsari* sugar is to be manufactured at such uneconomic condition, why should it exist? That is really a very pertinent question. But, as I have said, it has to supply certain markets; it has to supply the requirements of the poorer people and at a lower price. That is one reason. Secondly, it is only in Northern India—the United Provinces and a portion of the Punjab—that the factories have grown up like mushrooms. In the Bombay and the Madras Presidencies, there, are very few factories. In fact, they can be counted on fingers' ends. If there is no *khandsari* sugar or if the cultivator does not find any sale for his sugar-cane, he will be in a very helpless position. As I have already pointed out, the price of *jaggery* will not cover the cost of manufacture. For these reasons, *khandsari* should be excluded.

Sir, there is only one little point which I might state in passing. My friend, Mr. Mudaliar, pleaded for the exemption of factories that are raised this year from the operation of this excise duty. The Honourable the Leader of the Independent Party, Sir Abdur Rahim, said that no exemption should be given, because, as in the field of law, the late comers must suffer on account of competition, and, therefore, they should not be given any exemption. But, I am afraid, that analogy is not on all fours, so far as the factories, that are raised this year, are concerned. When the factories were raised this year, they were expecting the protection of Rs. 9-1-0 to continue. It was on that understanding that these factories were raised, and they will suffer very much if the excise duty is also imposed on them. Of course, by next year they will be on the same footing as the other older factories, and then they might be brought under the operation of this duty. For all these reasons, I support this measure being referred to the Select Committee.

Several Honourable Members: The question may now be put.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The question is that the question be now put.

The motion was adopted.

The Honourable Sir George Schuster (Finance Member): Sir, at the outset, I wish to ask you to allow me to move a small amendment to my original motion. I wish to substitute the name of Sir Frank Noyce for that of Mr. Hardy as a member of the Select Committee. I hope that would be agreeable to the House.

Sir, we have had a long discussion, and I must confess that one of the thoughts which has been uppermost in my mind, as I have listened to it, is a feeling of relief that I am approaching the end of a task which means introducing Bills for taxation. I doubt if any Honourable Member appreciates how unpleasant it is to have to go on making proposals for new taxation. I do not complain of any criticism, but what I do ask is that we should have fair treatment, and I do not think it is fair for Members to say that if they had a national Government they would not have had proposals of this kind. I am sorry that my Honourable friend, Bhai Parma Nand, is not here, because he is a speaker to whom I have always listened with attention. He has always seemed to me to speak honestly what is in his mind, and I would put it to him very seriously that that is an unfair type of criticism. This is undoubtedly a very difficult measure as I made it clear when I made by speech at the commencement

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of this particular debate; but I do think that it is of the greatest importance that the representatives of the public in the Legislature and the public itself should appreciate the lessons to be learnt from this particular incident as regards sugar. If I, feeling the responsibility which rests upon me, venture to point out what are the dangers of excessive protection, I am trying to do a public duty. I am not trying to kill an infant industry or speaking as the representative of an outside power which is inimical to the development of Indian industries. Those days are all passed, and I should have thought that if there was one case, where that charge could not be levelled, it is the case of this sugar industry where no one can possibly suggest that British interests are in the least concerned one way or the other. I think it does a great deal of harm that matters of this kind should be discussed in that sort of atmosphere of prejudice.

Now, Sir, there have been a great many irrelevancies, if I may say so, in this discussion. I regard all the arguments in favour of protection of the sugar industry as such as entirely irrelevant and the whole of the speech, lasting over an hour of my Honourable friend from the Punjab, Mr. Jagan Nath Aggarwal, was entirely irrelevant. It was a defence of the policy of protection for sugar, a policy for which we are responsible and to which we absolutely adhere, and I say at once that, if this measure that we are now introducing can be demonstrated to be inconsistent with that policy that was introduced by the Honourable the Commerce Member in 1932, then we must go back on the measure, we must amend the measure and we must acknowledge our mistake. We still adhere to that policy of protecting the sugar industry whatever it costs. That is a policy which we have adopted and we must adhere to our word. Several speakers have said, and my Honourable friend, Mr. Sen, said just now that we introduced this measure two years ago, and that now the angle of vision has changed. The angle of vision has not changed at all. Our attitude is exactly the same, I just looked up the speech of Sir George Rainy when he was introducing that Bill in 1932, in order to see whether there was anything that could possibly have led to any misunderstanding on the matter, and I find that he stated quite clearly that the effect of that measure was to make the revenue duty of Rs. 7-4-0 a cwt. permanent and that it removed the basic duty of Rs. 7-4-0 a cwt. from the power of myself as the Finance Minister to vary it downwards if the financial exigencies dictated such a course. He made it quite clear that, so far as the surcharge was concerned, that was quite independent, and every Honourable Member, who has any interest in the sugar industry, knows perfectly well that the surcharge was a temporary affair and that all that he could rely on was that basic duty of Rs. 7-4-0 a cwt. I am sure that my Honourable friend, who spoke so feelingly and eloquently, Seth Haji Abdoola Haroon, will admit that he came to me and said he expected the surcharge to go in March, 1933, and another gentleman, who has taken a great deal of interest in this matter, Mr. Shri Ram, I remember coming to me early in January this year and saying: "You must stop this position of uncertainty. We do not know what you are going to do about this surcharge. This sword of Damocles must either fall or be removed". Every one, who is interested in this sugar industry, knows perfectly well that, so far as the surcharge was concerned, the position was one of complete uncertainty and no one could possibly have misunderstood the warning that I gave in my Budget speech of 1933.

Now, Sir, that is the first point that I want to say something about—the question whether we are going back on our word and whether we are not, if these proposals are accepted, going to continue for the industry that measure of protection on which they were entitled to rely. I would remind Honourable Members that we can only be accused of any breach of faith if there is to be now a difference between our proposals and those of the Tariff Board. We accepted the proposals of the Tariff Board, and the proposals of the Tariff Board were recommendations for a certain measure of protection against foreign competition. That is the essence of the case. The measure of protection which they recommended was Rs. 7-4-0 a cwt. possibly to be increased to Rs. 7-12-0 a cwt. In spite of the very full flow almost of ridicule with which my Honourable friend, Mr. Mudaliar, has tried to drown the learned Doctor as regards his arithmetical basis of calculation, in spite of that, I have no hesitation in ranging myself beside my Honourable friend, Dr. Ziauddin Ahmad, and saying that his arithmetical calculation is an entirely correct basis. I put it to the House that supposing we had worded our proposals slightly differently, supposing we had said we are going to remove the surcharge, the import duty is Rs. 7-12-0 a cwt., that is a fixed position, and no one can query that. And, then, if we had come along and said: “We find it necessary for revenue purposes to levy a tax on the consumption of sugar and we are going to levy a tax of Rs. 1-5-0 a cwt. on the consumption of sugar and we are going to collect that so far as the Indian made sugar is concerned at the factories and so far as the foreign sugar is concerned at the port of entry—but it is a consumption duty”—could anyone possibly have said that that was not carrying out the recommendations of the Tariff Board as regards protection against imported sugar? (Hear, hear.) I defy anyone to say that that is not consistent with the original proposals and the original policy. But, Sir, certain Honourable Members say that is all irrelevant, that does not convince us at all, because the position that has grown up is such that, merely by carrying out that policy, you are not going to put the sugar industry into a desirable position. Your consumption duty on sugar is a bad one, and the margin of protection which you are giving us against foreign sugar does not interest at all any longer, because the internal Indian made sugar prices are now quite out of touch with parity in relation to Java sugar. That is the point made by my Honourable friend, Mr. Mudaliar. That is a point which must be discussed, but what I have to say in the first place is that, if that is the case, it has nothing whatever to do with the tariff policy which we adopted. If Honourable Members come along and say protection against Java sugar has no interest to us any more, then all that the Tariff Board recommended is of no use to them. And, Sir, there is a very important point underlying this. I think that the fear which lies behind the arguments of those who are opposing this proposal is this,—that the development of the industry in India has gone so fast and so far that there is going to be a cut-throat competition internally, that that is going to put prices down and make it impossible for the manufacturer to keep up the level of prices to the margin which would be possible if all that he had to fear was competition from outside coming in over the tariff wall. Now, Sir, that is a perfectly possible position, but I maintain that it is no argument against our proposals, that it affords no support to the charge of breach of faith, and that in fact, if anything, it strengthens our case for doing something of the kind that we are proposing to do now, because if the position is this, that the growth of factories in India has gone so fast

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and so far that there is a danger of price cutting within the Indian market as between Indian made sugar, surely those concerns that are already in the market would welcome a measure which stops this unnatural attraction to the further increase of production here, and surely that indicates that however desirable it may be eventually to see the production of sugar go much further than it has gone now, however desirable that may be, the time at any rate has come to call a temporary halt in that. Let the industry overhaul its position, let the industry cut out the weaker spots, and then go forward for a new campaign which will be a campaign to capture not the home market, but the foreign markets as well. Now, Sir, that is really the only hope for the industry if there is to be a big development in the future and a development which we all hope to see. But if that is to come, then I come back to the point that I originally made that if we are to march forward to greater efficiency and the power to compete in foreign markets we shall never develop that efficiency unless we apply to the industry the spur of a certain amount of difficulty in making profits. If we keep it permanently in a hot-house which enables it to make even a ten per cent profit without any great difficulty, then the industry will never improve itself. And that, Sir, is our position.

At the same time, our position is that with our proposals the industry will be able to maintain the position promised to it by the Tariff Board. Now, I do not want to go into a great many figures at this stage. The time, as I have always said, for examining the figures is in Select Committee, but I do want to put just a few points to the House. So far as we have had any figures put forward in this debate—and I have listened very carefully and have really heard no straightforward convincing statement about the figures from those who have spoken on behalf of the manufacturers—but, so far as we have had figures, I have found them governed by two fixed points. On the one side, we are told that the price on which they can rely for sale is Rs. 7-12-0 a maund, and on the other side the other determining factor is that they pay six annas a maund for our cane. Now, Sir, I dispute both those points. We have watched very carefully the prices of sugar. Of course, they fluctuate and anything that one says in regard to what price can be expected is undoubtedly a factor of uncertainty. But so far as we can see on the basis of figures up to date, a fair price to rely on, taking an all-over price and assuming that a factory produces 50 per cent of firsts and 50 per cent of seconds, a fair price is Rs. 8-2-6 a maund. And, as regards the price of cane, I defy my Honourable friends to maintain their position that they are now all over the industry paying six annas a maund. I would refer them to resolutions which were passed by, I forget the exact name of the committee, but resolutions which applied to the whole of the Gorakhpur district, in October, 1933, which committed them to paying five annas a maund for their cane. Now, Sir, our position is this, and this is what we are going to stand on in the Committee, that recalculating the Tariff Board's figures,—and they are bound to be recalculated, because many of the factors have changed, some adversely as regards the price of molasses and others favourably owing to the greater size of the factories and the completely different price of cane just now prevailing,—recalculating the Tariff Board's figures on the Tariff Board's basis, we reckon that a fair price for sugar today is Rs. 7-1-0 per maund and that on that price they can get their ten per cent profit. As against that, we reckon that the

average selling price, and taking this on a conservative basis, is Rs. 8-2-6 a maund. Therefore, they have a margin of Rs. 1-1-6 a maund. The value of the duty is 0-15-7 a maund, let us say, one rupee a maund. They can pay one rupee a maund, they can get a fair selling price according to the Tariff Board which gives them ten per cent on their money and they still have 1½ annas over for additional profit over and above that ten per cent. That roughly indicates the position on which we stand; and, generally, apart from the figures our position always has been that it is possible for the industry to carry on, to pay a fair price for cane and to pay this excise duty. And that we have to make good in the Select Committee.

Sir, I do not think I need say any more on that particular point. I only want to deal with two other points which seem to me to be of great importance and which affect our whole case. I ventured in my remarks, which have been very much criticised as evidencing what an enemy I am of India, to say that it is very dangerous for the country to get into a way of listening to the demands of an industry for exaggerated protection. It seems to me that the case throughout this debate has been argued on the assumption that an industry is entitled to be given conditions in which the average factory, regardless of the standard of efficiency, is able to earn ten per cent. on its money from the very outset of its operations. Now, Sir, I feel that I can claim to know something about the investment of money in industry. In the years of my life before the War, when I was in business, it was my business to run an investment company whose sphere of operations was investments in industries in connection with mining and metal trading, all industries connected with mining, smelting, copper rolling mills, iron and steel,—a very wide sphere of industrial interests. It is my experience in British conditions, where I think one may claim that there is a fairly high standard of efficiency in management and enterprise, it is my experience that any one who embarks on a new venture can hardly ever hope to establish a position in new business earning a profit except after four or five years' work in building up the position. It is my experience that on an average the money invested in industry probably does not earn more than four or five per cent. In those cases, where you find companies paying large dividends, you almost always can look back on a long history of self-restraint during which in the early years they have been putting aside all their profits to reserves and building up a strong position behind their nominal capital. And there is no field except a highly speculative field like mining ventures where you can ever expect to earn anything like a ten per cent. regular dividend. I would ask any Honourable Member opposite who is interested in industry to tell me that he thinks it fair to expect a ten per cent. assured dividend on any industrial proposition. It is true that at times industrial shares have to show the possibility of a yield of ten per cent. because they are so speculative, and unless there is possibility of an yield as high as that, no one would put his money into the business. But, then, that ten per cent. profit has to balance years of loss. And, on an average, I say that industrial profit should certainly not expect more than about five per cent. on the whole capital. And yet everyone here seems to talk on the assumption that an industry, even a moderately well managed industry, ought to be assured a position in which it can earn ten per cent.

Now, Sir, there is another side to that matter to which I should like to draw attention, and, again, I am sure, it will be supported by any of the Honourable Members opposite who have any experience of business. It

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is very difficult to put your finger on the spot and say exactly where one man is an efficient manager and another is not. To all outward appearances one man may run his show just as well, may keep his accounts just as well, may be just as good in engaging his staff, and so on; and yet one man has got a commercial sense and is able to work profitably and another man is always able to show something like a loss. But, here we seem to forget all these differences. If any single factory comes and says that it cannot make ten per cent. can that be considered a ground for an appeal to Government to go and give a further piece of protection? I do put it to the House that if the efficiency of Indian industry is to be developed, it will never succeed if the expectations of profit and the checks on inefficiency are so high and so loose as seems to be the case in the minds of most of those who have spoken on the subject. Certainly there would be very little chance of India ever developing herself to a point where she can compete in foreign markets as regards sugar.

I have mentioned these points, because, as I have already suggested, I do take very hardly some of the criticisms that have been levelled against us for introducing this measure or for making the sort of observations which I have made as to what are the real interests of India if one wants to see India develop industrially in the future.

There is another side of the matter which I only just want to mention and shall say very little about, and that is this: I do wish again to call the attention of the House to the two-edged nature of the weapon of protection. It is, of course,—and no one of us denies it—a most satisfactory thing to see the sugar industry in India developing as it has developed. But we must not forget that there is another side to this, and, when I say that, I do not mean to say that it should deter us from the policy of developing our industries, but simply this: that when any particular proposals come up, they should be examined in all their aspects. We have had a great deal of talk about rice in the past few months, and it is interesting to see what are the figures as regards the exports of rice to Java and Sumatra in the last few years. I do not say that the development of sugar industry in India is the sole cause of Java and Sumatra having to turn over to rice cultivation, but certainly it is the most important single factor in the situation, and nothing has upset the Java position more than the sudden development of our own sugar industry. In 1932, for the ten months ending January the 31st, our exports of rice to Java were 1,29,643 tons. In the ten months ending January the 31st, 1934, they had come down to 63,900 tons: that is to say, the exports to Java had diminished by over 65,000 tons or more than half; and they will come down still more. That is an inevitable development. Java production of sugar has had to be cut down enormously; so far as I know, even the reduced Chadbourne agreement quota for Java of $2\frac{1}{2}$ million tons will have to be cut down to $\frac{1}{2}$ million tons next year; and, of course, they have to find other means of employing their land and are now growing rice instead. So that that is an illustration of the other side to this picture, although as I have said, it does not mean that we should not go on developing ourselves industrially.

I think all the other points that have been mentioned can be dealt with satisfactorily in Select Committee. We shall welcome the opportunity of a careful examination of all these points, and I trust that we shall be able to convince the House, after full discussion in Select Committee, that our measure, however unpopular it may be, is definitely a right measure in the interests of the country. Finally, there is one thing which is borne in upon

me most clearly after this discussion, and that is, that to have allowed this state of affairs to continue any longer without raising this issue, without ventilating this issue, and making people understand what is going on in the sugar industry, would have been the worst possible mistake that we could have made.

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

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

"That the name of Sir Frank Noyce be substituted in place of Mr. Hardy, as a member of the Select Committee."

The motion was adopted.

Dr. Ziauddin Ahmad: There is another amendment, Sir, of Mr. Anwar-ul-Azim for the addition of two more names.

Mr. President (The Honourable Sir Shanmukham Chetty): He does not want to move it.

The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st of August, 1934."

The motion was negatived.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa : Muhammadan): Sir, there is one more amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): What is it?

Mr. M. Maswood Ahmad: That the words 'seven days' be omitted. It has not yet been moved, and I want to move it. It is on the agenda paper.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member may move it.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in the motion, the words 'with instructions to report within seven days' be omitted."

I want to make simply a few observations in this connection. One is this: that we on this side of the House are always opposed to the idea of limitation of time for reports of Select Committees. We want that sufficient time should be given to the Committee and it should be left in the hands of the Committee that whenever they think fit they may report. We should not restrict their action by any such clause that they should report within seven days or some such period. You find, Sir, that the trouble is that the Assembly is going on from day to day, and there is no time practically to consider these questions, and the figures, which my Honourable friend himself admitted, have to be examined in the committee stage; but, if there is not sufficient time, how will it be possible for the Committee to consider this point, and to examine all those figures which have been quoted by Honourable Members on both sides of the House?

[Mr. M. Maswood Ahmad.]

Further, you will find that I said in the beginning that two or three more important questions had to be considered and those can be considered in the light of the opinions which they may receive from the Local Governments. The main point which may be urged is that the Budget has been passed and they are not aware what is their position and whether they will get this duty, and they will want to know where they stand and whether this income can be expected or not. But when we send this Bill to the Select Committee, it means that we accept the principle of the Bill; but we are not aware of the opinions of the Local Governments. I have said that the Government will not lose anything if they postpone this recommendation to get the report within seven days, and they can take this measure in the Simla Session. We accept the principle of the Bill by sending it to the Select Committee, but we want that this question should be entirely open to the Committee that if the Committee thinks that the opinions of the different Governments should be placed before them, and if the Committee recommends to the Government that they want to have the opinions of the Local Governments there should not be any trouble in the Committee, and the Government should be in a position to circulate the Bill by executive order to different Local Governments to know their views in this connection.

There is another objection, Sir, Some friends think that if this measure is not passed, the Bill, which is in the name of my friend, Mr. Bajpai, will not see the light of day, and we will not be able to pass the Bill to regulate the price of sugar-cane. I should like to tell my friends that nothing would be lost if we do not pass the other Bill within six months; we shall not be able to give any benefit to the cane grower by passing this Bill now, because the sugar-cane season is now over, and whatever benefit the agriculturist will get as a result of the passing of this measure, will be only in the next sugar-cane season. Therefore, there need be no hurry for passing that measure. My view is that, instead of limiting the time, it would be better to leave the whole question in the hands of the Committee. Let the Committee sit and consider the whole question, and if they think that this Bill should be circulated, then it should be circulated. But, if, on the other hand, they find they have sufficient information in their possession, then, certainly, they will not delay this matter and they will place their views before us. My whole object is that the hands of the Committee should not be tied down in considering this matter quietly and that no restrictions should be placed on them. With these words, I move my amendment.

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

“That in the motion, the words ‘with instructions to report within seven days’ be omitted.”

Mr. S. G. Jog (Berar Representative): Sir, my friend, Mr. Maswood Ahmad, has made the suggestion with the best of motives, but I think he is a bit out of order, because for every Select Committee they must fix a time limit, and if, within that time limit, they are not able to report, they will have to come to the House and ask for further extension of time to report. Any motion with an indefinite arrangement without fixing any time limit is out of order.

Sardar Sant Singh (West Punjab: Sikh): Sir, I want to make a few observations on the motion moved by my friend. It is admitted on all hands that levying of an excise duty, so soon after protection has been given, is a departure of very great magnitude. Therefore, it is absolutely necessary that we should examine the situation more carefully and more thoroughly than is usually done within seven days in a Select Committee. My suggestion to the Select Committee would be that, instead of hurrying through this measure, in their meetings they should examine the important interests affected by this excise duty. Of course, by carrying out this motion we accept the principle of levying the excise duty upon sugar manufactured in India, but there are certain interests which would like to be heard, and, if necessary, we may have to examine certain representatives, so that they may be able to put forward their point of view, and the House should be able to record its decision on materials which may be trustworthy and reliable. Therefore, I support the motion of my friend, Mr. Maswood Ahmad.

Dr. Ziauddin Ahmad: Sir, I have one difficulty which I hope my friend, Mr. Maswood Ahmad, will clear up. Suppose the Committee does not report at all, then what would happen?

Mr. M. Maswood Ahmad: My friend has forgotten the *Standing Order*. My friend will find that the *Standing Orders* give sufficient protection in this matter.

Seth Haji Abdoola Haroon: Sir, I support wholeheartedly the motion moved by my friend, Mr. Maswood Ahmad. I do not think, if this amendment is accepted, the Government will lose any revenue. As all Honourable Members know, the cane season is already over. Most of the sugar factories are to be closed on this side of the country. I think some factories close to Gorakhpur in the Western U. P. are about to close shortly, and some will close before the first half of May. Therefore, there is only one month left for the crushing season, and half the number of mills will be closed before the end of this month. If this amendment is accepted, we shall be able to know many things. For instance, the Finance Member just now gave the figure of Rs. 7-1-0 as the actual cost of sugar, and if they pay a price of Re. 0-8-0 in the Gorakhpur district and one rupee as excise duty, there will be a margin of nearly ten per cent. So, we shall be able to go through all these matters very carefully, and if the Finance Member agrees to this small amendment, I think he will not lose much revenue.

The Honourable Sir George Schuster: Sir, I must strongly oppose this amendment. It seems to me that my friend is merely trying to get the House to reverse the verdict which they have already given as regards his original amendment. His original amendment sought to send the Bill for circulation and delay it until August. Now, he seeks to achieve exactly that result by another means. Our position is that the House has got the information before it in order to deal with this matter, and there is nothing to be gained by delay. On the other hand, we must get our financial programme through as is the ordinary course at the Budget Session. It was merely by an accident that this particular Bill had to be taken separately from the Finance Bill, but it must be passed at the Budget Session. I oppose the motion.

Mr. M. Maswood Ahmad: May I know what is the hurry to pass this Bill in this Session? Will my friend make the position clear?

Dr. Ziauddin Ahmad: My friend, Mr. Maswood Ahmad, I think, did not give correct information. The rule says that "such report shall be made not sooner than three months". Now, "not sooner than three months" may mean till eternity on the other side.

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

"That in the motion, the words 'with instructions to report within seven days' be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): There is perhaps another amendment by Mr. Maswood Ahmad, is it not?

Mr. M. Maswood Ahmad: I don't want to move it, Sir.

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

"That the Bill to provide for the imposition and collection of an excise duty on sugar be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. S. C. Mitra, Mr. Muhammad Azhar Ali, Seth Haji Abdoola Haroon, Lala Hari Raj Swarup, Mr. Jagan Nath Aggarwal, Mr. Bhupur Singh, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Mr. A. Das, Bhai Parma Nand, Mr. C. S. Ranga Iyer, Mr. F. E. James, Mr. G. Morgan, Nawab Major Malik Talib Mehdi Khan, Sirdar Nihal Singh, Major Nawab Ahmad Nawaz Khan, Mr. G. S. Bajpai, the Honourable Sir Frank Noyce, and the Mover, with instructions to report within seven days and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

THE MATCHES (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill to provide for the imposition and collection of an excise duty on matches be referred to a Select Committee consisting of Sir Cowasji Jehangir, Mr. Rahimtoola M. Chinoy, Mr. S. C. Mitra, Mr. B. Sitaramaraju, Mr. B. V. Jadhav, Mr. Sitakanta Mahapatra, Sardar Sant Singh, Mr. R. S. Sarma, Rao Bahadur S. R. Pandit, Mr. N. N. Anklesaria, Pandit Satyendra Nath Sen, Sirdar Harbans Singh Brar, Sir Leslie Hudson, Sir Darcy Lindsay, Mr. A. H. Ghuznavi, Mr. Muhammad Anwar-ul-Azim, Dr. B. D. Dalal, Mr. D. N. Mukharji, the Honourable Sir Frank Noyce, and the Mover, with instructions to report within seven days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

I do not think that it is necessary for me to make any long speech in moving this particular motion. I have explained the position fairly fully in my original Budget speech. I have no particular case or public agitation to deal with in this matter. What I want to put before the House is that this is an extremely reasonable proposal, but that there are many technical aspects which will require full discussion in Select Committee. I may say that we have had an opportunity, in the interval since we introduced this

measure, to discuss it with some of the representatives of the leading match manufacturing companies, and there is no doubt that on certain points some technical modifications will be necessary in the measure as originally proposed. But all of those points are points which can well be discussed in Select Committee. Sir, I move.

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

“That the Bill to provide for the imposition and collection of an excise duty on matches be referred to a Select Committee consisting of Sir Cowasji Jehangir, Mr. Rahimtoola M. Chinoy, Mr. S. C. Mitra, Mr. B. Sitaramaraju, Mr. B. V. Jadhav, Mr. Sitakanta Mahapatra, Sardar Sant Singh, Mr. R. S. Sarma, Rao Bahadur S. B. Pandit, Mr. N. N. Anklesaria, Pandit Satyendra Nath Sen, Sirdar Harbans Singh Brar, Sir Leslie Hudson, Sir Darcy Lindsay, Mr. A. H. Ghuznavi, Mr. Muhammad Anwar-ul-Azim, Dr. R. D. Dalal, Mr. D. N. Mukharji, the Honourable Sir Frank Noyce, and the Mover, with instructions to report within seven days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Mr. B. Das (Orissa Division: Non-Muhammadan): In the words of my Honourable friend, Mr. Jagan Nath Aggarwal, I may say that we are not discussing the philosophy of protection; we are discussing the philosophy of taxation.

An Honourable Member: Philosophy of destruction!

Mr. B. Das: During the Budget speech and on various other occasions, I have made it clear that excise duty has become a general feature of the taxation policy of the Government of India. Although I could not speak on the other Bill which was discussed with such vehemence for the last two days, whatever remarks I make on this Bill will also apply to the Sugar Excise Bill. I feel that excise duty has come to stay. The very fact that the House has sent the other Bill to a Select Committee shows that the House considers that excise duties should be collected by the Government to meet their general expenditure, but whether the excise duty that has been designed by the Government on matches or on sugar is ample or should be reduced is a subject which requires closer examination. As for the match industry, it has been represented in various quarters, I have heard it said that the excise duty is not good. I do not agree, because I find from the reports of the various Committees, including the Taxation Enquiry Committee and the Federal Finance Committee, that they have all approved of an excise duty on matches. But whether the Finance Member is entitled to purloin the resources that are left for the future Federal Government is a different question. My Honourable friend has touched those resources, and so I will register my protest that he is not today entitled to touch those resources.

I will now come to the merits of the case as to what should be the exact excise duty that should be applied to the match industry. I have seen statements,—particularly when the Federation of Indian Chambers was holding its annual meeting last week here,—some of my Bengali friends said that they would like that the small match factories which are operated by hand as a sort of cottage industry should be exempted from any excise duty. My Honourable friend, Mr. Ramakrishna Reddi, has recorded a protest in the previous Bill and has suggested that *khandsari* sugar should not be touched, and let me take this opportunity to say that I entirely

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agree with Mr. Reddi and others who think like that, that *khandsari* sugar, where it is in the form of a cottage industry, should not be made to pay any excise duty. In the same way, I say that this match industry, where it is being manufactured as a cottage industry, should be exempted from the excise duty. It has also been represented to us that the system of taxation which my Honourable friend has designed will work hardship on the consumers. The Finance Member wants to design a match box with 80 splints. But that means that match boxes in the bazar will be sold at two pice per box.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): It is already being sold at two pice.

Mr. B. Das: That is my complaint, and it will also reduce the consumption of matches. In these days of economic depression, the poor man will not get a chance to buy the matches which he was buying for half a pice. So, it would be better if the Select Committee devised boxes of one, two or three sizes.—boxes of 40 splints, and boxes of 80 splints, and there may be a medium kind of box of 60 splints. My Honourable friend, Mr. A. Das, has said that matches are selling already in the bazar at two pice. I have not recently had an opportunity to buy matches, and I do not know the price. The other day I accused the Finance Member of a lack of sense of proportion in permitting the match manufacturers to work day and night and producing matches in such large quantities that the Finance Member will not collect any additional revenue from the match excise duty. In reply to my accusation he said that he did not believe that too much extra matches were being manufactured and stocked in the bazar, and that he would be able to collect the Rs. 2½ crores which he has estimated. My Honourable friend may think in that way; after a month, he will not be concerned with the Budget proposals of the Government or whether his successor would only find a paper estimate of Rs. 2½ crores, a moiety of which he will not be able to collect. But there is that danger which the Finance Member will have to face. Announcing the imposition of an excise duty, but postponing the date of collection to 1st April, has deteriorated the receipts of the Government, and these will deteriorate at every step throughout the Budget year.

One very important issue that has been brought into the scope of the present Bill is that the Indian States will be brought into collaboration. Knowing the past policy of these Indian States, knowing how it works and the serious accusations that are levelled against certain of these Indian States by my Honourable friends, Sir Cowasji Jehangir and Mr. Mody and others, that these Indian States, in the coasts of the Bombay Presidency, whenever they get the opportunity, allow the importers a rebate in import duties, I think that goods are sold at low prices. I do not know if the Honourable the Finance Member and the Government of India have so far discussed the subject in minute detail with the representatives of the States and whether the representatives of these Indian States will conform to the rules that will be made by the Government of India and the representatives of the States, and even if they agree on paper at a Conference in Delhi or Simla, what guarantee is

there that these Indian States will conform to the promise which they will give on paper? Have the Government of India any power or any method by which they can enforce the Indian States not to give rebate to the manufacturers of matches or even sugar in these Indian States, so that these Indian States will sell them at a low price and there will be undue profiteering? Not only that, but it will hit the manufacturers in British India. That is a point which the Government should not deal with lightly. It is not a political issue where the Finance Member will seek the advice of the Political Department. It is a purely economic issue. If, under the order of the Political Department or under the guise that the Political Department is to be controlled by the British Government, because the princes are allies of His Majesty the King, the Government of India do not devise rules to completely control the action of the Indian princes and their States in the matter of collection of excise duty, then, Sir, I think that this Bill will not result in any good, and the result which my friend anticipates in the collection of 2½ crores, which has already been nullified by the manufacture of excessive matches during the last one month, will be further nullified by the ingenious and dishonest method of working of Indian States who are manufacturing matches in Indian States and flooding the British Indian market with duty free matches, and that is a point on which this House would ask for assurance. It should not be left purely to the sweet consideration of the Indian States or the princes, but the Government of India should exercise their control and superintendence over these Indian States to see that they fulfil their obligations. Today there is no Federation, and no one knows what will be the position of these Indian princes five years hence when the Federation comes in, and who knows whether Federation will come in at all? At present, the Governor General in Council happens to be the master of these princes and their over-lord. Why should the Government of India today be so chary as not to exercise that control and allow the princes to do anything they like as they have permitted the princes in Kathiawar States, particularly the Jamnagar prince to do anything he likes in the matter of giving rebate in the Jamnagar ports?

As the House is again discussing the duty on matches, recollection brings me back to the report of the Tariff Board on the protection of the match industry in which Sir Padamji Ginwalla wrote that minute of dissent and that excellent note on match manufacture. I want to take this opportunity to ask the Government what they have done during these two or three years to give effect to those suggestions. It was given out in the Press that the Swedish match combine, which is at present run with foreign capital, gave a certain undertaking to Government. I should like the Honourable the Finance Member to tell us what has been done to see that that undertaking is fulfilled. Then, there is another thing. In all protective measures, this House has insisted, in accordance with the report of the External Capital Committee, that the company's capital should be rupee capital and that 75 per cent. of the directorate should be Indian. This point was stressed very much when this House gave protection to the Indian paper industry. I am not discussing the discrimination against British capital. I ask the Treasury Benches to recollect the minute of dissent I wrote in the case of the Sugar Protection Bill where I said that I had nothing to say about the investment of British capital, as that matter was under discussion in the Round Table Conference which was adorned and graced at the time by my Honourable friends, Diwan Bahadur Ramaswami Mudaliar and Sir Cowasji

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Jehangir. I am not discussing that, but I am discussing whether the Government of India have any definite policy against the investment of foreign capital in India, and, when an industry receives protection, under the protective policy of the Government of India, whether they can insist on that industry to convert its capital into rupee capital and to have a large number of Indian directors. I have heard it said and I believe it is true that the Swedish Match Combine has given certain assurances to the Government. I will instance the case of the salt industry. There is that Italian firm in Aden which is taking advantage of this two annas six pies protective duty on salt and importing a very large quantity of salt to India and which offends the susceptibilities of my friends from Karachi, Mr. Lalchand Navalrai and Seth Haji Abdoola Haroon, but the Government of India were very much frightened, not only by the British Chambers of Commerce, but they are somewhat frightened of the foreign capital investments in the Indian Empire. They have not devised, so far, any means by which they can control foreign capital investments in British India. When we were considering that Sugar Protection Bill and you, Sir, were the Chairman of that Select Committee, you gave us ample opportunity to discuss this subject, but on another Committee, the Textile Protection Select Committee, Sir, we had not the privilege to discuss the subject fully in a similar fashion and for which I have appended a long minute of dissent. I have no quarrel with the Honourable the Law Member who was the Chairman of that Select Committee and we thought that certain matters could not be discussed in the Select Committee, but, Sir, you who served on the first Select Committee of the first protective measure in 1924—the steel industry measure—knew the Fiscal Commission's report thoroughly or line by line and you knew the policy with which the Government of India designed their protective measure and you gave us ample latitude in 1932. Sir, we discussed very much this morning the question whether sugar was coming from Java and we discussed in 1932 whether these Java planters would not transplant their plant and machinery and manufacture sugar in India and whether it was not right and fair, and it is still not right and fair that the Government of India should devise some means of control of the investment of such foreign capital. Sir, I wrote a minute of dissent, and I will just read it out. It is a minute of dissent appended to the Select Committee's report on the Bill to provide for the fostering and development of the sugar industry in British India, with the Bill as amended, in the year 1932-33, about the policy towards the investment of foreign capital in India:

"As long as we are working under the present constitution it is idle to think of discrimination within the British Empire. I am for empire reciprocity with consent of respective Dominions concerned inside the British Empire."

Well, Sir, my attitude, I will say, towards the dominions has changed, as I find their attitude towards India has not changed a bit, and they are still insolent and insulting towards India.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhamadan Urban): Do they know that your attitude has changed?

Mr. B. Das: It is for the Government of India to let them know that the attitude of British India has changed. (Hear, hear.)

"If that assurance would be given, our European colleagues in the Central Legislature would gladly join issue with us to control foreign investment in India, similar to the case we apprehend in the case of sugar industries. I must draw attention of the

Legislature to the menace of the foreign capital and control to Indian industries. The Legislature and the Government should particularly watch cases where the Government grant concessions to particular industries. Already the electric industry in Bombay have been controlled by Americans. The protection to match industries brought in the Swedish combine. At present Government exercise no control over these foreign investors. There is further menace from America and the continent to our steel industry and the shoe industry. There is menace to our Cotton Mill Industry from Japan and Germany. Is it not high time that the Government should legislate for every individual case if they cannot at present introduce general legislation to protect industries in India in the interest of India?"

Sir, my Honourable friend, Mr. Mody, is not present here, but his heart would have been gladdened to hear what I have read out just now—Sir, I thought of the cotton mills of Bombay when I wrote that minute of dissent in 1932. Sir, I gave in another paragraph a method of licensing of all industries, whereby Government could control every industry and thereby exercise a check whether the capital is foreign capital or rupee capital; but, at that time, Sir George Rainy, who was a member of that Select Committee, thought that we might be too much discriminating and the time was not ripe that we could raise that big issue under the cloak of this Sugar Protection Bill. Sir, here is another occasion. Government had ample time to know the mind of the non-officials on this side, and, as far as I know, they have their sympathy with us and they are again bringing in a measure on matches before the House. Is it not right that they should so legislate that the foreign investment in India should be converted into rupee capital and insist on that by a method of licensing or by some other method—I would leave it to the Select Committee and also to the very ingenious brain of the Honourable the Finance Member to devise that method of control. Sir, the External Capital Committee's report recommended that there should be a minimum number of Indian apprentices trained in these industries. Sir, the Swedish Match Combine received ample time and has captured the whole of the market,—I think sixty to seventy per cent of the Indian market. May we not ask to know whether Indians are being trained by them and Indians are being employed by them in high offices, or whether Indians work simply as coolies in these factories, and is it not the case that men from Sweden and Germany are ruling the affairs of the various firms that are controlled by the Swedish Match Combine in India? Sir, Government are always in a hurry. They have no time to bring out effective measures that will benefit India and Indians. My Honourable friend wants taxes and he wants us to give him permission to levy an excise duty. I have a certain sympathy with him. Whether the excise duty he wants, namely, Rs. 2-4-0 is proper or it should be reduced to a certain extent, that is for the Select Committee to examine minutely and in detail, but I feel that it ought to be reduced slightly. That, however, is a different issue. Sir, for purposes of taxation, Government are in a hurry. They make us sit through the night, even up to two o'clock, to pass taxation measures, but why does not the Honourable the Finance Member or the Honourable the Commerce Member bring out a Bill whereby industries that are protected and are receiving concessions from India should be so controlled that they work for the benefit of India?

A few minutes ago, the Honourable the Finance Member laid down the law, from his own experience in the City of London, that industries should not expect any profit above ten per cent and that he would like to see the profits remain at five or six per cent. I think by this match industry

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they are making more profit, and when foreign capital invested in India makes more profit at the cost of India and Indians, is it not the duty of the State to insist that part of that money is returned to the State and part of the experience—technical and commercial—is returned to the people of India, and the industry so arranges its working that Indian technical men, Indian labour and even Indian directors enjoy the maximum amount of benefit? Sir, I do hope that the Select Committee will examine this aspect of the question and will be able to devise other clauses in the present Match Bill so that the Government will be forced to apply their mind and license the match factories in India and control them for the benefit of India.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 4th April, 1934.