

Wednesday, 2nd April, 1941

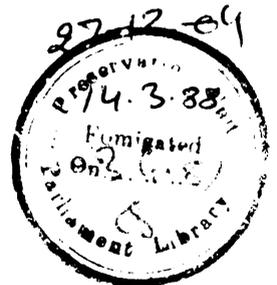
THE  
**COUNCIL OF STATE DEBATES**

**VOLUME I, 1941**

*(19th February to 4th April, 1941)*

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**NINTH SESSION**  
OF THE  
**FOURTH COUNCIL OF STATE, 1941**



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# CONTENTS.

	Pages.
<b>Wednesday, 19th February, 1941—</b>	
Members Sworn . . . . .	1
Questions and Answers . . . . .	1—4
Statements, etc., laid on the table . . . . .	4—5, 6—7
Information promised in reply to questions laid on the table . . . . .	5—6, 7—10
Messages from His Excellency the Governor General . . . . .	10—11
Committee on Petitions . . . . .	11
Welcome to His Excellency the Commander-in-Chief . . . . .	11—13
Congratulations to recipients of honours . . . . .	13
Governor General's assent to Bills . . . . .	13—14
Bills passed by the Legislative Assembly laid on the table . . . . .	14
Presentation of the Railway Budget for 1941-42 . . . . .	14—19
Statement of Business . . . . .	20
<b>Tuesday, 25th February, 1941—</b>	
Questions and Answers . . . . .	21—47
General Discussion of the Railway Budget for 1941-42 . . . . .	48—89
<b>Wednesday, 26th February, 1941—</b>	
Questions and Answers . . . . .	91—117
Bill passed by the Legislative Assembly laid on the table . . . . .	117
Insurance Deposits (Temporary Reduction) Bill—Considered and passed . . . . .	117—119
Indian Merchandise Marks (Amendment) Bill—Considered and passed, as amended . . . . .	119—120
<b>Thursday, 27th February, 1941—</b>	
Questions and Answers . . . . .	121—127
Resolution <i>re</i> Prevention of persons suffering from contagious diseases travelling in trains, etc.—Withdrawn . . . . .	127—133
Resolution <i>re</i> Indian Civil Service—Withdrawn . . . . .	133—164
<b>Friday, 28th February, 1941—</b>	
Presentation of the General Budget for 1941-42 . . . . .	165—178
<b>Wednesday, 5th March, 1941—</b>	
Member Sworn . . . . .	179
Questions and Answers . . . . .	179—193
Information promised in reply to questions laid on the table . . . . .	194—196
Statements, etc., laid on the table . . . . .	196
Bills passed by the Legislative Assembly laid on the table . . . . .	196
Message from the Legislative Assembly . . . . .	196
General Discussion of the General Budget for 1941-42 . . . . .	197—243
<b>Thursday, 6th March, 1941—</b>	
Member Sworn . . . . .	245
Questions and Answers . . . . .	245—251
Bill passed by the Legislative Assembly laid on the table . . . . .	251
Resolution <i>re</i> Recruitment of all classes for the Indian Army—Adopted . . . . .	251—276
Statement of Business . . . . .	276

**Monday, 10th March, 1941—**

Questions and Answers	277—285
Resolution <i>re</i> Indian Civil Service Examination— <del>Withdrawn</del>	<del>286—308</del>
Resolution <i>re</i> University Training Corps— <del>Withdrawn</del>	<del>308—315</del>

**Tuesday, 11th March, 1941—**

Statements, etc., laid on the table	317
Central Advisory Council for Railways	317
Standing Committee for Roads, 1941-42	317
Standing Committee for the Department of Communications	318
Petroleum (Amendment) Bill—Considered and passed	318—319
Berar Laws Bill—Considered and passed	319—320
Assam Rifles Bill—Considered and passed	320
Indian Railways (Amendment) Bill—Considered and passed	321—341
Resolution <i>re</i> Payment of Compensation in respect of war injuries, etc., sustained by Indian seamen—Adopted	341—342

**Monday, 17th March, 1941—**

Questions and Answers	343—352
Resolution <i>re</i> Allocation of Defence expenditure between His Majesty's Government and India—Negatived	352—365
Standing Committee for Roads, 1941-42	365
Central Advisory Council for Railways	365—366
Standing Committee for the Department of Communications	366
Resolution <i>re</i> Federal Court— <del>Withdrawn</del>	<del>366—377</del>

**Monday, 24th March, 1941—**

Questions and Answers	379—389
Death of Sir Muhammad Hayat Khan Noon	389—390
Bills passed by the Legislative Assembly laid on the table	390
Resolution <i>re</i> Review of Industrial development—Discussion postponed	390—391
Resolution <i>re</i> Indian Civil Service	391—402
Delhi Masajid Bill—Recommendation to the Legislative Assembly that the — be referred to a Joint Committee	402—403
Indian Limitation (Amendment) Bill—Motion to refer to Select Com- mittee, adopted	403
Statement of Business	403

**Thursday, 27th March, 1941—**

Member Sworn	405
Questions and Answers	405—413
Information promised in reply to questions laid on the table	413—422
Bills passed by the Legislative Assembly laid on the table	422
Standing Committee on Emigration	422
Standing Committee for the Labour Department	422
Standing Committee for the Department of Commerce	422
Standing Committee for the Department of Supply	422—424
Central Advisory Council for Railways	424—425 and 465
Standing Committee for Roads, 1941-42	425
Indian Finance Bill, 1941—Motion to consider— <i>not concluded</i>	425—465
Statement of Business	466

	Pages.
<b>Friday, 23th March, 1941—</b>	
Member Sworn . . . . .	467
Message from the Legislative Assembly . . . . .	467
Indian Finance Bill, 1941—Considered and passed . . . . .	467—518
Standing Committees . . . . .	518
Statement of Business . . . . .	518
Appendix . . . . .	519
<b>Saturday, 29th March, 1941—</b>	
Questions and Answers . . . . .	521—553
Protective Duties Continuation Bill—Considered and passed . . . . .	553—556
Indian Tariff (Amendment) Bill—Considered and passed . . . . .	557
Tyres (Exoisc Duty) Bill—Considered and passed . . . . .	557—559
Excess Profits Tax (Amendment) Bill—Considered and passed . . . . .	560—562
<b>Wednesday, 2nd April, 1941—</b>	
Questions and Answers . . . . .	563—582
Bill passed by the Legislative Assembly laid on the table . . . . .	582
Standing Committee on Emigration . . . . .	583
Standing Committee for the Department of Commerce . . . . .	583
Standing Committee for the Labour Department . . . . .	583
Standing Committee for the Department of Supply . . . . .	583—584 and 617—618
Information promised in reply to questions laid on the table . . . . .	584
Resolution <i>re</i> Industrial development—Adopted, as amended . . . . .	584—617
Statement of Business . . . . .	618
<b>Friday, 4th April, 1941—</b>	
Questions and Answers . . . . .	619—620
Statements, etc., laid on the table . . . . .	621
Death of Sir Sundar Singh Majithia . . . . .	621—622
Delhi Restriction of Uses of Land Bill—Considered and passed . . . . .	622—628
Insurance (Amendment) Bill—Considered and passed . . . . .	628—643

# COUNCIL OF STATE

Wednesday, 2nd April, 1941.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

## QUESTIONS AND ANSWERS.

MR. PODGER, GOVERNMENT MICA INSPECTOR.

152. THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA :  
(a) Was Mr. Podger's appointment made in consultation with representatives of the Bihar mica industry ? If not, why not ?

(b) Was Mr. Podger transferred to Calcutta during November, 1940, to assist the Geological Survey of India in the purchases of mica on behalf of the American Government ? If so, was the Bihar mica industry consulted in the matter ? If not, why not ?

THE HONOURABLE MR. A. DEC. WILLIAMS : (a) Yes.

(b) Yes. The Industry was not consulted as Government had urgently to make the best arrangements possible, and it is in any case questionable whether consultation with the Industry was necessary or even desirable.

## SALE OF BUNGALOWS IN POONA CANTONMENT.

153. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is the sanction of Government required for the sale of bungalows in the Poona Cantonment ? If so, under what law ?

(b) Is any agreement regarding the tenure of land known as " Admission Certificate " taken from the purchasers ? If so, does it often contain more conditions than those mentioned in the G. G. O. under which the grants of land in question have been made ? If so, under what law ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : With your permission, Sir, I will answer questions Nos. 153 and 154 together.

I am collecting the information and will lay it on the table in due course.

## MORTGAGE OF PROPERTY IN POONA CANTONMENT.

154. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is the sanction of Government required for the mortgage of a property in the Poona Cantonment ? If so, under what law ?

(b) Is any sanction required in cases of transfers by executors to legatees and in cases of partition of family estates ? If so, under what law ?

(c) Are admission certificates required also in cases (a) and (b) ? If so, under what law ? Do they also often contain conditions in excess of those contained in the appropriate Government General Order under which the sites have been granted ? If so, what steps do Government propose to take to remedy the injustice ?

(See reply to question No. 153.)

#### RECRUITMENT TO THE UPPER GRADES ON THE B. N. R.

155. THE HONOURABLE MR. N. K. DAS : Will Government say on what basis appointments to upper grades in the B. N. R. are made ? Are they made on territorial basis ?

THE HONOURABLE MR. L. WILSON : Recruitment is generally made on the basis of merit, subject to the observance of orders regarding communal representation.

THE HONOURABLE MR. HOSSAIN IMAM : The question was whether recruitment was on territorial basis. The Honourable Member has not replied to that. Is it made on a territorial basis or on an all-India basis ?

THE HONOURABLE MR. L. WILSON : Recruitment is made on the basis of merit.

THE HONOURABLE MR. HOSSAIN IMAM : Is the selection on territorial basis or all-India basis ? That is the last part of the question, Sir.

THE HONOURABLE MR. L. WILSON : It is not on territorial basis.

#### COMPETITIVE EXAMINATION FOR RECRUITMENT TO THE UPPER GRADES ON STATE-MANAGED RAILWAYS.

156. THE HONOURABLE MR. N. K. DAS : (a) Will Government say whether they propose to introduce competitive examinations to fill in posts in the upper grades of services in all State-managed railways ?

(b) If so, when ? If not, why not ?

THE HONOURABLE MR. L. WILSON : (a) No.

(b) Competitive examinations are not considered suitable for the purpose of making such promotions.

THE HONOURABLE MR. N. K. DAS : May I ask, Sir, why they are not considered suitable ?

(No answer given.)

#### HARDSHIPS CAUSED BY THE WORKING OF THE MOTOR VEHICLES ACT, 1939, IN PROVINCES.

157. THE HONOURABLE MR. N. K. DAS : (a) Will Government say what has prevented them from making inquiries as to the working of the several new sections of the Motor Vehicles Act, 1939, in the provinces ?

(b) Are Government aware that great hardships are experienced by motor transport owners in the provinces as a result of the operations of the sections of restriction in the Motor Vehicles Act ? If not, do Government propose to inquire into the matter ? If not, why not ?

**THE HONOURABLE MR. S. N. ROY :** The attention of the Honourable Member is invited to the replies given to his question No. 117 and supplementaries thereon on the 24th March, 1941.

**THE HONOURABLE MR. N. K. DAS :** The first part of the question asks what has prevented Government from making inquiries. That was not asked on the last occasion.

**THE HONOURABLE MR. S. N. ROY :** In the supplementaries to which I referred I said this is a matter which falls within the provincial field, and while legislation falls in the concurrent list, all executive action under the Act must be taken by the Provincial Governments.

**THE HONOURABLE MR. HOSSAIN IMAM :** In view of the fact that the provinces have no legislatures, could not the Government intervene and get the information ?

**THE HONOURABLE SIR DAVID DEVADOSS :** They can have Ordinances.

**PROHIBITION OF THE USE OF HEADLIGHTS OF MOTOR CARS IN BOMBAY AND CALCUTTA.**

158. **THE HONOURABLE MR. ABDOOL RAZAK HAJEE ABDOOL SUTTAR :** (a) Are Government aware that at the time of driving motor cars the keeping of headlights on is prohibited in Calcutta and Bombay ?-

(b) Are there any restrictions referred to in (a) above in force in the Province of Delhi ?

(c) Are Government aware that the drivers of conveyances coming from the opposite direction of the motor cars which at the time of driving keep their headlights on are blinded by the rays of the light and accidents occur on this account ?

(d) Do Government propose to take any steps to prevent the keeping of headlights on by motorists in the Province of Delhi ? If not, why not ?

**THE HONOURABLE MR. S. N. ROY :** (a) The rules both in Bombay and Calcutta require that the driver of a motor vehicle shall at all times so manipulate the lights that danger or undue inconvenience is not caused to any person by dazzle, but power is given to the Commissioners of Police to prohibit the use, within such areas or places as may be specified, of lamps giving a powerful or intense light. Government have no information as to the precise orders that have been issued by the Commissioners of Police, but it is understood that at Bombay the use of headlights unless suitably screened has been prohibited as a part of war lighting regulations.

(b) The rules in Delhi are precisely the same as those in Bombay and Calcutta except that the power given to the Commissioner of Police in those places is given to the District Magistrate in Delhi.

(c) Government are aware that there are drivers everywhere who do not manipulate the headlights as required by the rules quoted in reply to (a).

(d) If the Honourable Member is suggesting that the use of headlights should be totally prohibited, the answer is in the negative because the use of headlights, at night is essential to safety except in streets which are very well lighted.

**SUPPLY OF DRINKING WATER TO WORKMEN OF THE CARRIAGE AND WAGON SHOPS, LILLOOAH, E. I. R.**

159. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are there no watermen in the E. I. R. Carriage and Wagon Workshops at Lillooah, which employ about 5,000 workmen to supply the workmen with drinking water ?

(b) Is there no arrangement in these shops for supplying cool drinking water and do the workmen drink the water from the overhead tanks the water of which is too hot even to be touched during the summer months ?

(c) Is drinking water kept in pitchers in the Jamalpur shops and are there regular watermen to supply it to all who need it ? If so, why have not the same arrangements been made in the Lillooah workshops ?

THE HONOURABLE MR. L. WILSON : With your permission, Sir, I shall reply to questions Nos. 159 and 160 together. I have called for information and a reply will be laid on the table of the House in due course.

**SUPPLY OF WATERPROOF COVERINGS TO WORKMEN OF THE CARRIAGE AND WAGON SHOPS, LILLOOAH, E. I. R.**

160. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Do a number of workmen in the repair shops in the Carriage and Wagon Workshops at Lillooah always work in the open and are they provided with no shelter whatever during the rains ? Are the men provided with waterproof coverings ? If not, why not ? What do Government propose to do now in the matter ?

(b) Has no arrangement been made in these shops to enable workmen to get their applications, appeals, explanations written and whenever they have to submit anything in writing, do they pay as much as four annas to some clerk or other ? Are the necessary facilities provided in the other shops ? If so, why are not the same facilities allowed to workmen in the Lillooah shops ?

(See reply to question No. 159.)

**TENDERS FOR THE CONSTRUCTION OF RUNWAYS AT CERTAIN AERODROMES.**

161. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Did Government invite tenders for the construction of runways in the Allahabad, Cawnpore, Lahore and Jacobabad aerodromes ? If so, has the lowest tender been accepted ? If not, why not ? What is the difference between the lowest tender and the accepted tender ?

(b) Have the contracts for all the four runways been given to the same person ? If so, what was the advantage in doing so ?

THE HONOURABLE MR. H. C. PRIOR : (a) Tenders were invited for the construction of runways at the Allahabad, Cawnpore, Lahore and Jacobabad aerodromes. The lowest tenders were accepted in the case of Allahabad and Cawnpore. The second lowest tender was accepted for the Jacobabad aerodrome. The difference between the accepted and the lowest tender was

Rs. 1,500 about  $1\frac{1}{2}$  per cent. In the case of the Lahore aerodrome, the fourth lowest tender was accepted. The difference between this tender and the lowest amounted to Rs. 9,914 about 6 per cent. It is not in the public interest to disclose the reasons for not accepting the lowest tenders in these two instances. I have however satisfied myself that the reasons were good and sufficient.

(b) Yes. The same person happened to be the lowest tenderer for the works at Allahabad and Cawnpore and he was considered to be the most suitable person to carry out the works at Lahore and Jacobabad for reasons which, as already stated, are of a confidential nature.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Were the other persons who tendered not men of experience or substance ?

THE HONOURABLE MR. H. C. PRIOR : I think it is going behind my answer.

THE HONOURABLE MR. HOSSAIN IMAM : What was the name of the tenderer to whom the contracts were given ?

THE HONOURABLE MR. H. C. PRIOR : I have it here but it is in a sealed envelope and I cannot say at once. I must ask for notice of that question, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : If Government did not intend to accept the lowest tender, why did not they ask only those firms which they regarded as reliable to tender ?

THE HONOURABLE MR. H. C. PRIOR : It is not the custom to ask for tenders only from reliable firms.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : If Government had in view only particular contractors, what was the good of the open tender system ?

THE HONOURABLE MR. H. C. PRIOR : It would be invidious of Government at the time of calling for tenders to determine whether any particular contractor is reliable or not.

THE HONOURABLE MR. HOSSAIN IMAM : Was it a restricted tender or an open tender ?

THE HONOURABLE MR. H. C. PRIOR : Open tender.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Was the person to whom the contract was given a man who had experience in this line ?

THE HONOURABLE MR. H. C. PRIOR : Yes, Sir, I think he was.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I am asking whether he had constructed runways before.

THE HONOURABLE MR. H. C. PRIOR : Not necessarily the same class of work, but similar types of work.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Could the Honourable Member give an illustration of that ?

**THE HONOURABLE MR. H. C. PRIOR :** I ask for notice of that question, Sir.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** The Honourable Member says he has done similar kind of work. Does he want notice to give an illustration of the kind of work that he has done ? On what basis did he make this assertion ?

**THE HONOURABLE THE PRESIDENT :** He has asked for notice and he is entitled to do so.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** He makes a statement without being sure of his facts.

**THE HONOURABLE THE PRESIDENT :** That is his lookout.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** We have a right to request you, as the guardian of the rights of the Members of this House, to see that answers are not given without adequate facts to support them.

**THE HONOURABLE THE PRESIDENT :** Order, order.

#### TENDERS FOR THE CONSTRUCTION OF RUNWAYS AT CERTAIN AERODROMES.

162. **THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Are contractors usually required to state in their tenders what material they propose to use for tarring roads or for any other work of this type ?

(b) Did the Consulting Engineer to the Government of India direct the use of the Burma Shell product (Spray Mix.) in the construction of the runways ? Is it a fact that equally good substances belonging to other companies could have been used ?

**THE HONOURABLE MR. H. C. PRIOR :** (a) Yes.

(b) No. In one case the use of shellmac was inadvertently specified but this instruction was withdrawn and tenderers were informed before the receipt of tenders that they were at liberty to include other materials in their quotations.

#### INDIAN WARRANT OFFICERS, CLASS II.

163. **THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) What is the starting salary of Indian warrant officers, class II, in the Ordnance Services ? Is it a fact that a good proportion of those recently appointed has received University education ?

(b) What is the salary given to British soldiers selected to do the same work as is done by Indian warrant officers, class II ?

(c) Are British warrant officers given preference over Indian warrant officers when the question of promotion arises and are Indian warrant officers considered junior even though they may have put in double the service that the British warrant officers have put in ?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): (a) The starting salary of an Indian warrant officer, class II (Stores) in the Indian Army Ordnance Corps, is Rs. 60 per mensem, excluding allowances and the value of services in kind.

Of 70 Indian warrant officers, class II, appointed during 1940-41, eight have University degrees.

(b) British soldiers appointed to the Indian Army Ordnance Corps are paid as Paid/Acting Sergeant at Rs. 166-4-0 per mensem, excluding allowances and the value of services in kind.

(c) No, Sir. British other ranks and Indian other ranks are borne on separate rolls and the promotion of one in no way affects the promotion of the other.

It is not a fact that Indian warrant officers are always considered junior.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU**: May I ask whether there are higher posts separately set aside for the promotion of Indian warrant officers and British warrant officers?

**THE HONOURABLE MR. A. DEC. WILLIAMS**: I do not quite follow the question. Does the Honourable Member wish to know whether certain posts are reserved for Indian and certain posts for British warrant officers?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU**: That is to say, for the purposes of promotion.

**THE HONOURABLE MR. A. DEC. WILLIAMS**: It is not the case, Sir.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU**: Then what is the ground for the statement made by the Honourable Member that the promotion of men of one class is not affected by the promotion of men of another class?

**THE HONOURABLE MR. A. DEC. WILLIAMS**: It is possible to maintain two separate cadres without specially reserving posts for any particular cadre.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU**: But in these Ordnance factories, as the number of superior posts is limited, how is selection made to fill them?

**THE HONOURABLE MR. A. DEC. WILLIAMS**: By merit, Sir.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU**: That is both British and Indian officers are considered together?

**THE HONOURABLE MR. A. DEC. WILLIAMS**: Yes, Sir.

**THE HONOURABLE MR. HOSSAIN IMAM**: May we take it that seniority does not count for anything in promotion?

**THE HONOURABLE MR. A. DEC. WILLIAMS**: I would like to know what the Honourable Member means by seniority.

**THE HONOURABLE MR. HOSSAIN IMAM**: May I explain, Sir. If a man is 10 years in service, if his service in the army is included with his service here, and the new entrant is an Indian who has no army service, then necessarily the European is senior to him and he gets the promotion.

**THE HONOURABLE MR. A. DEC. WILLIAMS:** I have already said that the appointment is made on merit without regard for seniority.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I want to know whether length of service is regarded as a qualification when the claims of Indian and British warrant officers are considered for promotion to these higher posts which are common to both the cadres ?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** Sir, I will not go to the length of saying that it is not a consideration, but it is not a determining factor.

**THE HONOURABLE MR. HOSSAIN IMAM:** May I know if any Indian has been promoted up till now ?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** I shall require notice of that question, Sir.

**THE HONOURABLE MR. HOSSAIN IMAM:** On what does the Honourable Member base his statement that there is no bar or differentiation ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Is it a fact that senior Indian warrant officers have been allowed to be passed over by junior British warrant officers in the matter of selection for the higher posts of which I have just spoken ?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** When, as I have already said, Sir, the determining factor is merit, such things are bound to happen sometimes.

#### EMERGENCY COMMISSIONS FOR INDIAN WARRANT OFFICERS, CLASS II.

164. **THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Are Indian warrant officers, class II, in the Ordnance Services not allowed to apply for permanent or emergency commissions ? If so, do Government propose to consider the desirability of freeing them from this disability ?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): All serving soldiers with requisite qualifications are permitted to apply for Emergency Commissions and this includes Indian warrant officers, class II of the Indian Army Service Corps, but so far it has not been possible to release any of this category. No permanent commissions are given during the war.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Have Government any steps under contemplation to release the men who apply for emergency commissions ?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** Well, Sir, it entirely depends where they are most valuable.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Do Government propose to increase the emoluments of the people whom they do not release in order to take up a more important appointment ?

**THE HONOURABLE THE PRESIDENT:** Does this question arise out of the reply ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Yes, Sir.

**THE HONOURABLE MR. HOSSAIN IMAM :** The point was, if they are not permitted to get an emergency commission, how they are treated ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** He has not answered my question.

**THE HONOURABLE THE PRESIDENT :** He need not if he does not wish to answer.

**THE HONOURABLE MR. A. DEC. WILLIAMS :** I did not hear the question, Sir.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I repeat my question, Sir. Have Government under contemplation any proposals for releasing the men who are selected for emergency commissions ?

**THE HONOURABLE MR. A. DEC. WILLIAMS :** I have already said that it is the intention of Government either to keep them where they are or to release them, according as it is most advantageous to the State.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Do they propose to increase the emoluments of those people whom they do not release to take up the higher posts ?

**THE HONOURABLE MR. A. DEC. WILLIAMS :** No, Sir.

**SPECIAL GRADE APPRENTICES IN THE JAMALPUR WORKSHOPS.**

**165. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Were some Indian graduates recruited as special grade apprentices in the Jamalpur workshops up to 1923 with a view to their appointment to posts in the Superior Revenue Establishment of the State Railways ? If so, will Government state how many such apprentices were taken and how many have been provided for on completion of their training and in what capacity ? Have any of them been appointed to superior posts ? If not, why not ?

(b) Were first class apprentices recruited at the same time required to be matriculates only and were they paid much smaller allowances ?

(c) What are the educational qualifications required of the special grade apprentices now recruited through the Federal Public Service Commission ? Are they inferior to those required of the special grade apprentices recruited up to 1923 ?

**THE HONOURABLE MR. L. WILSON :** With your permission, Sir, I propose to reply to questions 165 and 166 together. I have called for information and a reply will be laid on the table of the House in due course.

**SPECIAL GRADE APPRENTICES IN THE JAMALPUR WORKSHOPS.**

**166. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Are all the special grade apprentices referred to in the preceding question working in the shops merely as chargemen like the first grade apprentices though they received much higher training than the first grade apprentices ?

(b) Do Government propose to consider the cases of these men sympathetically and to absorb them in the superior grades as originally contemplated ?

(See reply to question No. 165.)

#### MILITARY TRAINING FOR INDIAN EMPLOYEES OF THE JAMALPUR WORKSHOPS.

167. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are Government aware that some of the literate Indian employees of the Jamalpur Workshop have been trying to get military training since 1922, but have met with no success so far ?

(b) Was a joint petition sent by them to the General Manager, E. I. R., in 1938 requesting him to arrange for their military training at Jamalpur in accordance with the arrangements already existing for the training of Anglo-Indian and European employees ?

(c) As a result of the joint petition did the General Manager issue a notification allowing them to join the Territorial Force at Dinapore ?

(d) Have the authorities at Jamalpur nevertheless not given them the necessary facilities to enable them to join the Territorial Force at Dinapore, or made any arrangements for their training at Jamalpur ?

(e) Do Government propose to take necessary steps to enable the literate Indian staff of the Jamalpur Workshop to receive military training ?

THE HONOURABLE MR. L. WILSON : (a) Government have no information of any such efforts before 1938.

(b) Yes.

(c) Yes, provided the number was limited to those who could be spared for training without inconvenience to the administration.

(d) No, as the men could not conveniently be released, nor could arrangements be made at Jamalpur.

(e) No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do I understand the Chief Commissioner for Railways to say that Government do not even propose to take steps to enable the literate Indian staff of the Jamalpur Workshops to receive military training ? Have they any objection to it ?

THE HONOURABLE MR. L. WILSON : At Dinapore, they do not propose to enable them to take military training. The only reason for this is that the Jamalpur Workshops are engaged on war work and it is considered that the men cannot be spared at the present time from this work to visit Dinapore for military training.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What happens in the case of the British workers there ? Are they given opportunities of receiving military training or not ?

THE HONOURABLE MR. L. WILSON : I require notice of that question, Sir.

THE HONOURABLE MR. HOSSAIN IMAM : That arises out of the question because if there is a differentiation in the treatment of the two, he must mention the reason for this differentiation.

**THE HONOURABLE MR. L. WILSON :** I require notice of that question, Sir.

**INDIAN CIVIL SERVICE.**

**168. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state whether the Provincial Governments have the power to suspend and to take legal action against the officers in the I.C.S. ?

**THE HONOURABLE MR. E. CONRAN-SMITH :** It is presumed that by the power to take legal action the Honourable Member means the power to impose any of the penalties mentioned in rule 49 of the Civil Services (Classification, Control and Appeal) Rules. If so, I may state that the Provincial Governments are competent to impose the following penalties mentioned in that rule on members of the Indian Civil Service serving under them :—

- (i) Censure.
- (ii) Withholding of increments or promotion, including stoppage at an efficiency bar.
- (iii) Reduction to a lower post or time-scale, or to a lower stage in a time-scale.
- (iv) Recovery from pay of the whole or part of any pecuniary loss caused to Government by negligence or breach of orders.
- (v) Suspension.

**THE HONOURABLE MR. HOSSAIN IMAM :** Do I take it, Sir, that they do not have to take the Secretary of State's permission for suspending officers ?

**THE HONOURABLE MR. E. CONRAN-SMITH :** The Honourable Member is correct in his assumption.

**THE HONOURABLE MR. HOSSAIN IMAM :** What about the legal action which I mention in the past part ? Can they take legal action in courts of law ?

**THE HONOURABLE MR. E. CONRAN-SMITH :** I have already explained that we were not clear what the Honourable Member meant by legal action, but if he means the institution of criminal proceedings I would refer him to section 270 of the Government of India Act, 1935.

**PROVINCIAL ADVISORY COMMITTEES FOR WAR SUPPLIES.**

**169. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the names of members of the different advisory committees of the six provincial war supplies ?

**THE HONOURABLE MR. A. DEC. WILLIAMS :** I place on the table a list giving the necessary information.

*List showing the names of the members of the six Provincial Advisory Committees for War Supplies set up in Bengal, Madras, Sind, Bombay, U. P. and Punjab.*

*Provincial Advisory Committee for War Supplies, Bengal.*

Chairman . . .	E. N. Blandy, Esqr., C.S.I., C.I.E., I.C.S.
Vice-Chairman . . .	G. B. Morton, Esqr.
Members . . .	1. W. A. M. Walker, Esqr., 2. M. A. Ispahani, Esqr., 3. D. P. Khaitan, Esqr., 4. N. R. Sarkar, Esqr., 5. K. A. Hamilton, Esqr., 6. E. B. Pratt, Esqr., 7. A. K. G. Hogg, Esqr., 8. M. K. Kirpalani, Esqr., I.C.S., 9. S. Solomon, Esqr., I.C.S., 10. V. K. B. Pillair, Esqr., I.C.S. 11. S. L. Mehta, Esqr., I.C.S., 12. Dewan Bahadur R. Subayya Naidu.
Secretary . . .	Lt.-Col. J. R. Marriott, Controller of Supplies, Bengal Circle.

*Provincial Advisory Committee for War Supplies, Madras.*

Chairman . . .	H. M. Hood, Esqr., C.S.I., C.I.E., I.C.S.
Vice-Chairman . . .	M. A. Sreenivasan, Esqr., Controller of Supplies, Madras.
Members . . .	1. Sri Rao Bahadur C. P. Karunakara Menon., 2. L. B. Green, Esqr., 3. Rao Sahib T. S. Kachapikasa Mudaliar, 4. Sri C. Ranganayakulu Chetty, 5. R. D. Denniston, Esqr., 6. J. Nuttall, Esqr., 7. C. G. W. Gordon, Esqr., 8. A. T. Luker, Esqr., 9. J. M. Smith, Esqr., 10. M. Nazir Hussain, Esqr., 11. M. Venkatanaranappa, Esqr., 12. M. R. Ry. Rajyasera Pravina G. Parameswan Pillai, Avl., B.A. B.L.

*Provincial Advisory Committee for War Supplies, Sind.*

Chairman . . .	W. Kirkpatrick, Esqr., C.E.
Vice-Chairman . . .	S. C. Latif, Esqr., Controller of Supplies, Sind.
Members . . .	1. A. B. Thadani, Esqr., 2. J. Humphrey, Esqr., 3. Jamshed N. R. Mehta, Esqr., 4. Lala Ruplal Shankardas, 5. S. Quraeshi, Esqr.

*Provincial Advisory Committee for War Supplies, Bombay.*

- Chairman** . . . H. F. Knight, Esq., C.I.E., I.C.S., B.A. (Cantab.), J. P.  
**Vice-Chairman** . . . G. E. Bennett, Esq., M.Sc., M. Inst., C.E., M.I. Mech., E., J. P.  
 Controller of Supplies, Bombay.
- Members** . . . 1. P. B. Advani, Esq., M.Sc.,  
 2. D. S. Bakhle, Esq., I.C.S.,  
 3. K. D. Guha, Esq., M.Sc.,  
 4. G. S. Taunton, Esq.,  
 5. R. W. Bullock, Esq.,  
 6. Neville N. Wadia, Esq.,  
 7. Sir S. D. Saklatwala, Kt.,  
 8. M. C. Ghia, Esq.,  
 9. D. M. Bhosle, Esq.

*Provincial Advisory Committee for War Supplies, U. P.*

- Chairman** . . . W. C. Dible, Esq., C.I.E., I.C.S.  
**Vice-Chairman** . . . E. M. Souter, Esq., C.I.E., Controller of Supplies, U. P.  
**Members** . . . 1. A. N. Sapru, Esq., I.C.S.,  
 2. S. S. Hasan, Esq., I.C.S.,  
 3. W. R. Watt, Esq., M.A.,  
 4. A. C. Inskip, Esq., O.B.E., E.D.,  
 5. Dr. Sir Jwala Prasad Srivastava, D.Sc., D.Litt., A.M.S.T., Kt.,  
 6. K. J. D. Price, Esq.,  
 7. Lala Ram Ratan Gupta.

*Provincial Advisory Committee for War Supplies, Punjab.*

- Chairman** . . . J. D. Anderson, Esq., C.I.E., I.C.S.  
**Members** . . . 1. S. K. Kirpalani, Esq., I.C.S.,  
 2. M. H. Mahmood, Esq., B.A. (Oxen), Bar-at-Law., P.C.S.,  
 3. Major Leeper.,  
 4. S. P. Virmani, Esq.,  
 5. J. C. F. Davidson, Esq.,  
 6. H. D. Mehta, Esq.,  
 7. Major J. W. Gordon, C.I.E., O.B.E.,  
 8. Chowdhary Bashir Ahmad, B.A., LL.B., P.C.S., Controller of  
 Supplies, Punjab.

ALL-INDIA RADIO PUBLICATIONS.

170. **THE HONOURABLE MR. HOSSAIN IMAM** : Will Government lay on the table a statement showing expenditure and income of different monthly publications of All-India Radio for the last three years ?

**THE HONOURABLE MR. S. N. ROY** : All-India Radio publications are issued fortnightly and not monthly. For the expenditure and income for 1937-38 and 1938-39, I would refer the Honourable Member to the Commercial Appendices to the Appropriation Accounts for these years, copies of which are in the Library. I lay on the table a statement giving the information for 1939-40.

**THE HONOURABLE MR. HOSSAIN IMAM** : Do I understand that the statement will give the expenditure for each publication separately ?

**THE HONOURABLE MR. S. N. ROY** : Yes, Sir.

*Statement showing the expenditure and income of the All-India Radio publications for the year 1939-40.*

Name of publication.	Expenditure.	Income.
	Rs.	Rs.
Indian Listener . . . . .	1,48,864	1,52,471
Awaz . . . . .	27,886	22,915
Sarang . . . . .	18,621	12,897
Betar Jagat . . . . .	13,014	14,640
Vanoli . . . . .	9,118	8,085

#### SAFEGUARDING INTERESTS OF SUGARCANE GROWERS.

171. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state what action they propose to take to safeguard the interest of sugarcane growers of India ?

**THE HONOURABLE SIR ALAN LLOYD :** The Central Legislature passed the Sugar-cane Act, 1934, which authorized Provincial Governments to regulate the price of sugarcane intended for use in the manufacture of sugar by factories. These powers were used in the interests of growers by the Provincial Governments principally concerned, who have also enacted provincial legislation further to safeguard the position of cane growers. The question is one primarily for Provincial Governments. The Government of India have no further plan in the matter beyond the setting up of a Central Sugar Advisory Committee, on which proposal they have consulted the interests concerned.

**THE HONOURABLE MR. HOSSAIN IMAM :** What is the constitution of the Advisory Committee which they propose ?

**THE HONOURABLE SIR ALAN LLOYD :** That is one of the points upon which the interests concerned have been consulted.

**THE HONOURABLE MR. HOSSAIN IMAM :** Have Government formulated any scheme yet ?

**THE HONOURABLE SIR ALAN LLOYD :** No, Sir.

#### INFERIOR STAFF ON THE EAST INDIAN RAILWAY.

172. **THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** With reference to the reply to question No. 72, parts (a) and (b), given on the 2nd April, 1940, will Government state whether it is a fact (a) that on the E. I. R. the system of formally confirming the inferior staff in their appointments did not exist prior to 1937 and that all men retained in service were automatically treated as confirmed and allowed leave and regular increases in pay like the permanent staff and (b) that there is a large number of skilled workmen like mistries, carpenters, masons, fitters, etc., employed between 1925 and 1934 who were not required to join the Provident Fund in spite of their being in receipt of salaries substantially above Rs. 20 per mensem and who were treated as duly confirmed in all respects even though they had not joined the Provident Fund ?

**THE HONOURABLE MR. L. WILSON :** I have called for information and a reply will be laid on the table of the House in due course.

PROVIDENT FUND ON THE EAST INDIAN RAILWAY.

173. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: With reference to the reply to question No. 72 (d) given on the 2nd April, 1940, will Government state whose responsibility it is that "there was no previous records of confirmation available" and whether it is proposed to reduce the scales of pay of workmen for the failure of the railway authorities to keep the necessary service records?

THE HONOURABLE MR. L. WILSON: I would refer the Honourable Member to information laid on 22nd November, 1940 regarding part (e) of his question No. 72 asked on 2nd April, 1940 from which he will see that the workmen have not been penalized.

POST-WAR READJUSTMENT OF COMMERCE AND INDUSTRY.

174. THE HONOURABLE MR. M. N. DALAL: (a) Will Government state whether any consideration is being given by Government already to the post-war problems of readjustment in trade and industry, as well as demobilization and re-employment in civil life of the troops and auxiliary forces and material now being raised for purpose of the war in this country?

(b) Do Government propose to provide a suitable opportunity for discussing matters mentioned in (a) above, so that the opinion of the representatives of the Indian people be ascertained and known to Government before participating in any council or conference he'd to arrive at a post-war settlement?

THE HONOURABLE SIR ALAN LLOYD: (a) The Government are considering a proposal to set up an inter-departmental Reconstruction Committee as soon as the preliminary examination of the question by the Economic Adviser to the Government of India has been completed. As far as possible, opportunity will in due course be given to commercial and industrial bodies to express their views in regard to the preparation of plans for post-war adjustments.

(b) As far as can be foreseen, the answer is in the affirmative.

ALLOCATION OF DEFENCE EXPENDITURE BETWEEN HIS MAJESTY'S GOVERNMENT AND INDIA.

175. THE HONOURABLE MR. M. N. DALAL: (a) Will Government state for purposes of a comparative view, the policy followed—

(a) in India, and

(b) in other dominions

regarding the principles or precedents according to which financial arrangements are made for sharing the expenditure in connection with aid in men and material provided by this country and other Dominions in the present war?

(b) If the information regarding the Dominions is not available, do Government propose to secure such information to enable this Honourable House to judge of the equal treatment between this country and the Dominions in such matters?

THE HONOURABLE MR. C. E. JONES: The principles governing the allocation of Defence expenditure between India and His Majesty's Government during the present war are set out in the Budget speech, 1940. Full

details regarding the arrangement between the United Kingdom and the Dominions are not available, but it is understood that the general principle is that each Dominion is responsible for the cost of its own forces wherever employed, whether within the Dominion or overseas in a theatre of war.

**THE HONOURABLE MR. M. N. DALAL :** Sir, has any reference been made by the Ministers of Dominions regarding the sharing of expenses ?

**THE HONOURABLE MR. C. E. JONES :** No, Sir.

**IMPORT RESTRICTIONS ON ESSENTIAL DRUGS AND MEDICINES, ETC.**

**176. THE HONOURABLE MR. M. N. DALAL :** (a) Will Government state the restrictions imposed on account of war regarding the import of—

- (i) (a) essential drugs and medicines, giving a list of the same ; and
- (b) scientific instruments and apparatus, giving a list of the same ;
- (ii) freight available for all necessary imports for industry and public health in this country ?

(b) Will Government state which of the items mentioned in (i), (a) and (b) above are impossible to produce in this country for the time being, and what steps Government intend to take to ensure an adequate supply of the same for maintaining public health and pace of industrial development in this country ?

**THE HONOURABLE SIR ALAN LLOYD :** (A) (i) (a) and (b). There is no restriction imposed on the import of essential drugs and medicines and of scientific instruments and apparatus.

(ii) The Government have no detailed information as regards the day-to-day allotment of freight for shipments to India from the United Kingdom of specific articles. Neither His Majesty's Government nor the Government of India can control allotments of freight for shipments from other countries.

(B) The answer to the first part of the question does not arise. I may inform the Honourable Member in answer to the second part that, the problems in regard to medical supplies, are receiving the constant attention of the Medical Stores Supply Committee of which the Director General of Indian Medical Services is the Chairman. Those relating to industrial development are engaging the attention of the Board of Scientific and Industrial Research and Industrial Research Utilization Committee under the Chairmanship of the Honourable the Commerce Member.

**THE HONOURABLE MR. M. N. DALAL :** With reference to (a) (ii) are Government aware that a very essential serum known as 693 used for pneumonia, and another important drug known as sero-calcine are not available in this country although manufactured in London ?

**THE HONOURABLE SIR ALAN LLOYD :** I am prepared to take what the Honourable Member says as correct, but I have no specific information on the point.

**THE HONOURABLE DIWAN BAHADUR SIR A. RAMASWAMI MUDALIAR :** I may add that sero calcine is available in Calcutta and I bought some during the last Christmas season.

**THE HONOURABLE MR. M. N. DALAL :** It is not available now. You can take that as correct.

**THE HONOURABLE SIR ALAN LLOYD :** I will bring this point to the notice of the Chairman of the Medical Stores Supply Committee.

**HEADMASTERS OF INDIAN HIGH SCHOOLS AT JAMALPUR AND SAHIBGANJ.**

**177. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** With reference to the reply given to question No. 7 on the 23rd February, 1940 will Government state—

(a) The reasons for which the Headmasters of the Indian high schools at Jamalpur and Sahibganj have not been granted honorary gazetted rank ?

(b) What is meant by the term honorary gazetted rank ? Are the holders of this rank classified as officers ? If so, of what class ? Are their status and position the same as those of local gazetted officers or are they superior or inferior to them ?

(c) Whether they belong to any special or general cadre ? If not, how is seniority for promotion reckoned among them ? and

(d) Whether these men have a right of appeal to the Railway Board and the Government of India ?

**THE HONOURABLE MR. L. WILSON :** (a) The holders of the posts were not considered suitable for the grant of honorary rank, which is a personal distinction.

(b) Honorary gazetted rank is only a courtesy appellation and the holders of such rank are not in fact members of the gazetted establishment. They are not classed as officers, and their status is, therefore, inferior to that of all gazetted officers.

(c) There is no cadre, special or general, for honorary gazetted staff, and the question of seniority does not arise.

(d) They have the same rights in this respect as non-gazetted staff.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** With regard to the answer to part (a) of the question, is the Honourable Member aware that Sir Guthrie Russell said in this House that if the Indian schools were as big as the European school at Oakgrove, the Headmasters concerned would be given honorary gazetted rank ? That was the basis on which the Headmasters of two or three schools were accorded that rank.

**THE HONOURABLE MR. L. WILSON :** The answer to the Honourable Member's question is in the affirmative. I would refer the Honourable Member to my reply which I will once more repeat. "The holders of the posts were not considered suitable for the grant of honorary rank, which is a personal distinction.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU.** They were not considered suitable on personal grounds ?

**THE HONOURABLE MR. L. WILSON :** That is so. It is a personal distinction.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Is the Honourable Member aware that Sir Guthrie Russell laid down only one criterion. That was the importance of the school. Are Government going to depart from the assurance given by Sir Guthrie Russell ?

**THE HONOURABLE MR. L. WILSON :** Government are going to follow the principle which I have indicated in my reply to the Honourable Member.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I cannot hear the Honourable Member.

**THE HONOURABLE THE PRESIDENT :** He has said that Government are going to follow the principle laid down by Sir Guthrie Russell.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** If they had followed it, would it not have been necessary to place the headmasters of the two schools pointed out in my question on the same footing as the Oakgrove Headmaster ?

**THE HONOURABLE THE PRESIDENT :** That is argument and your opinion.

**RULES FOR DETERMINING SENIORITY OF SUBORDINATE STAFF OF WORKSHOPS OF THE E. I. R.**

**178. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Are there definite rules for determining the seniority of the subordinate staff working in the various workshops on the E.I.R. and are the seniority lists of the supervising staff prepared every year to indicate their places in the cadre for promotion and inter-workshop transfers ?

(b) During the last four years have several Anglo-Indians been transferred from one group to another and made senior to Indians in the groups to which they have been transferred ?

(c) During the last four years has a certain number of posts been declared to be selection posts and did this have the effect of stopping the promotion of the seniormost Indians to those posts in the usual course ?

**THE HONOURABLE MR. L. WILSON :** (a) and (b). I have called for information and a reply will be laid on the table of the House in due course.

(c) The answer to the first part is in the affirmative ; as regards the second part, it is not impossible that when a post is declared to be a selection post, staff who might otherwise have had expectations of promotion thereto on the basis of seniority do not succeed in obtaining promotion on the basis of merit.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Is the Honourable Member aware that a man belonging to one section is transferred to the list of the staff working in another section, and although junior in point of service to some is then made senior to them all, that is, placed at the top of the list, for purposes of promotion ?

(No answer given.)

**SPECIAL SENIOR CHARGEMEN IN WORKSHOPS OF THE E. I. R.**

**179. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Was it decided in the year 1938 to create posts of special senior chargemen with fairly high salaries in the E. I. R. workshops as had no assistant foremen ? Were these posts created in all workshops without assistant foremen or only in particular workshops ?

(b) How many Anglo-Indians and non-statutory Indians, respectively, were appointed to those posts ?

THE HONOURABLE MR. L. WILSON : I have called for information and a reply will be laid on the table of the House in due course.

SHIPBUILDING PROGRAMME.

180. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government state the programme of shipbuilding in India to which the Honourable Finance Member made a referenc in his Budget speech on the 28th February, 1941 ? What was the original programme and what is the further expansion that has taken place in it ?

(b) What was the number of ships which were ordered to be built and the type and class of ships and their tonnage ?

(c) With whom have the orders for building these ships been placed and on what conditions ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a), (b) and (c). It would not be in the public interest to give the details but I may say that the shipbuilding capacity of India has been utilized to the fullest possible extent.

THE HONOURABLE MR. HOSSAIN IMAM : May we know, Sir, what is the limit of the capacity of Indian shipbuilding yards ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I cannot believe the Honourable Member is serious in asking me that question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the value of the orders placed in India ?

THE HONOURABLE MR. A. DEC. WILLIAMS : It is not in the public interest to give the information asked for.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is the Honourable Member aware that it was stated in the issue of *Indian Information* of December 15th that up to that time orders of the value of about Rs. 39 lakhs had been received from His Majesty's Government ?

THE HONOURABLE MR. A. DEC. WILLIAMS : The Honourable Member is making a statement and not putting a question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member has said that it will not be in the public interest to give information with regard to the value of orders. I want to know whether he is aware that information up to a certain date is contained in the—

THE HONOURABLE THE PRESIDENT : Since December last three months have passed. What may have been in the public interest then may not be in the public interest today.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Have restrictions been placed on the giving of information in this matter since December last ?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** The Honourable Member should be grateful for such information as apparently he has already got.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I want to have information that is up to date.

**DIRECTOR OF SHIPBUILDING.**

**181. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** (a) What are the duties of the Director of Shipbuilding?

(b) What are the qualifications of the Deputy Director of Shipbuilding and what practical experience has he of the work assigned to him?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** (a) The duties of the Director of Shipbuilding are to organize shipbuilding programmes, to supervise their execution and to assist with technical advice firms engaged in shipbuilding for Government contracts.

(b) The Deputy Director of Shipbuilding is an Associate of the Institute of Marine Engineers and holds certificates of Naval Architecture and Engineering issued by the Education Authority, Scotland. He has 14 years' experience as Engineer and Ship-draftsman in India.

**SHIPBUILDING FOR THE ROYAL INDIAN NAVY.**

**182. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** (a) Have orders for building any ships for the Royal Indian Navy been placed with any firms outside India, and if so, where?

(b) Will Government state the names of the firms with which and the terms and conditions (including the cost) on which such orders have been placed together with the type and tonnage of the ships in question?

(c) Is it not possible to build the required ships, boats, etc., in India?

(d) What additional steps do Government propose to take to establish or assist in the establishment of shipbuilding yards in India where ships for the Indian Navy and the Mercantile Marine could be built?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): (a), (b) and (c). It would not be in the public interest to give the details for which the Honourable Member asks, but as already stated we have ordered ships to be built in India up to the limit of her shipbuilding capacity.

(d) The Honourable Member is referred to the Press Communique already referred to.

**BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.**

**SECRETARY OF THE COUNCIL:** Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 31st March and 1st April, 1941, namely:—

A Bill further to amend the Insurance Act, 1938.

A Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes.

## STANDING COMMITTEE ON EMIGRATION.

**THE HONOURABLE THE PRESIDENT :** With reference to the announcement by me on the 27th March, regarding nominations to the four Committees, I have to announce that the following Honourable Members have been nominated for election to the Standing Committee on Emigration :—

1. The Honourable Pandit Hirday Nath Kunzru.
2. The Honourable Mr. V. V. Kalikar.
3. The Honourable Saiyed Mohamed Padshah Sahib Bahadur.
4. The Honourable Sir David Devadoss.

There are four candidates for four seats and I declare them duly elected

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## STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects in the Department of Commerce :—

1. The Honourable Mr. Chidambaram Chettiyar.
2. The Honourable Mr. Shantidas Askuran.

There are two candidates for two seats and I declare them duly elected.

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## STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects with which the Labour Department is concerned :—

1. The Honourable Rai Bahadur Lala Ram Saran Das.
2. The Honourable Diwan Bahadur Sir Ramunni Menon.

There are two candidates for two seats and I declare them duly elected.

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## STANDING COMMITTEE FOR THE DEPARTMENT OF SUPPLY.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Standing Committee attached to Department of Supply :—

1. The Honourable Mr. Hossain Imam.
2. The Honourable Pandit Hirday Nath Kunzru.
3. The Honourable Mr. J. H. S. Richardson.
4. The Honourable Sir Rahimtoola Chinoy.

There are four candidates for three seats and an election is necessary. The Council will now proceed to elect Members from the Council who shall be required to serve on this Standing Committee. The election will be according

[Mr. President.]

to the principle of proportional representation by means of the single transferable vote and the ballot papers will now be placed in Members' hands and I ask the Honourable Members to vote in accordance with the instructions noted thereon.

(Ballot papers were distributed and Members recorded their votes.)

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### INFORMATION PROMISED IN REPLY TO QUESTIONS LAID ON THE TABLE.

THE HONOURABLE MR. H. C. PRIOR (Labour Secretary): Sir, I lay on the table the information promised in reply to question No. 95 asked by the Honourable Mr. Hossain Imam on the 17th March, 1941.

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#### QUARTERS FOR INFERIOR STAFF OF THE CENTRAL PUBLIC WORKS DEPARTMENT.

(a) 27 duffries, 285 peons and 14 jamadars are employed in all the offices under the Central Public Works Department.

(b) No.

(c) No. I have no information regarding the cases referred to in the latter portion of this part of the question, as the inferior staff quarters are placed at the disposal of the departments or offices on a *pro rata* basis and are allotted by them.

(d) No. The quarters occupied by these members of the work charged establishment (whose duties are such that they must reside in close proximity to their work) have been specifically set aside by Government for their occupation, and are no longer meant for occupation by duffries and peons.

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### RESOLUTION *RE* INDUSTRIAL DEVELOPMENT.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan): Mr. President, I beg to move:—

“That this Council recommends to the Governor General in Council to review the industrial development of the country and to formulate a plan, taking into account post-war conditions as far as practicable, to fill up the lacunae in the existing industrial system and to bring about a comprehensive and co-ordinated industrial development of the country.”

Sir, no words are needed from me to point out the importance of the subject with which this Resolution deals. The urgency of industrial development is universally recognized in this country. It is a matter in which both the people and the Government are deeply interested. It is true that there are differences in respect of the policy to be followed between Government and ourselves. But it is common ground between us that it is necessary both for social and defence purposes that the industrialization of the country should be advanced as rapidly as possible. If I were to state my object in moving this Resolution in a few words, I would use the words employed by the Honourable the Commerce Member the other day in the Assembly. I ask for a more balanced economy. Our economy so far has been absolutely lopsided. Although we produce everything which can enable us to supply our own requirements, we are constantly standing like beggars at the door of others for the satisfaction of our essential needs. It is this state of things that I should like to put an end

to. This is a demand that Indian public men have been putting forward for nearly half a century. Yet, it is still much further from realization than it would have been had Government interested themselves keenly in the subject. Sir, differences between us and the Government would have continued much longer but for the war that broke out in 1914 and the present war. These wars have compelled Government to further industrialization and have shown that an extraordinary event or some calamity is required to rouse Government from its lethargy. They have shown to them that industrialization is needed not merely for the augmentation of the national dividend, not merely for raising the standard of living of the people, but also for the promotion of our national security. Unfortunately, Sir, the Indian Industrial Commission, which was appointed during the Great War, 1914-18 bore very little fruit and the Munitions Board left its work, so to say incompleated. They could only make recommendations or address themselves to the provision of meeting urgent requirements in connection with the war. But the carrying out of the far-reaching recommendations made by the Industrial Commission or the utilization of the material collected by the Munitions Board depended entirely on Government. So far as the labours of the Munitions Board are concerned, they seem to me—I speak with diffidence on the subject—to have been wasted. The recommendations of the Industrial Commission have undoubtedly borne some fruit. We are in many respects much more advanced than we were when the Industrial Commission was appointed. The Commerce Department can make out an impressive list of the articles that are manufactured in this country. But I would like to point out that the goods that are being manufactured in this country are mostly what might be called consumers' goods. The deficiency is in respect of the key industries, that is, industries the products of which are required in other industries, which are still practically in as deficient a condition as they were in when the Industrial Commission reported. It is, therefore, necessary that we should not be satisfied with the progress that we have made. We must put forth all the efforts of which we are capable in order to rectify the deficiencies of India in respect of the production of capital goods. Our most important task is the production of machine tools and the establishment of industries required for the production of machinery used in the various industries that exist in this country.

Unfortunately, Sir, there is another serious deficiency also which is bound to hamper the efforts of Government even if they were now prepared to do all that lay in their power to make up the deficiencies that I have pointed out, the lack of a systematic economic census of the country will, I think, prevent them from the formulation of a plan required to fill up the gaps in our industrial system. This subject was drawn attention to as far back as 1917 by Sir Dinshaw Wacha. He asked Government whether they intended to undertake a census of production. Government were none too sympathetic but they undertook to consider the question. But nothing was done. Subsequently the Indian Economic Inquiry Committee which was asked to consider this subject among others made suggestions for the provision of materials required in order to enable Government to have an adequate idea of the economic and financial condition of the various classes of the people of this country. Subsequently the Bowley-Robertson Committee was appointed to consider this question. Nevertheless nothing has been done in this connection up to the present time. I have no doubt that the Commerce Department is feeling the need of such a survey, but the fact remains that notwithstanding its importance Government have done nothing during the last 20 years to provide

[Pandit Hirday Nath Kunzru.]

the material on which a comprehensive plan could be based. I know, Sir, that a lot of information has been collected by the Supply Department. Government can no doubt make use of it. But it has not been published. We are therefore not in a position to say whether it is adequate or not and whether it deals with those essential industries which is necessary to start in India now in order to place her on a strong footing. I also know that the Roger Commission carried out an exhaustive survey of the potentialities of this country with regard to the production of war material, but neither the Report of this Commission nor the conclusions of the Eastern Group Supply Conference have yet been published. Indian industrialists were associated with the Conference in the capacity of advisers, although I understand that the Advisers that came with the delegations from other countries were given the status of members when the Conference began. The Indian Advisers it seems were the only persons who continued to occupy the inferior status assigned to them throughout the deliberations of that body. I wonder in view of this whether they were consulted before the Conference formulated its conclusions or were shown the report prepared by the Conference. I should like to have information on that subject from the Honourable the Commerce Member. I should further like to know whether it is not possible in spite of the confidential nature of some of the inquiries carried out that we should be given a summary of the information collected by the Conference and the Roger Commission. Is it not possible for Government to let us know what is the bearing of the information that has been collected on the future development of this country? There is, as the Commerce Member undoubtedly knows, a widespread apprehension in the country that the recommendations of the Commission and the Conference may prevent the establishment of manufacturing industries which either do not exist in this country at present or have not undergone a sufficient degree of expansion. This is a very important point, because we do not wish to continue to be the granary of England or of the British Empire. We shall gladly supply the needs of the Empire. We are willing to put forth the maximum efforts of which we are capable provided our industrialization is advanced. Besides we have at the same time to think not merely of our economic interests but of our security, and it is necessary therefore even at the present time, even for war purposes, that the development of manufacturing industries in this country should not be retarded because of any recommendations made by the Roger Commission or the Eastern Group Supply Conference.

Sir, I have so far dealt in a general way with the situation that exists at the present time. I shall now deal specifically with some of those industries the establishment of which is necessary in order to place India on a strong footing industrially and to enable her to satisfy her requirements in war time. I have already referred to the need for the production of machine tools and of machinery. The Indian Industrial Commission drew pointed attention to our deficiency in this respect, but hardly anything has been done to remedy it. Australia has established a first class machine tool producing industry during the last five years, but here, on account of the apathy, the extraordinary apathy, of Government we are still where we were nearly a quarter of a century ago. Australia was not a highly developed country industrially till about 20 years ago, but it has taken rapid strides during recent times because of a keen realization on the part of the Australian Government of the importance of industrialization. This, Sir, is an important matter and I do hope that when Government lay their plans they will give to this matter the first place in their programme.

The next thing that I should like to deal with is the chemical industry. Both the Commerce Member and the Finance Member have told us that our requirements in respect of medical stores and drugs are largely supplied from indigenous products. But we have to think of what should be done after the war. Under the pressure of war, because of the absence of imports, the authorities have to make the utmost use of the things that are produced in India, but the expansion that has taken place will come to an end, the concerns that have been started will collapse, unless a guarantee is forthcoming from the military and the civil medical authorities that they will continue to make use of the drugs and stores produced in this country. As regards chemical industries, sufficient information is not forthcoming. I know that a few industries have been started, but in view of the importance of the subject I would ask the Honourable the Commerce Member to let us know what are our basic deficiencies. In respect of heavy chemicals that have begun to be manufactured during the period that the war has lasted no comprehensive information has yet been furnished. I should in particular like to know what is the state of things with regard to the production of sulphuric acid, the supply of sulphur in this country and the production of the more important heavy chemicals. I need not mention what these chemicals are, because the Honourable the Commerce Member is well aware of them. There is another point that I should like to draw his attention to in respect of chemicals. Some industries have already been started, as I have said, but the whole range of imported materials, such as dye-stuffs, solvents, chemicals, both organic and inorganic, have yet to be systematically developed. That is another subject which requires the immediate attention of the Government.

And now, Sir, I will pass on to another subject which has been occupying public attention for a long time and which is of the greatest importance at present. I refer, Sir, to shipbuilding. The first thing that I would like to bring to the notice of the Council is that Indian ships, that is, ships on the Indian Register, have been requisitioned in fairly large numbers relatively to the size of the Indian Mercantile Marine by Government. Both large and small ships have, I understand, been commandeered either for naval purposes or for transport of men, munitions and foodstuffs. Now the commandeering of these ships is affecting the import and export trade of the country. To give only two illustrations, I understand that the transport of rice and salt has been considerably affected. Both these commodities are of great importance, and if the shortage of shipping is seriously depleting the stores of these commodities in some provinces this shows how great is the need for the building of ships in this country. Apart from this, Sir, some time ago Vice-Admiral Fitzherbert drew the attention of the Government to the importance of this industry. He said in his broadcast talk in August, 1940 :—

“ I would like to mention also another subject vital to India's progress and having a close relation to our naval needs. It is the shipbuilding industry. At the present moment, no such industry exists although, as everyone knows, in the past India's shipbuilding industry was world famous. It is obvious to me and I think to a great many other people that the sooner a shipbuilding industry is started the better for India. Such an industry to be successful needs courage, enterprise and forethought. That all these are present in India is a fact that cannot be denied ”.

There is one thing, however, that is not forthcoming, and that is the support, the full support, of the Indian authorities. Before I deal with this matter, I should like to point out that ships are being built on behalf of Great Britain in other countries, in Australia, in Canada, and in America. In America new shipyards are being established at the expense of His Majesty's Government and the building of ships in these new shipyards will not take less than

[Pandit Hirday Nath Kunzru.]

18 months. Yet no assistance has been given to this country in the matter of the establishment of the shipbuilding industry. If the industry were established it may in course of time—and nobody knows how long the war may last—be a valuable asset to His Majesty's Government. The Government of India in a *communiqué* which they issued some time ago said that they had taken the steps necessary to persuade His Majesty's Government to supply India with those articles that would be required when a shipbuilding industry is started here. I should in this connection like to point out that when I put a question on this subject in November last the Commerce Secretary said:—

“Government are not proposing to encourage actively the merchant shipbuilding industry in India as part of their war effort, though they are prepared to give such assistance as they may find advisable in such matters as leasing of sites”.

Now I think, Sir, that this is the crux of the matter. I do not doubt that the Government want a shipbuilding industry to be established in this country, but their refusal to recognize this industry as a war industry is I think the main cause of India's inability to receive that assistance from England which she requires in order to start shipbuilding. I ask pointedly for information on this subject. I understand that if the Government of India were to make it plain that they regard it as a war industry, and for this they will first have to make up their own minds that the policy which found favour with them till November last requires to be changed help may yet be forthcoming from His Majesty's Government in spite of their difficulties.

Now, Sir, I shall deal just with one more industry before I pass on to other things. That industry is also of national importance. I refer to the manufacture of automobiles in this country. A resolution on that subject was moved here in November last. It was amended by Government and the amended Resolution reads as follows:—

“This Council recommends to the Governor General in Council to take immediately such steps as will lead to the construction of aircraft and automobiles in India at the earliest possible date”.

But so far nothing has been done in the matter. Government have contended that the conditions which must be satisfied for the receipt of assistance from them in this matter have not been fulfilled. Their contention is that the proposal that has been put forward by some private promoters will, even when it has been fully carried out, leave India dependent in respect of certain parts on foreign countries. That may be true, and probably is true. But surely even so our position will be better in future than it is at present. Apart from this Sir Visveswarayya has pointed out that even in other countries reliance is placed for the supply of specialized parts on those industries that deal exclusively with them. The objections that Government have put forward do not therefore seem to me to be conclusive. If they and the Military authorities give more encouragement than they have done, it seems that the manufacture of automobiles in this country may soon be started. The Military authorities have put forward some objections. They do not want to use automobiles of a new kind. Well, they are already using two kinds of automobiles. Apart from this, as the promoters have pointed out, certain sections in those that remain in India might be supplied with cars produced in this country. But so far, none of these proposals has commended itself to the Military authorities. It is, Sir, however pleasing to know—I rely here on the information published in the *Statesman* of the 28th of March—that Indian motor cars, that is motor cars made in this country, may be expected to be on sale before this year ends—

THE HONOURABLE THE PRESIDENT: Are you reading from the *Statesman*?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am not reading from the *Statesman*: I am giving the information in my own words. This development has become possible because of the generous assistance of the Mysore Government. This shows that the proposal put forward by the promoters was sound, and that the objections put forward by Government, though they may have much substance in them, were not conclusive, were not of such a nature as to rule out State assistance to the automobile industry.

Sir, these are the most important industries to which I wish to draw the attention of Government by way of illustration. It is obvious, Sir, that unless we bestir ourselves now, we shall be unable either to adjust the industries that have been started to peace time conditions when the war is over, or to take steps to fill up the large gaps which exist in our industrial system. This, I know, is a subject that has engaged the attention of my Honourable friend Sir Ramaswami Mudaliar. Speaking on the 19th March last in the Legislative Assembly, he made three announcements of a most important character. With regard to readjustments after the war, he said that the Economic Adviser to Government had been at work for some months on this question and that he intended to set up an Inter-departmental Committee with representatives of the Finance, Supply, Defence and Commerce Departments to formulate "some kind of plan for the future and to place some suggestions before the authorities even now". Another announcement of an equally important character related to the survey of the present situation and the steps to be taken to make up our present deficiencies. He said that he hoped that "it would be possible to undertake a kind of survey about the gaps that exist in the industrial expansion of this country. The Roger Mission had done excellent work in surveying the position from the point of view of the war necessities. If necessary, a small Committee of experts would survey the situation and report to Government from month to month". Sir, these announcements, as I have already said, are of the greatest importance, and the House would congratulate the Commerce Member on having adopted so far-reaching a policy. But my excuse for referring to this subject again is this: We shall be required to make readjustments after the war. A certain number of industries have been started under the stress of the war. Most of these industries—particularly the Ordnance factories—are under the control of Government. The machinery belongs to Government, and the men have been trained by them. If this machinery and these men are turned to civil uses after the war, such a step would have the most beneficial effect on the industrial progress of India. When I referred to post-war adjustment it was this subject that I had most prominently in my mind. There are other questions, too, connected with it: but the utilization of the war industries for the production of the things that would be required in peace time should occupy the immediate attention of Government. It is a matter of cardinal importance both in the interests of the men who are employed in these industries and in the interests of the wider industrial development of the country. Another reason, Sir, why I have referred to this subject again is this: There are two matters on which I should like to lay stress in connection with the survey of which the Honourable the Commerce Member spoke in the Assembly. I hope that the supply of cheap power will be one of those subjects which will receive the attention of Government again. It had been investigated by them in the past: it was investigated by the Industrial Commission, and also by a committee that was appointed in pursuance of the recommendations of that Commission. But

[Pandit Hirday Nath Kunzru.]

I think a fresh investigation might be undertaken at the present time, for the development of cheap power is essential to the adequate development of our industries.

The other subject to which I want to draw attention in this connection—and that is the last subject—is the need for research. I am aware of the steps taken by Government in this direction. I have no desire to belittle the efforts made by the Commerce Member in this connection. But it has to be recognized that research on an adequate scale cannot be carried out with a grant of Rs. 5 lakhs only. If we want to undertake research on an adequate scale, we must take a leaf out of the book of other industrial countries, e.g., England, Germany and the United States of America. We shall have to spend much more on research than we do at the present time. This is a subject, Sir, which is of the utmost importance and I hope that the Commerce Member will soon be able to persuade the Finance Member to give a much larger grant for research than has been done up to the present time. The scale on which the work is being carried out at present is much too restricted. It hardly shows an adequate realization of the importance of the problem on the part of Government. It is one that ought to receive their attention in a much larger degree if we are to be in a strong position industrially.

Sir, I have already dealt with the main questions that I wished to press on the Government in connection with the industrial advancement of this country. I should, however, before I sit down, like to emphasize the need for a simplification of the conditions laid down by the Fiscal Commission for the grant of State assistance. The conditions mentioned by them, when stringently applied, hamper industrial development. I know that Government in the past have not adhered to them meticulously. I also know that in March last Government issued a *communiqué* promising war industries and industries required on account of the gaps created by the stoppage of certain kinds of imports assistance even though this might require a departure from the conditions laid down by the Fiscal Commission. But I think the time has come for a more comprehensive review of the question and for a much greater simplification of the policy of the Government than has so far been attempted.

Sir, I have already exceeded my time. I will not, therefore, dwell on any other question. I should, however, like once more to say that our future largely depends on the industrialization of the country. I am not pleading for the neglect of agriculture in this country. We have happily important agricultural industries in our country. We have not to depend for our essential requirements in respect of raw materials on other nations. This is a source of great security to us. Yet, unless steps are taken to industrialize the country, it will not be able to derive the full benefit of such resources as at present exist. This is why, Sir, I have pleaded again and again that early and comprehensive steps should be taken in order to speed up the industrialization of the country.

Sir, I move.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadian): Sir, I am sure that every section of the House will support without hesitation the Resolution moved by my Honourable friend Pandit Hirday Nath Kunzru. In speaking on this Resolution I must at the outset point out that it is identical with the suggestion that I had made in the course of my budget speech that the Government of India should lose no time establishing a Board of Industrial Reconstruction precisely for the purposes for which my Honourable friend has brought forward his Resolution today.\*

Sir, it is inevitable in fighting a war of this magnitude, the industrial resources of India, as of every other part of the Commonwealth, should be exploited to the maximum extent possible, solely for the prosecution of the war to a successful end. During critical times like these, when the Commonwealth is fighting for its very existence, it may be said that the Government of India have no time for planning for the period of peace that lies ahead of us. Sir, this is, if I may say so, an extremely short-sighted point of view. Whether in the region of finance or of industry, while the Government's main occupation should be to stimulate war effort to the utmost extent possible, they should not, at the same time, overlook the equally important consideration of the country's economic structure after the war is over.

Sir, as I had pointed out in my budget speech, the Chancellor of the Exchequer in England, while levying a 100 per cent. excess profit tax, has set aside half the amount of the tax as a reserve fund for peace-time industrial reconstruction. The British Government have even appointed Sir Charles Innes, a former member of the Government of India, to be in charge of this most essential task of industrial reconstruction. Sir, if Britain, who is witnessing a war of growing intensity day and night round her shores, and in the air over her towns and cities, can think of providing a solution for these problems, we certainly have no excuse in this country for postponing action.

No one can foretell, Sir, how long this war will last, and which parts of the world, now comparatively quiet, will be thrown into this struggle before the end is in sight. Nevertheless, it is clear that in some respect this war has belied our expectations. During the last war the prices of primary commodities rose high, thus increasing the purchasing power of the people and giving an enormous stimulus to industrial development. The Government of India at that time were quick to perceive the possibilities of the situation, and promptly appointed an Industrial Commission under the Chairmanship of Sir Thomas Holland, with comprehensive terms of reference.

But during the nineteen month that this war has lasted what have we witnessed? The prices of agricultural commodities have fallen, and with the loss of export markets, the cultivator has extremely anxious times ahead. On the other hand, the Finance Member has not waited as his predecessor did during the last war until the end of the war to lay his hands on excess profits. He has already decided to take two-thirds, and there is no guarantee that the Honourable Member will not make further inroads.

With the purchasing power of the people crippled, the loss of a large proportion of our export trade abroad, shipping difficulties which threaten to grow more serious this year, and the levy of a heavy excess profit tax, can any one envy the lot of the Indian industrialist? Sir, this may seem a depressing picture; but I make bold to say that it is a clear reflection of the position of Indian industry.

Sir, what I want the Government of India to consider is the even worse plight of Indian industries at the end of the war. They should not forget the experience after the last war, when cotton mills worth about 11 crores had to be scrapped and thousands and thousands of workers were thrown on to the street. There will be little reserve left for meeting the shocks of the post-war depression period which must set in sooner or later. It is for that reason, Sir, that I urge the Government not to rest content with merely taking money out of the pockets of the industrialists but to do something immediately and to see that the economic structure of the country will survive these shocks to which I have referred. It is with that reason I urged that the immediate needs of the war should be co-ordinated with a long-term view of the industrial

[Mr. Shantidas Askuran.]

development of the country. It will mean the building up of a trained body of experts who will see that industrial plants are so devised as to be capable of being adapted quickly and easily to peace-time purposes, and the technical training now given for war purposes will not be wasted with the return of peace.

Sir, I would put in a special plea for steps being taken to render the country self-sufficient in regard to key industries, particularly for those requirements like defence. We were glad to note that the Finance Member was in a position to announce in his Budget speech that the first aircraft produced in India will be available before the end of this year. I have heard reliable reports recently of motor car manufacture being established in the near future. Sir, I am glad that at last we are moving into an era of action. It is to the credit of Mysore that the State has shown enterprise and an active spirit of fostering industrial development. I am not here trying to distinguish between British India and the States in any spirit of making comparison; though, Sir, I would say that the Government of India should be vigilant to see that industries do not migrate on a large scale into the States for any reasons. My main purpose, however, in mentioning Mysore is to point out to the Government of India that they too should follow a similarly bold policy of encouraging industrial research and development.

Sir, if instead of long discussions that we have had in this country over a period of years in regard to shipbuilding, we had a Government with drive and imagination, India would have been in a position today to relieve the considerable anxiety felt in Britain on account of the submarine menace. Perhaps it is not for me as one connected with an Indian shipping concern to dilate more on this point. But I leave it to the Government to visualize how different the situation would have been, if India were in a position at the commencement of the war to turn out ships, aircraft and motor cars in large numbers.

The Honourable the Finance Member has referred to the possibility of aircraft of Indian manufacture being ready before the end of the year. But I would like to know, Sir, what the Government of India are doing to offer at least indirect assistance to these new industries of aircraft and motor car manufacture? Have they shown any willingness to guarantee the purchase of a minimum number of planes and motor cars every year? Let them by all means lay down standards of quality for these industries. But one well-known way of giving State encouragement is to guarantee purchase of their products, as in fact the Dominion Governments are doing today.

Sir, one has only to compare the enormous progress that has been made in Canada and Australia in regard to the manufacture of ships and aircraft and motor cars with the position in this country to appreciate the point I have been making. I would say to the Government that the time has come for fewer conferences and more positive action.

Sir, I do not minimize the importance of starting a Board of Industrial and Scientific Research. I am glad that the Honourable Member in charge of Industries has already appointed an Industrial Utilization Committee on which experienced industrialists have important places. But I would ask him to compel his colleague, the Finance Member to set aside far larger sums than he has done for the purposes of stimulating industrial research on an adequate scale.

Sir, it is not only industrial research that is necessary. I am sure that during the time that the Supply Department has been in existence, a great deal of valuable knowledge and experience has been gathered which would

be of the utmost assistance to industrial development in this country. Prompt steps should be taken to see that this knowledge and experience are not wasted at the end of the war. And what applies to the Supply Department applies equally to the newly started Eastern Group Council.

Sir, this brings me to my last point, namely, the overhauling of our fiscal policy. A complaint has been voiced by several Members in both Houses during this session that the conditions laid down for the protection of industries as laid down by the Fiscal Commission nearly twenty years ago are too rigid, dilatory and out of date. What is wanted is an expert body permanently functioning and dealing promptly and sympathetically with the claims of new industries for protection and State assistance. The effects of protection must be constantly watched by this expert body, and variations made immediately in accordance with the growing needs of such industries.

Tariff Boards in recent years have taken far too long a time for their investigations; and when they have made their reports, the Government of India have pigeon-holed their reports, sometimes for several months, and occasionally for much longer periods. These Tariff Boards, fact-finding Boards as they are called, have been followed by fault-finding reports by the Government of India, pointing out reasons for varying, or even not accepting the recommendations of the Tariff Boards. Such treatment, Sir, is neither respectful to Boards consisting of experts, nor helpful to the industries which claim protection.

Sir, I have great pleasure in supporting this Resolution; and I earnestly hope that the Government Member who will reply to the debate will be in a position to accept the Resolution and confer lasting benefit on Indian industry.

**THE HONOURABLE MR. J. H. S. RICHARDSON** (Bengal Chamber of Commerce): Sir, the Resolution now before the House seems to raise three important issues:

- (1) a recommendation to the Governor General in Council to review the industrial development of the country;
- (2) a recommendation for the formulation of a plan that takes into account post-war conditions;
- (3) a recommendation that Government should bring about a comprehensive and co-ordinated industrial development of the country.

In regard to the first of these issues, namely, to recommend a review of the industrial development of the country, I have always understood that it was one of the first duties of Government to keep constantly under review the industrial development of the country and consequently for this Council to make a recommendation of the nature proposed might almost be tantamount to a censure on Government. I should feel much less respect than I do for the Honourable the Commerce Member and the Honourable the Finance Member if I thought that they, even for a day, neglected to take into account industrial development in this country, since it is obviously quite impossible for them to formulate any policy whatsoever if they do not constantly keep in mind the industrial developments that are taking place all around us all the time. It is indeed quite evident from what the Honourable the Commerce Member said some days ago in another place that Government do have the question of industrial development very closely in mind. For instance, the setting up of an inter-departmental Committee is, we now learn, under consideration and the Honourable the Commerce Member in the course of his most interesting remarks showed with great care that in various other ways Government have a very lively regard to industrial development both now and in the future.

[Mr. J. H. S. Richardson.]

He also showed that Government are fully alive to the tremendously important fact that industrial and agricultural development must be considered together and a proper balance between the two maintained. In view of all this, I really cannot see the necessity for the recommendation.

I am not clear as to what is meant by one suggestion that has been made and was mentioned the other day by the Honourable the Commerce Member, namely, that machinery of some sort is desirable to keep the effect of protective duties constantly under review. The past history of certain protected industries has undoubtedly given cause for dissatisfaction in various ways and I think it is a matter of regret that for various reasons the Central Government have not been able to see their way to investigate and take action over these questions. Had they done so those industries might have been in a happier position today and that bitter-sweet sugar is perhaps an outstanding example. The question is whether in all the circumstances the Tariff Boards which have been established from time to time are the best or indeed the proper means of conducting post-tariff investigations of the kind the Honourable the Commerce Member has in mind. The value of such inquiries is of course obvious and it is unnecessary for me to comment upon them, but we have been told that the development of industries is a provincial subject and the responsibility of the provinces. I am wondering how this fact is to be reconciled with the other fact that it is the centre only which can grant protection and consequently how best can the centre carry out its duties to all the varied interests involved. This is an aspect of the problem which must be borne in mind and although naturally such interests must be consulted, I would like to suggest that some of these questions at any rate could and should be dealt with by the Commerce Department and their own expert staff. Protected industries do and should divulge all necessary information which might be required to justify altering in any manner the degree of protection previously afforded and which it is in the power of Government to do. Government have at their disposal also other statistics regarding import trade and statistics of trade which might have reaction on the Finance Department and which would enable them to make their own decision as to what alterations, if any, might be deemed necessary from time to time. In these circumstances, therefore, I cannot see what further machinery is required, especially if the proposed inter-departmental committee is set up.

In regard to the second issue raised, namely, the formulation of a plan that takes into account now post-war conditions *as far as practicable*, I am afraid that here too, I cannot altogether agree with my Honourable friend the Mover of the Resolution. What are the practical facts? None of us can possibly tell what post-war conditions will be. We may, and we *do*, guess at what post-war trade conditions and trends may be. But at this stage I cannot see how we can do more than that. In England the position of course is quite different and among the major problems that will face her Government after the war will be, for example, the problem of the reconstruction of devastated areas and following from that, possibly the wholesale moving of industries from one area to another. That, however, mercifully is not a problem that faces India. I hope it never may. Again another practical fact is that it is impossible for me to forget that India is, first and foremost, a producer of raw materials. Representing as I do industrial constituents, I can fully sympathize with the feelings of Indian industrialists who desire—as my constituents do desire—to see that steady growth and development of Indian industry. That, however, does not blind me—and I hope it will not blind others—to the plain practical fact that a very large percentage of India's export trade

is represented by her exports of jute and cotton alone and I suggest that in it lies the heart of our problem. If India were to lose any part—even a small part of her present jute and cotton exports—not to mention others that are also of great importance, wheat, vegetable oils, hides, etc., the repercussions on her existing important industries might be serious. As a result of the high protective tariffs and of the high revenue duties that have now been in force for many years, the problem of balancing exports and imports was becoming an important one even before the war. I venture to think that after the war, the problem will come even more into the forefront.

And, Sir, it is here that we find the main difference between India and for example the United Kingdom or the United States of America. The United Kingdom and the United States of America are the two greatest importing countries in the world and it would be gross folly for us to overlook this fact. Whatever the outcome of this present war may be, of one thing I think we can all be certain—namely, that there will be important changes in trade trends and the determining factor (or at least among the most important determining factors) will be the position in which the United Kingdom and the United States of America emerge as potential buyers in the world markets. This is a fact that some may regret, but it remains none the less a fact and one from which we cannot get away.

India, on the other hand, is in a very different position. If, as a result of post-war conditions, she loses any part of her present important export trade, the repercussions, especially upon such provinces as Bengal will be serious. The Honourable the Commerce Member in the same important speech to which I have already referred, emphasized the great importance of India's export trade. It is indeed obvious that if owing to over-industrialization or other causes we do not import, then neither can we export and it is for this reason among others that to the great cotton and jute-growing provinces exports are, and must remain, vital.

Sir, I fully sympathize with the Mover when he says that we should be thinking ahead, but these are some of the practical facts to be faced. We certainly must think ahead. Bankers and industrialists must do so and the Government of India themselves must also do so, if for no other reason than that a substantial portion of their revenue comes on the one hand from the income-tax paying classes—*viz.*, the industrial and commercial classes—and on the other from customs duties including revenue and protective duties, export duties and excise duties. There can, therefore, be no question but that we must all be thinking ahead and trying to peer into the dark glass of the future. Business men do this all the time; if they did not, they would soon be out of business! The formation of the Export Advisory Council, the Board of Scientific and Industrial Research and the Industrial Research Utilization Committee as well as other factors show, it is quite evident, that the Honourable the Commerce Member is doing so, and if my understanding of the Honourable the Finance Member's latest Budget is correct, to the extent that Government maintain a sound credit policy and so keep money cheap for industry, they too are planning ahead. To the extent that they are strengthening India's credit by repaying a large part of her sterling obligations and so enhancing the country's credit in world markets, they are thinking ahead. Even in their imposition of heavy excess profits tax and income-tax, we must I feel recognize that they are looking to the years that lie ahead. None of us likes heavy taxation—least of all those who have to pay it; but the overriding needs of a war in which we are fighting for our very existence makes heavy taxation inevitable. That does not mean that the Government of India can go on indefinitely piling up the burden on the direct taxpayer. They

[Mr. J. H. S. Richardson.]

*cannot* ; if only for the reason that if they kill the goose that lays the golden egg, they will get no more eggs ! In their taxation policy, therefore, as it seems to me, Government show definite indications that—with a lively recollection of what happened during the last great European War and afterwards—they realize the necessity, unpleasant as it may be, of taxing how those best situated to make large profits. By so doing they are thinking ahead and they leave open for themselves the way later to resort to other methods of raising money—by increasing resort to loans for example, new excise duties and so on.

Sir, the Honourable the Mover of the Resolution, it would seem, is however not satisfied with what Government has done and is doing. Well, Sir, as I have suggested, Government, through the words of the Commerce Member have given us the clearest possible indication that they are looking to the future and, as I have already said, the Finance Department, the Commerce Department and the Economic Adviser must all now take carefully into consideration possible post-war developments. If they were not doing that, they would, I feel, not merely be missing an opportunity, but be failing in their duty. That however is not the same thing as the formulation of a theoretical plan to meet post-war circumstances and conditions about which even the most far-sighted among us can know very little. I should, however, like to hear from the Honourable the Commerce Member that probable future economic trends are receiving—as I am sure they are—the constant attention of the Economic Adviser and that his considered opinion and memoranda are being examined also by all Government departments—in particular the Finance Department, the Commerce Department, and the Labour Department—if that is what the Honourable the Mover means. If he will be satisfied with that, then I can fully support him. But if he means more than that, I am afraid I cannot.

In regard to the third issue raised in the Resolution, namely, the bringing about of a comprehensive and co-ordinated industrial development, this again is an ideal which I hope and believe the Government Benches have already closely before their minds. Although the Resolution does not mention it, a proper balance between industry and agriculture is of the utmost importance to the future prosperity of India—as it is important to all other countries. There can be no doubt that as a result of the war very important changes are taking place within industry all over the world and in particular men's minds both in Government and in business and financial circles are giving much thought to the question of how to retain or to bring about a proper balance between industry and agriculture and to ensure stability within individual industries. In this connection I have read with the very greatest interest

1 P.M. what the Honourable the Commerce Member said in another place, and I hope to hear again from him today a word on this important subject. I should, for example, like if possible to know rather more than I do at present as to what steps Government are taking to examine the problem of post-war employment. I should like to hear from him also something about what he thinks of the possible course of post-war exports and the possible course of industrialization. Lastly, Sir, the Honourable the Finance Member recently gave in another place his views on the question of capital expenditure during the war more particularly in the provinces. By reason of the high level of direct taxation, capital development in industry is already checked ; but there is evidence that some of the Provincial Governments and certain local bodies have not yet appreciated the importance of co-ordinating

their capital expenditure programme with the country's war effort. We are fully aware of the shortage of technical and trained workers and it seems to me that here is a sphere in which the Government of India by taking action now can help not merely the war effort, but the problem of post-war employment also. Wherever possible trained men now engaged upon capital construction for municipalities and Provincial Government should, I feel, be diverted to war production. This would of course mean the slowing up of capital development and capital construction by such bodies. But in so far as they have to postpone urgent capital construction now, they would in the difficult post-war years be able to reabsorb men now released for urgent war production and so to that extent assist in solving the problem of post-war unemployment and even out the probable downward trend of production in the heavy industries.

One last word, Sir, and I have finished. The issues raised in this debate are large and complicated, and I have not had an opportunity of obtaining the considered opinion of those I represent. At the same time, I am grateful to the Honourable the Mover of the Resolution for the opportunity it has afforded of discussing these important and complex matters and I regret in view of what I have said that it is not possible for me to support him.

THE HONOURABLE DEWAN BAHADUR SIR A. RAMASWAMI MUDALIAR (Commerce and Labour Member): Mr. President, the Honourable the Mover has traversed a very wide area in commending his Resolution to the House. I had an opportunity, in another place, only a few weeks ago, of making what I considered a more or less comprehensive statement on the lines on which Government are considering large issues which have been raised in connection with the future industrial policy of this country. My purpose today in attending this debate is to clarify any difficulties that have arisen in understanding that speech and to suggest, if it is necessary for me to do so, in what sense I made certain proposals. The Honourable the Mover of the Resolution has referred to post-war reconstruction policy, to the need for surveying the industrial development of the country at the present time and for co-ordinating the development of industries. I said, Sir, in the earlier speech to which I have already alluded, that Government were seriously considering the question of post-war adjustment and that an inter-Departmental Committee may shortly be set up which will from now on consider what plans could be evolved for the readjustment of the expanded industries due to war requirements and what is far more important, for the re-employment of the technical labour which is now being utilized in these expanded and expanding industries. I am certain that at the end of the war problems relating to industrialization and employment will receive the serious attention of all Governments. I myself believe, Sir,—that while complaints have been made about the extent to which Government are now interfering with the ordinary trade and commerce of every country and complaints have also been made with regard to governmental control, full or semi, regarding the industries of the country—I myself am convinced, looking at the point purely as an individual and trying to look ahead, that immediately after the war is over and peace conditions are restored, the need for some sort of governmental intervention in all these matters will not necessarily cease. It seems to me that at that time conditions will be such that some sort of governmental intervention will have to be continued in the period immediately following peace and that it will be a very short-sighted policy if Government or industrialists or business men were to consider that immediately after the signing of the peace or the declaration of armistice, things could be left to adjust for themselves without any sort of governmental intervention. I am

[Dewan Bahadur Sir A. Ramaswami Mudaliar.]

not suggesting control necessarily. I do not myself like the idea of governmental control. Having reviewed the position of our import control and export control policies I am certain that my Honourable friend the Commerce Secretary will be the first to heave a sigh of relief on the date when these control policies come to an end. But, taking a realistic view of the situation and looking forward to possibilities at the end of the war, I do feel that Government will have to continue their careful watch over all these problems, export, import and industrialization, if society were to be saved from an upheaval which will be altogether undesirable and will do most damage to vested interests, and particularly to commercial and industrial interests. If, therefore, Sir, even now we have begun to examine the policy of what we may do in post-war readjustment, it is not because we feel that any cut and dried plan can now be put forward which will be unalterable at all times but because we feel that such plans may have to be even now thought of—plans which would necessarily be readjusted from time to time, almost from month to month, because no finality can be stated about these plans at the present time. We are quite aware of it. But we feel that we must look ahead and that even now we may have to give certain advice to certain Provincial and State Governments or to industries or to commerce and that if we sit with folded hands and wait till the conditions are known which will prevail at the time of peace, it may be far too late to do anything useful or advantageous at that time. My Honourable friend Mr. Richardson referred to the fact that post-war directions or advice may be conveyed to Provincial Governments with reference to capital expenditure. I myself suggested that that was one of the possibilities which we were thinking of in our plan for post-war readjustment. There are certain plans for capital expenditure by the various Provincial and State Governments. The question may arise whether it is necessary that they should push through those plans at the present time or whether it would not be more advantageous for the country as a whole at the end of the war to have those plans carried out. There are two considerations which necessarily weigh in considering that question. Let us realize that at the present time, all commodities which are to be imported with reference to any of these items of capital expenditure must necessarily bear a very high cost. Plant, machinery, whether for power development, electric development or for large irrigation works or for huge building schemes—the materials required for these things necessarily bear a very high cost and industrialists with experience of the last war will be the first to admit that wherever expenditure of that kind can be postponed to a later date, probably it will be just as well that they should postpone that expenditure so that they might get these materials at more normal prices than they are bound to get at under the very restricted conditions which prevail today. That is purely from the point of view of costs. But there is another and a wider consideration which may have to be borne in mind and which we are prepared to convey as advice to various Provincial and State Governments, and, if I may go a step further, to industrialists also under certain conditions. If a thing is not absolutely urgent at the present time, if conditions are not so favourable that this opportunity should be seized for certain capital expenditure, and if they could well await a more static condition of affairs, then it seems to me that the advantage is on the side of waiting till peace conditions are restored for carrying out that capital expenditure. There are irrigation projects which have been on the tapis for some time; perhaps some of them have been worked out in detailed estimates by Provincial and State Governments. There are other large public works which have been carefully studied by those Governments, and it would be a policy of wisdom if these were to be taken up later when labour would be

comparatively cheaper, when more technical assistance will be forthcoming and when, as I said, costs may perhaps be lower. That is only one aspect of the problem of post-war readjustment which is being examined.

My Honourable friend in his very interesting speech referred to the development in our Ordnance factories. The House is aware that in England shadow factories have been constructed. Unfortunately they were not constructed as early as they could have been. They were constructed just after Munich, I believe, and those shadow factories are now working. Most of them are private companies, with a certain amount of governmental assistance in the building up of those factories, and the Honourable Mr. Arthur Greenwood is Minister without portfolio in special charge of this plan of post-war reconstruction or readjustment. My Honourable friend Mr. Shantidas Askuran has referred to the fact that Sir Charles Innes is President of the Committee which deals with this particular question. And their duty is partly at least to see that these shadow factories, which are now producing war materials, munitions and so on, are converted to civil use at the end of the war. They are planning how readjustment can be brought about. In this country most of the Ordnance factories are Government-owned, and as Honourable Members are aware they are under the control of the Defence Department. They have been expanded and yet more expansion is taking place. The Chatfield recommendations are being given effect to and beyond the Chatfield recommendations also it has been possible to go in some cases. I am not at liberty to disclose to the House what expansion has taken place, what expansion is in the offing and how soon that expansion will be brought about. But I can say this, that our Ordnance factories will very shortly be at optimum production and many things never dreamt of in this country will be produced by those Ordnance factories. But the point still remains that at the end of the war—and we hope that after this war our own generation and the generations to come will have a better time than we have had during the last 25 years—this expanded activity of the Ordnance factories cannot be kept up and they must resume more normal proportions. It is possible that the material thrown out, the technical labour that will be disemployed, will all have to find readjustment elsewhere. My Honourable friends have been very much concerned with the heavy industries, particularly on the engineering side. I can certainly sympathize with that desire to build up the heavy industries in this country. But they will realize that at the present time expansion is going on, that even machinery is being built up in this country itself, that our armament factories are being supplied with certain machinery which is being constructed by certain civil firms in a position to do so thanks to their experience of the past. All this material which will be disgorged from the Ordnance factories and all the technical labour that has been so patiently instructed and trained during these months will have to get readjustment after the war, and it is my hope that at that time we shall be in a position to give a better account of the development on the heavy engineering side which is possible and which can immediately go into production than we are able to today. Sir, that is another aspect of readjustment which this inter-departmental committee will have to watch and to plan for.

My Honourable friend Pandit Kunzru made an excursus, if I may say so, into the Eastern Group Conference, the Supply Council and the Roger Mission. As he has referred to these, though it is a little out of the way so far as the Resolution is concerned, and as this topic has been so often canvassed in newspapers and has formed the subject of debate and resolutions in conferences of industrial magnates, I think I should take the opportunity to clear up, I hope finally, many of the misconceptions that have gathered round the Eastern

[Dewan Bahadur Sir A. Ramaswami Mudaliar.]

Group Conference and the Supply Council. My Honourable friend referred to the position of the Indian commercial advisers to the Eastern Group Conference and repeated what has been so often said in the press and at industrial conferences that these advisers were not taken fully into the confidence of the Government, that they did not know what was happening and that their services were dispensed with without their being any the wiser for having attended the Eastern Group Conference. It has also been suggested that the very idea of having these advisers was due to the inspiration of a gentlemen from abroad and that till that inspiration came this deaf and dumb Government of India had not the wit to consider such a proposal or the understanding to carry it through. These statements have been made, Sir, and I think it is right that I, standing on the floor of this House, should authoritatively contradict these statements. The fact that an Advisory Board was constituted, that industrialists were requested to attend as advisers to the Eastern Group Conference was the decision of the Government of India, and that decision I am in a position here and now to state from personal knowledge was taken without the help or inspiration of anybody whatsoever. But that is only a small matter and we need not waste our time over amplifying that aspect of it. A more serious complaint has been that the advisers to this Conference were not treated fairly and that somehow a distinction was made between the Indian advisers and the advisers to other Governmental delegations which attended the Conference. Here emphatically I state from my personal knowledge as much as the Commerce Member as on behalf of the Government of India that there is no justification whatsoever for that statement. The facts are these. The various Governments about the end of August last year, when this idea of an Eastern Group Conference was first mooted, suggested that their delegations would be purely composed of Governmental representatives and on that basis the Government of India felt that their delegation also should be a purely official delegation, so that we may be in line with other Governments whose representatives would be attending this Conference. Later, during the month of September, it became evident from information that we received about the composition of these delegations that in some cases at least the representatives were not going to be Government representatives, and for the first time we heard that some of them were going to be advisers. Immediately the Government of India took up the question of associating with our own delegation a number of industrialists who will be advisers to the Government of India delegation and that is how the advisory body was constituted and the advisers to the Government of India were exactly on the same plane as the advisers to other Governments. I might add that while the first list showed that certain of the gentlemen who attended would be advisers and others would be delegates, we were told later that some of those original advisers, who were again people who were actually in the service of the Government, either permanently or temporarily, were promoted to the rank of delegates. That was done by the Governments concerned and we had no hand in it and we could not control that. That is how some of those advisers, or gentlemen who were originally designated as advisers, became delegates at the Conference. But still there were certain advisers of various Governments and they received the same courteous attention as the advisers of the Government of India. Now, Sir, there has been a great deal of mystery about the Report of the Eastern Group Conference.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why didn't you raise the status of your men ?

**THE HONOURABLE DEWAN BAHADUR SIR A. RAMASWAMI MUDALIAR :** Their status was that of advisers and having been a delegate myself, I can assure my Honourable friend that I did not feel an inch taller than any of the advisers who were associated with the Government of India delegation ; but, on the other hand, the Government of India advisers and the other advisers in the various sub-committees that were formed had more to do with the deliberations, played a more important part, than some of us delegates of the Government of India or of other Governments. Now, Sir, as I said, this was an excursion on the part of my friend and I crave the pardon of the House for having diverted this portion of my speech to that subject. Then again my Honourable friend spoke of apprehensions that were entertained by industrialists and commercial men in this country, that somehow the constitution of the Eastern Group Supply Council would mean that we will not be allowed to start new industries, but that somebody else, either the Dominions or other Governments, would steal a march over us. I think it would have been fairer if my Honourable friend had referred to the Press Note that was issued the other day about the work of the Eastern Group Supply Council.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I was not concerned with the Eastern Group Supply Council at all. The members of the Council stated that they would deal with only such requisitions as were sent to them by the various Governments. What I wanted to know was the policy that our Government had accepted in consequence of the recommendations of the Eastern Group Supply Conference. I am concerned with the recommendations of the Eastern Group Supply Conference and not with the Eastern Group Supply Council.

**THE HONOURABLE DEWAN BAHADUR SIR A. RAMASWAMI MUDALIAR :** The Eastern Group Supply Conference merely recommended that an Eastern Group Supply Council should be constituted which will watch and see that the requirements of the Mid East Armies were satisfied by the group of countries that were associated at the Conference. It was for each Government to decide what they would supply and how much they would supply. The only limiting factor was the time that was required in making that supply. I know that there is a great deal of apprehension and misapprehension that somehow or other India would not be required to start industries or to make supplies from those industries. As I said, time is the only limiting factor and there is no other consideration in suggesting which countries should supply which articles for the Mid East Armies. As a matter of fact we have reports, the pink reports of the Supply Department show, how many indents have been received from, say, New Zealand, Australia, South Africa, for various manufactured articles. Similarly if we are not in a position to supply as expeditiously as the Defence Services require a particular article we would not wait till months elapsed and that supply is found in this country, but we would get it where we can as soon as possible. That leads me to an observation made by my Honourable friend about the reply the Commerce Secretary gave some time back. That reply has been quoted by many newspapers and reference has been made in this House more than once. My Honourable friend the Commerce Secretary said in connection with shipbuilding that Government had no intention of encouraging shipbuilding as a part of the war effort. The emphasis lay in that last portion —“ as a part of the war effort ”, because we felt that if we were not so unhappy as to have this war dragging on for more than three years, no ship built at that shipbuilding yard could be ready before three or four years. That is why my Honourable friend said that it was not the intention of Government to encourage it as a part of the war effort. But the Government of India, as has

[Dewan Bahadur Sir A. Ramaswami Mudaliar.]

been stated repeatedly, has done everything possible to encourage that ship-building programme. It is not merely by leasing sites but by using its good offices with the Government of the United Kingdom and by supplying the very essential steel which otherwise would not have been supplied to any other industry under present conditions that we have been helping the starting and the progress of the shipbuilding yard. My Honourable friend referred to the machine tool and chemical industries and asked what Government was doing with reference to these things. So far as the machine tool industry is concerned, my Honourable friend realizes that it is a very difficult industry. The men we require are technically trained men. For the first time the Government has followed the policy of training these young men at various institutions and engineering colleges. The recommendation of the Royal Commission was that men should be trained particularly for this purpose. But that recommendation was not carried out. Industry became a Provincial Subject as early as 1920 and there is no use of blaming the Government of India for not carrying out that promise. Fortunately at the present time owing to the necessity that has arisen the Government of India itself has taken over that matter out of the hands and the control practically of Provincial Governments, subsidized the whole of this training scheme and with the co-operation of the Provincial Governments and the Universities and various engineering and technical institutions, these men are being trained just for that purpose, so that—

**THE HONOURABLE SIR MUHAMMAD YAKUB :** Do you mean to say that the Congress Governments did nothing to improve our industries during the two and a half years that they were in power ?

**THE HONOURABLE DEWAN BAHADUR SIR A. RAMASWAMI MUDALIAR :** My Honourable friend has a better acquaintance of Congress Governments than I have for I was 6,000 miles away during their regime.

It is my hope, as I have already said, in connection with the planning for readjustment at the end of the war that we may be better able to account for the development of the heavy engineering industries and particularly the machine tool industry.

Coming to the chemical industries, I may state that my Honourable friend the Leader of the House is better acquainted with the subject than myself. Several chemicals and drugs are perforce being manufactured in this country. Particularly with reference to drugs, the main thing that is needed is that they should be certified as being proper and that wherever governmental institutions can take these drugs, they must take these supplies. The drug industry had not developed till the outbreak of the war to that extent to which it might have developed, because Provincial Governments were as chary as any other persons perhaps of buying many of those drugs that were manufactured in this country or were capable of being manufactured in this country. Now, thanks to the policy that is being pursued and to the vigorous efforts that have been made and are being made by the Director General of the Indian Medical Service to see to it that as many drugs as possible are manufactured in this country and are purchased by various provincial hospitals and for the armed forces of the Crown, the drug industry has received a fillip for which I am sure the manufacturers are grateful. My Honourable friend asked a very pertinent question whether this development can be continued after the war, whether we may not come back to the old system of importing these things. So far as I can see, I can see no prospect of such a thing. I hope that once this drug industry has

established itself, as it has, and Government hospitals and the Defence forces are taking these supplies now as being quite suitable for all their purposes, there will be no question of going back on this position and that we will not revert to the position of having to import these things when once the war is over, and, if I may say so, I do not think that the medical authorities in this country will contemplate such a step at the end of the war.

My Honourable friend referred particularly to sulphur and sulphuric acid. I have not got the time at my disposal to go through the long list of drugs which are being manufactured in this country at the present time in the manufacture of which the advice of the Medical Directorate has been most helpful in many cases. But I would specially refer to sulphur and sulphuric acid as my Honourable friend has mentioned these. With reference to sulphuric acid I may say that there is no difficulty whatsoever in the quantities that we can obtain at the present time. I realize the absolute necessity of sulphuric acid for many of our industries, and I may say that we can produce all the sulphuric acid that is necessary for the country. The difficulty is one of containers for the sulphuric acid, one of transportation. We have not yet been able to find the material which could be manufactured in this country to transport this sulphuric acid, and that is now engaging the attention of the Medical Department.

So far as sulphur is concerned, Sir, I have personally interested myself in this subject, and I may say at once without wearying the House with details, that we are in a position now to get about 30,000 tons of sulphur from various mines in British Baluchistan, and that indications are that more will be available. The Geological Department has been at work. Two parties have been specially detailed for the purpose, they have excavated sulphur almost in a pure state, and we hope within the next few weeks to place that sulphur on the market and to make further investigations for larger supplies of sulphur.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Does the Honourable Member expect 30,000 tons of sulphur annually ?

**THE HONOURABLE DEWAN BAHADUR SIE A. RAMASWAMI MUDALIAR :** No, Sir. The surface deposits which have been investigated show 30,000 tons, but more is available and investigation will further be made in the lower strata and other places for a larger supply of sulphur. Our investigations have shown that 30,000 tons of sulphur are available from that particular soil. More investigations are in progress. I do not think I have got the time to go into greater detail on the many points that have been raised. I referred to the Inter-departmental Committee with which in course of time may be associated in one way or another industrial experts. I also spoke about gaps that may have to be filled up and the survey that may have to be made with reference to those gaps. In my speech in the other place I detailed the ideas that I have had in mind, and I hope that when that survey is made we shall be in a better position to advise industrialists as to what industries may still be started and how lop-sided development of industries may be overcome. I said in that connection that many of the technical industries are not able to complete their production because they lack some essential small things, and it is my hope that when this survey is made those articles which are necessary for the greater development of our industry will also come into production.

One last word, Sir, that I should like to say ; and that is with reference to what my friend Mr. Shantidas Askuran said about the Fiscal Commission, and my Honourable friend Pandit Kunzru also referred to it. They both referred to the fact that the Commerce Department have agreed that protection should

[Dewan Bahadur Sir A. Ramaswami Mudaliar.]

be given to specific industries which we consider necessary to start during the period of the war either to fulfil the war requirements or to supply the essential needs of the civilian population. Under that heading we have issued notifications guaranteeing protection after the war for a certain number of industries. One of the most important regarding which we have recently issued a notification, a key industry if it may be so called, is the production of aluminium in this country, and I am in full hope, having given all the assistance that we can for that particular venture, that within a very short time we may be able to see that aluminium is produced in this country. I have referred to the fact that the Fiscal Commissions' recommendations involved a continual watch over the protected industries. I would like to say one thing with reference to that. My remarks have been misunderstood as implying that I want the protected industries to be pulled by the roots every six months for investigation. That was not what I had in mind. But I certainly had it in mind that once a period of protection was granted to industry—at the present time there was no machinery to watch how the industry was functioning—and with reference to one or two of these industries we had come into trouble because there was not that permanent machinery, it was essential, as the Fiscal Commission had recommended, that there should be that machinery to watch the course of the activity of the protected industry. But there was another factor which I had in mind and which I should like to explain. I said that at the end of the war conditions may be so chaotic that none of us can foresee what those conditions are. It may be that at that time quick remedies may have to be resorted to: and it seems to me that that is the time when one may consider the question of some sort of permanent machinery which will have to watch both from the point of view of any dumping that may take place from other countries, which will, before the elaborate machinery of the Tariff Board begins to function, absolutely kill the particular industry which is in existence, and from the point of view also of watching the course of the protected industries themselves. From both points of view, as I said in my speech, both with reference to the increase of any margin of protection or the lowering of any margin of protection, that sort of permanent body may have to be brought into existence. We have not yet decided what sort of body it should be, and I certainly feel that this is not the time when such a body should come into existence. But I think the problem is there and that some sort of body which would be more permanent in character, more expeditious in its methods of dealing with the question, and more ready to make recommendations regarding particular industries, either with reference to the margin of protection or otherwise, may have to be brought into existence, and I trust that at that time we shall be ready for the constitution of such a body. I trust that after these remarks my Honourable friend will find it possible to withdraw his Resolution.

The Council then adjourned for Lunch till Three of the Clock.

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The Council reassembled after Lunch at Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan): Sir, the Honourable Dr. Kunzru has moved a Resolution which ought to be of a non-controversial character. I am very sorry that I had not the pleasure of hearing the Honourable Sir Ramaswami Mudaliar and I do not know exactly the line that he took. But I hope that it is not a line of opposition.

Sir, the question of industrialization has not only war-time interest but a permanent interest. We have an expanding population for whom we have to find vocations. It is common knowledge that our standard of living is extremely low and a purely rural economy will not help us to raise the standard of living of the vast masses of this country to the extent to which we want it to be raised in this country. One of the peace aims of Britain and the democracies as enunciated by President Roosevelt is that men should be able to live in this world free from want. Freedom from want is to be one of the peace aims of Britain after the war. Therefore, the question of post-war reconstruction ought to be approached from this point of view of the peace aims of the democracies. We have in this country increasing middle class unemployment, and if I may be permitted to say so, my own view is that this middle class unemployment is not due entirely or mainly, as has often been suggested, to a defective system of education. Education perhaps is defective in certain respects. But, even if you were to reorganize your educational system, you would have this unemployment unless you changed your social and your economic system. Therefore, Sir, I think that in the post-war world we must think in different terms. The State must play a much greater part in the life of nations and communities than it has so far been doing. There must be and there will have to be much greater control over the industrial and economic processes of the community than there has been so far and we are, therefore, beholden to the Honourable Dr. Kunzru for raising problems which will effect not only India but the world after the war. Sir, this middle class unemployment is largely due to the fact that we have no balanced economy in this country. We are primarily dependent upon agriculture, for agriculture is our mainstay. We have not struck the balance between agriculture and industry in this country. Industry, therefore, needs to be emphasized. I do not want to go into the question whether we should retain the system of private initiative. It may be necessary for us to retain the system of private initiative to some extent or other. But we shall have to experiment in new directions also. It is for this reason that I think that the question of post-war reconstruction should be considered by the Government in this country. In England, His Majesty's Government are devoting attention to the question of post-war reconstruction. They have appointed a Member of the inner Cabinet, of the War Cabinet, to be in charge of post-war reconstruction problems. Mr. Arthur Greenwood is the Minister in charge of the problem of post-war reconstruction. My definite suggestion is that there should be a Ministry of Reconstruction in this country. There should be a Member of the Executive Council in charge of these post-war problems. We should have an Economic Advisory Council to advise this Minister of Reconstruction. We had Sir Arthur Salter some years back in this country and he suggested what the constitution of such an Economic Advisory Council should be. I should have representatives on that Economic Council of Agriculture, Commerce, Industry and Trade, Labour and all the interests that are vitally affected by the issues which will be dealt with by the Ministry of Reconstruction. In the United Kingdom, His Majesty's Government are thinking out plans ahead for the new industries which were started during the war. They are busy with plans which would enable an easy transfer from war time economy to peace time economy. Ministers, economists, industrialists and labour leaders are busy discussing and evolving plans which would enable Britain to meet the difficulties of the post-war era. We may have a slump, as we had soon after the last war, after this war also. What are Government doing in India? How do they propose that the transfer from war time industry to peace time industry should be effected? Sir, we have the example of 1918 before us. Industries started during the war collapsed after 1918 and a number of companies which

[Mr. P. N. Saprū.]

were started during the period between 1914 and 1919 had to seek the assistance of the law courts for the purpose of liquidation. We do not want that sort of thing to happen. What was the reason for all this? The reason was that there was no plan. And when we are talking of planning we must be clear in our minds as to what we mean by planning. As I said, we are planning for an India which shall have a balanced economy and which will be able to utilize her raw materials and resources and that is the answer to the Honourable Mr. Richardson to her best economic advantage. We want the standard of living of the people to be raised. Now for this purpose it is necessary for us to consider what the fiscal policy of India should be in this period and after the war. The Fiscal Commission was appointed many many years back and we have to consider whether the time has not come for us to liberalize the conditions necessary for the grant of protection to industries which have a chance of success. If Germany and Italy and other countries had taken the line that protection will not be granted to any industry unless the raw material is obtainable in the country itself, Germany and France and Italy would never have been able to industrialize themselves. Here we have the advantage of raw materials in many cases and what are we doing to utilize that raw material? I think the conditions laid down by the Fiscal Commission need to be revised in the light of what other countries have done.

Sir, I will invite the House to consider the case of two industries which I regard as industries of basic importance. I will take the cases of the automobile industry and the shipbuilding industry. Now, Sir, the automobile industry we know is well and heavily protected in other Western countries. In Italy and in Germany there is an 80 per cent. import duty and 28 per cent. construction bounty. In France there is a 100 per cent. import duty. In Japan there is a 100 per cent. import duty. In India the past history has been one of evasions and lip sympathy. In 1938 the Government said that under the Fiscal Commission's policy of protection the industry must be established before it can be protected. I think a question was raised by the Honourable Dr. Kunzru in the last session of the Council of State or the session before, and the Honourable Commerce Member said that there was no desire to impede the plans for an automobile industry. But, Sir, I would like to draw the attention of the House to this word "not impede". There is a difference between "not impeding" and actually "encouraging". Government do not want to impede but Government do not want to actively encourage. That is the main charge against them. Industries cannot be built up on statements. They cannot be built up on expressions of sympathy; they cannot be built on promises which are not intended to be redeemed. The industry has secured the support of the Mysore Government. It was unable to secure the support of the Indian Government, and the question is, now that the industry is going to be started what is Government going to do with this industry? This is, I submit, the most important point. The other day the Government spokesman in the other House estimated that about 60,000 cars will be required in India for military purposes alone. Well, assuming that you purchase these cars from abroad, they will in time have to be replaced, in three or five years. How are you going to replace these cars? You will need perhaps 12,000 cars after three or four years. Then where are you going to purchase these cars? Are you going to purchase them from India or are you going to purchase 6,000 from India or 3,000 from India? Is there any indication of your policy that you can give? Is Government prepared to place an annual order of, say, one, two, three or four thousand cars which will be needed for replacement purposes? Sir, I would like to have a "Yes" or "No" to this question.

Then, Sir, I should like also to say one or two words about the shipbuilding industry. The other day the Honourable Sir Alan Lloyd said that Government had no intention of encouraging shipbuilding industry in this country as a part of the war effort. I want to know whether India requires any ships for her defence? What has been the policy of Australia, of Canada, and of New Zealand in regard to shipbuilding? Is it not a fact that all the Dominions, particularly Canada and Australia, are doing their utmost to build ships and more ships of all types? Well, if the Dominions, why not India? The answer to that question is that Canada and Australia are virtually independent countries with independent powers. India is not a Dominion. Sir, I ask those who are responsible for the defence of this country whether they are doing everything to strengthen the defences of this country by this niggardly policy towards the shipbuilding industry? If it were made known to the United States that the shipbuilding industry is needed in India as a part of England's war effort, I do not know, Sir, whether the Lease and Lend Bill will not be used to give us facilities for the purchase of the necessary plant and machinery. I therefore ask Government this categorical question: Are you prepared to recognize shipbuilding as a part of your war effort or are you going to allow yourself to be dominated by certain interests which have never been friendly to the shipping industry in this country? The case of heavy chemicals was referred to by the Honourable Mover of the Resolution. All these questions require careful consideration; they require careful working out; they require a Ministry of Reconstruction; they require planning and the first essential so far as planning is concerned is that we should have proper economic data. It was suggested by the Robertson-Bowley Committee that there should be a proper economic census of India. Has Government taken any steps in that direction? Sir, we hear our friends saying they are in sympathy with industrialization, but as I said the other day in connection with the constitutional issue in this country, what is needed is action. Sympathy has no meaning for us. We do not understand that word sympathy. If you could drop that word out of the English language the English language would be richer and purer. Many sins are committed in the name of sympathy. We want therefore a definite plan and we would like Government to be more concrete, to be more active and I regret to say that we have had no evidence of any active encouragement of Indian industry on the part of Government. The Honourable Mr. Richardson said that if your exports go down your imports will go down. That was I think his line of argument. He says, that if you industrialize and if you do not allow your raw material to be exchanged for industrial products from European countries, your exports will go down; the answer to that is, if our industries expand, there will be a new market for our exports in our own country—

**THE HONOURABLE MR. HOSSAIN IMAM :** That does not follow.

**THE HONOURABLE MR. P. N. SAPRU**—and it is only the surplus about which we shall have to bother.

These are all the observations that occur to me on this Resolution and with these words I would like to give the Resolution of Dr. Kunzru my strongest support.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) :** Sir, I rise to support the Resolution which has been

[Rai Bahadur Lala Ram Saran Das.]

so ably moved by my friend Dr. Kunzru. I feel sorry that the Honourable Mr. Richardson did not support the Resolution, and the Honourable the Commerce Member was not prepared to accept it though in his speech he supported it. My Honourable friend Mr. Richardson has observed that it is a provincial subject and so he considers that it may be dealt with by the provinces. I hold that when the Government of India has Commerce and Industry as one of its responsibilities and also for that reason they have a Cabinet Minister for those subjects, why should such all India matters be referred to Local Governments? My own impression is—and I think I am right in holding that view—that in certain provinces industry is being discouraged, more discouraged than at the centre. For instance, take the case of the Punjab. On the one hand it is said that Government wants to help the agriculturist, on the other hand they are not encouraging industry and thus depriving the agriculturist of a better price for his produce.

Sir, during the course of my speech on the Finance Bill I referred to the fact that His Majesty's Government was not so generous to India as it was to other Colonies and Dominions in the matter of purchase of raw produce. I would like the Honourable the Commerce Secretary to tell us whether or not the Government of India approached His Majesty's Government for treating India similarly to the other Dominions and Colonies? Even a non-Empire country like Egypt was over generously treated in the matter of the purchase of all the cotton crop produced there at a higher price than ruled in the past cotton season. Why was not India treated in that way? Did the Government fail to impress His Majesty's Government on that point? Does that not affect the prosperity of our agriculturists? Then, Sir, the second point which I raised and on which I hope the Honourable Sir Alan Lloyd will throw some light is why exportable quota of sugar from Australia, from Mauritius, from Canada, from South Africa, was taken over by His Majesty's Government at higher prices and those countries allowed to export two lakhs tons more than their International quota at a much better price. Did the Government of India fail also in impressing the point? The sugar industry is mainly an agricultural industry and it is now well known that that industry is dwindling down. That means that the big capital which has been locked up in that industry is proving a profitless investment. How does the Honourable Mr. Richardson say that the Government of India have done their best to support industries? I have given concrete examples and I wish the Honourable the Commerce Secretary would throw some light as to why India is treated differently from other Colonies by His Majesty's Government and why was India treated differentially. The Honourable Mr. Richardson has also said that the prosperity of the country lies in its exports. I admit it, Sir, but when we can consume all our produce in India by establishing industries, India must gain better prices for its raw produce than what it is gaining now. Why should Indian produce go to foreign countries, be manufactured there and then sent back to India? I fully appreciate that Government was good enough to get Tata industry established in India. I pay a tribute to the promoters of Tatas for the great service that they have done to India. If Tata's steel works had not come into existence during the last war the Government of India would have had to face a greater difficulty than they did and we would have to face much more difficulty in the present war. Why should Australia, a country which is too far away from most of the British Colonies and Dominions be given preferential treatment by subsidizing them in establishing shipbuilding? Why should not similar assistance be given to Indian ship-

building. I thought that the Honourable the Commerce Member would have seen his way to accept the Resolution or even to amend the Resolution according to his desire if there was any necessity. It practically shows, Sir, that although the Government claims to be a great supporter of industries, in practice they are discouraging industries. Therefore, Sir, I would beg the Government not to refuse acceptance of the Resolution, and to accept it in some modified form, so that those countries which are watching the behaviour of the Government of India may know that the Government of India really mean to support its industries.

Sir, my Honourable friend Dr. Kunzru suggested certain industries for governmental aid and as he did not take all the industries together, therefore it will be easier for the Government to accept the Resolution, because acceptance will be confined to certain industries which the Honourable the Mover of the Resolution has indicated. Sir, I see the apathy of the Government, if I may be allowed to say so, in imposing an excise duty on rubber tyres and tubes. This industry, Sir, was established in Calcutta mainly by the Dunlop Rubber Company and the Goodyear Rubber Company. The intention of the promoters of these two companies was that Indian labour be employed and that import duty be avoided. But, Sir, notwithstanding the fact that the United States of America are giving on an increased scale big help to Britain, the British have not been good enough, in imposing without increasing import duty an excise duty on the tyres and tubes thus putting out Americans who have established industries in India. Is that how the Government of India help industry? I would say no, Sir. They are encouraging the industry only by platitudes and not in practice. The only industries which they encourage are those industries which are now being given protection. Sir, you know what the plight of the cotton industry in India has been by Government allowing Japan and other countries to dump their goods. I would request that Government should either give grants, lend money at cheap interest or contribute a part of the capital for those new industries which Government is convinced that they are bound to pay.

Sir, owing to the high taxation and on account of economic depression people have not much spare funds left for the establishment of new industries, and until and unless they are assured that after the war there will be a council for industrial reconstruction they are not prepared to take risks. Will the Government of India come forward with some sort of assurance or some sort of guarantee as regards the assistance these industries will get from the Government of India after the war when the slump is bound to come?

Sir, we were some time back rather short of bleaching powder, comparatively a small industry. We are now feeling that on account of the Government demand for munitions and for other stores industries cannot get sulphur. I would urge upon the Government kindly to see that a sulphur colours industry is established in India. My friend observed that machine-making industry requires a lot of looking into. I would say, Sir, that my information is that Messrs. Birla Brothers in conjunction with other business magnates have gone thoroughly into the question of the manufacture of textile and other machinery: and if Government come forward with expert advice and contribution or assistance, that industry will thrive, and now as various industries are finding great difficulty in the importation of machinery, it will make India partly self-contained and will allow it to better serve the Government in time of war to the best of its capacity.

I find, Sir, that Government has placed orders for shipping vessels even in Mexico, a country which is not an Empire country, though they have not seen

[Rai Bahadur Lala Ram Saran Das.]

their way to subsidize the shipping industry in India. I pay a tribute to the late Mr. Tata and to Mr. Walchand Hirachand for their great enterprise and for making investigations about certain key industries which India greatly needs. I would say, Sir, that the Industrial Research Institute which is now working should find out which these industries are, and would recommend to Government either for a subsidy or a grant to these industries.

I will not take up the time of the House for long, Sir, but I would like to add that there is a setback being given to the coal industry in India. My Honourable friend Mr. Richardson will support me when I say that the coal industry is dwindling down. Even at this time of war the colonies are not doing as well as they might have done. Sir, it is all right to say "Stimulate the war supply". We all want to stimulate the war supply, but we want Government that in addition to the Ordnance factories which they have themselves established, they must subsidize or assist other industries which will provide the war supplies as well as make India self-contained.

My friend the Honourable Mr. Sapru spoke about the aeroplane industry which has been established at Bangalore and for which I pay a tribute to Sir Viswesvarayya and Mr. Walchand Hirachand. An automobile industry for the construction of motor cars can easily be associated with it, and in case Government gives some sort of patronage by placing orders for certain number of military lorries, that company can flourish and India become self-contained as far as the automobile industry is concerned.

Sir, I do not want to take much time. I would only request the Government to see their way to accept this Resolution. If they cannot accept it as it is, they might accept it in an amended form.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Mr. President, the Resolution which Dr. Kunzru has moved is a very important one. It has tried to concentrate attention on a matter which is of very great importance not only for the future, but for the present as well. Sir, the discussion has ranged over so many items that it is not possible within 15 minutes to refer to all the subjects that have been brought forward, But I find that there is at least one common ground between the Government the Europeans, the industrialists and the opposition Members. *It is that we must have a balanced economy.* That balanced economy presupposes a certain amount of desirable ends. What is the balanced economy which you wish to introduce? It is a thing on which much can be said from the one side or the other. While the industrialist may say that balanced economy means that we should be able to manufacture most of our requirements inside the country, the agriculturist may say that balanced economy means that we should have a market for all our surplus raw produce. Yet other financiers may say that balanced economy may require that India should be completely self-contained, not having any imports and not having any surplus to export. All these things can be urged by different interests. But, when I said that there is unanimity on this theory of balanced economy I referred particularly to the fact that even industrialists are now realizing that the prosperity of the country depends on the prosperity of the agriculturist, because he is the potential buyer of industrial products, and if he is not prosperous, the result will be that you may be able to produce everything but you may find no markets. The present world problem of the day is not the want of productive capacity. The productive capacity is there. The requirements are there. But it is only the means to purchase those things which bring about this disequilibrium. We must concentrate our attention on finding out

what is the desirable end in view ; how much we can rely on consumption of our own goods, and how much will remain as surplus for export. The Honourable Mr. Sapru referred to an instance and the Leader of the Opposition also referred to another instance. I would refer to the cotton industry. Between the close of the last war and today, there has been almost a doubling of production. But have we been able to consume all our cotton production ? Or, has the consumption of Indian cotton increased in the same proportion as the production of cotton textiles ? Has the labour increased *pro rata* ? Because we have to rely on Uganda cotton for finer clothes, it does not necessarily follow that by expanding the industry you will be able to consume your own raw goods. There are occasions when the requirements of an industry are not the same as that of the agricultural production. Look, for instance, at jute. We have almost a monopoly. The capacity to produce is there. Yet we have to restrict production because there are no markets. This has resulted in the Provincial Government restricting jute cultivation. The question arises, " You have restricted jute cultivation ; what is to be substituted for it ? " There is a very good substitute if we had planned economy. We all know that we have to import Rs. 10 crores worth of rice from Burma. If we are to be self-contained, jute is produced in the same soil on which you can grow rice also. But is there a direction ? Is there a Board ? You have a Brain Trust in America. Have you framed anything on the lines of the American plan when they started this New Deal ? They started to consider everything in its proper perspective. The trouble with us is that the Government are either too sure of their facts and think that they have nothing to learn or they think that every one who makes suggestions is not competent to give advice and those who are regarded as competent to advise are thought to give interested advice. *The result is that the policy of the Government is that inaction is the best line of action.* This is a natural phenomenon in having a bureaucratic Government which does not feel that it has the public support and cannot advance and take steps with that degree of confidence in itself which a Government responsible to the people can do.

**THE HONOURABLE SIR MUHAMMAD YAKUB :** Do not the Government do their best to appease the Congress ?

**THE HONOURABLE MR. HOSSAIN IMAM :** Well, Sir Muhammad Yakub knows how much they had done in the past to appease the political parties. They are not appeasing the Congress now. They are doing everything in their power to throw the Muslim League in the same welter into which Congress is finding itself and I think they will very early succeed in ranging us both against the Government.

Sir, I do not wish to dilate much upon this aspect of the question. I was saying that two examples were cited to us. The rubber tyre industry was established in India without receiving a great deal of protection. It had only a 25 per cent. revenue duty to fall back upon. That was enough to establish the motor rubber tyre industry in India. But, for establishing an automobile industry, even the 50 per cent. effective protection, which is now being given to it, is not enough. I say 50 per cent. because if you consider that in addition to the duty, you have the shipping charges to pay, freight, packing, insurance and all these things, and coupled with it there is the 33 per cent. duty, not on the factory price but on the landed cost. If you examine all these, you will find that we are giving a 50 per cent. protection to any automobile industry that may start. If that is not enough to start that industry, I doubt whether you can start the industry without very great cost

[Mr. Hossain Imam.]

to the consumers. Here I should like to know what the policy of the Government is. Are they prepared to support industries which are the monopoly of certain people? An industry, to be protected, must be broad based. It must be a public company. The least that you can do is to have a public company. It is wrong policy when you substitute for the white capitalist a brown capitalist. I think he is rather more dangerous, because I can whip up the support of others when I have to fight a white capitalist, but in the case of a brown capitalist I am placed in difficulties.

**THE HONOURABLE SIR DAVID DEVADOSS :** Pakistan comes in !

**THE HONOURABLE MR. HOSSAIN IMAM :** No, Sir. It is not a question of Pakistan which is always on the mind of Sir David Devadoss because he has no Xstan of his own. I was saying that the question is not this. The question is that the Government must realize, and I think the Honourable Commerce Member indicated that the Government does realize, that the days of *laissez faire* are not only gone as far as trade is concerned ; it is also not possible to have it even inside the country. Civilisation is becoming too complex for individual capitalists to fight it out. They must have the support of the State. Naturally the State must also have certain rights. Therefore I wish to state certain principles to guide us in the matter of planning industrial development for the future.

*First of all* was the condition I stated before, that industries in order to receive protection must be public companies. They should not be private monopolies unless money is not forthcoming.

*Secondly*, the industry should be of a key character and essential for the well being of the country, and it should be subject to a certain amount of Government control in the control of profits as well as in the management. Supervision by Government in the management is essential if an industry is given protection for the future. And there I agree with the demand that has been put forward that protection should not be given after the establishment of the industry. If the industry is essential it might be promised protection even before it is started. As has been stated by Sir Ramaswami ; it has already been done in the case of aluminium, and I think it is a correct departure.

*Thirdly*, Sir, there is the very big question of how to check uneconomic competition inside the country, inside geographic India. You have on the one hand the Indian States where industries are not subjected to the same amount of labour regulations, the same amount of taxation or the same amount of other controls. An industry started in an Indian State competes with our industry on unequal terms. A company to give 10 per cent. profit in British India has to price its goods at a certain level, whereas the same profit can be earned in an Indian State at a lower price level, because they have less to pay. That is an aspect of the question which has not received the attention which is due to it. *The question of competition from Indian States is a very important consideration, and I think it should receive all attention from the Government not only after the war but even during the war.*

Then, Sir, the *fourth* item in my programme is that Industry should not in any way affect the agricultural prosperity of the country ; because agricultural goods which are being consumed inside the country or are being exported now should not lose their market. If we stop the imports from other countries

it naturally follows that our export will dwindle. I do not say it will be in the same proportion. There may be a time lag or a substitution lag. (*An Honourable Member*: Prices will go up.) Prices will not go up. They will go down when you find you have no market. I will cite the instance of half-tanned leather. The British Government is doing nothing for it. The Government in the last war bought over all the half-tanned leather. This time they are neither giving us shipping space nor taking over the supplies. That would not be possible in any country which has a balanced and planned economy. His Majesty's Government has got shipping enough.

THE HONOURABLE SIR ALAN LLOYD: No.

THE HONOURABLE MR. HOSSAIN IMAM: I will cite you instances where the thing has been misused.

THE HONOURABLE THE PRESIDENT: I would cite you the fact that your time is up.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, Sir Alan Lloyd has questioned me and I have to reply to it, and I think that this time should be excluded from my allotment because I am serving the Government. Sir, I was saying that shipping is found to take back troops from the Near East theatre of the war to Australia. A large number of troops were sent back. They had not stayed out for a very long time and they did not fight much, it was in the normal course of replacement. There are other instances where shipping is available but it only depends upon whether the demand from one particular Government is more insistent. If the Government of India were as insistent in their demand for shipping as the Colonies are, I am sure they would have received it. There is another way in which they could cure the evil in this particular case. They could change the specification of the military boots they are making. They insist that it should be fully tanned leather, and our half-tanned leather can neither be converted into fully tanned leather nor can it be sent out. You have an unbalanced economy.

Then, Sir, I find that even our export and import figures do not give us a correct idea of the condition of our trade, because it is so much overshadowed by the orders and supplies of His Majesty's Government and the Government of India. Your export figures might show a rise, but that does not mean that your agricultural produce is finding a bigger market. It simply means that our arsenals are sending out munitions and other materials in larger quantities. If your import figures are high, that does not necessarily mean that India's capacity to purchase has increased. It only means that His Majesty's Government's supplies, many of them free, are coming in larger numbers. So the figures on which we used to base our calculations of prosperity are, at the moment, due to the exigencies of the war, unable to give us any real guide. What we know is this, that agricultural produce in India, and notably jute and cotton, is not finding enough of a market. There is a curious unbalance in one case, namely, cotton. One of the cotton varieties is going higher and higher whereas the others are not looking up. It is due to the fact that the Bombay mills consume that particular variety of cotton—I am referring to Broach. I was saying that it was not only in the post-war period that you want to have a balance. Investigation would even now be an advantage. If you had a full figure of what and how much you want and what are the things in which you are deficient, it will accelerate the pace of war efforts. I will just cite one instance and then close. As you know, all our munition supplies are dependent on machine tools. The House knows perhaps that tungsten

[Mr. Hossain Imam.]

steel for cutting instruments is a very essential part of our equipment. That could be manufactured in India, I know of one place where it is being manufactured in India, but they are unable yet to manufacture it in large quantities except for their own personal use. I say, Sir, that the Government in order to prosecute the war ought to have a survey and find out exactly where we have got bottlenecks, and the information collected now should be correlated with what should be done in the future. It is not only for the future that we are worrying ; we are worrying for the present as well.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Mr. President, the course of the debate has shown that Government have the same object in view as I have in moving my Resolution. My Honourable friend Mr. Richardson has, however, caused a rift in the lute by opposing the demands contained in the Resolution. I must say that his attitude came as a great surprise to me. If it is at all indicative of the attitude of the European community, I am afraid that it is not likely to create the friendly feelings that ought to prevail between Indians and Britishers. I will examine for a moment the arguments which he used to justify his attitude. The burden of his speech was that we must bear in mind that a large part of our export trade was accounted for by the export of two commodities, cotton and jute, and he was afraid that the interests of the agriculturists connected with these two commodities would suffer if a policy of industrialization were followed. I do not know how he came to this conclusion. The natural result of industrialization ought to be a greater demand for agricultural products in the country. Had I asked for the stoppage of imports of all manufactured articles, if I had recommended economic isolation for India, his argument would have been absolutely sound, but I took care to point out at the very beginning of my speech that what I wanted was a balanced economy. I am not at all in favour of what might be called a one-way traffic in trade. This is scarcely possible at the present time, but I am not sure how any of the dire results feared by Mr. Richardson would follow if my Resolution were accepted. If the industrial progress of the country were greater than it is today, would that be a matter of regret to Mr. Richardson or to the members of the European community ? Industrialization is taking place on account of the war. If the impetus given to it by the war is continued when the war is over, are we to regret it ? Would Mr. Richardson and his friends ask us to take all possible measures in order to check the pace of industrial development and to return to pre-war conditions ? It is hardly possible that anyone concerned with practical politics or with the economic prosperity of the country should ask us to be content with the present state of things. We are ourselves aware of the importance of protecting the agriculturists, but the experience of every country shows that agriculturists share in the prosperity which follows in the wake of industrialization.

There was another argument used by my Honourable friend Mr. Richardson to oppose my Resolution. He pointed out that the United Kingdom and the United States of America would be our largest customers after the war and he said it would be gross folly to overlook this fact which it was necessary for us to bear in mind in our own interests. In a world in which the exchange of goods is being more and more restricted, he argued it was necessary to realize fully the value of such big markets as those offered by the United Kingdom and the United States of America to Indian products. Has the industrialization that has taken place in this country tended to interfere

with the trade between India on the one side and England and the United States of America on the other ? It has changed in some respects. But the United Kingdom and the United States of America have not thereby turned against us ; they have not regarded our policies as hostile to them. Realizing the value of industrial development, having taken all steps in their power to advance themselves industrially, they cannot but look upon our efforts to raise our standard of living and utilize a portion of the materials that we produce ourselves with sympathy. The objections that were urged by the Honourable Mr. Richardson seem to me to have no force unless he wishes us to continue to be a supplier of raw materials not merely to England but to every industrially advanced country in the world.

There is just one more argument which I should like to deal with before I resume my seat. My Honourable friend Mr. Hossain Imam complained of the difference in the burdens which industrial companies in the States and British India had to bear. That is a difficulty that exists at the present time. The industrialization of the country will not place us at a greater disadvantage than at present. Steps may be taken to improve the conditions under which Indian business men have to work. But surely the industrial development of the country need not await the rectification of this grievance ?

**THE HONOURABLE MR. HOSSAIN IMAM :** May I say on a personal explanation that I did not say " stop ". I said this is a point which should be investigated and equalized. I supported your idea.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Let the question be investigated by all means. But let not the industrialization of the country be retarded because of the existence of this disparity between companies working in British India and in the Indian States.

Sir, the speech of my Honourable friend Sir Ramaswami Mudaliar, till he came to the end of it, was a complete justification of the Resolution that I have moved. It seemed to me that he was completely in sympathy with the objectives of the Resolution, and that he was trying to convince the House that Government had already adopted the policy which my Resolution asks them to follow. I naturally thought in view of this, that he would be able to accept my Resolution. But just before sitting down he said he hoped in view of the statement that he made, that I might be able to withdraw my Resolution. I am afraid I cannot comply with his request. His speech, as I have said, gives every reason for the acceptance of my Resolution. I still hope that the Government will change their view and will see the desirability of accepting a Resolution which is in no way out of accord with their ideas or with the measures that they have already taken. Sir, I must repeat that I cannot withdraw my Resolution. It deals with a subject of great importance, and I personally see no reason whatsoever why Government should be opposed to it. Their attitude on this question is absolutely inconsistent and we have every reason to complain strongly of it.

**THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) :** Sir, before I come to the very important passage with which the Honourable the Mover's last speech closed, I should just like to say two words. I do not think the House will wish me to deal at length with the previous speeches made this afternoon. The speeches made after lunch have all been in support of the Resolution, and the last speech before lunch was made by the Commerce Member in which, as the Honourable Pandit has said, the Commerce Member showed himself to be very completely in sympathy with the objectives embodied

[Sir Alan Lloyd.]

in the Resolution and catalogued a number of measures taken or to be taken by Government which were calculated to achieve the ends which the Honourable the Mover has in view. I therefore do not think the House would wish me to comment upon speeches that were made in support of that Resolution. I must, however, answer, or refuse to answer, one or two specific questions that have been put to me. My Honourable friend Mr. Sapru asked for a categorical answer to the question whether the Government of India was prepared to guarantee the purchase of definite quantities of army trucks from the automobile factory that is to be set up in Bangalore. The attitude of the Defence Department on this matter has already been mentioned by the Honourable the Mover of the Resolution ; and it is an attitude which I am confident was inspired solely by considerations of military efficiency. All I can say is that my information is that their attitude has not changed, and that the guarantee spoken of is not forthcoming.

The Honourable Mr. Sapru's second question, speaking of shipbuilding was as follows : " Are you prepared to recognize shipbuilding in India as a part of the war effort : or, are you going to allow yourselves to be dominated by certain unfriendly interests ? " Well, Sir, that is a question I cannot consent to answer because it places me in an unfair and false dilemma. The Honourable Member might as well have asked me the classical poser, " Have you left off beating your wife ? " If I may restate the Honourable Member's question more fairly I will answer it. " Are you prepared to recognize shipbuilding as a part of the war effort ? " For the reasons that were given by the Honourable the Commerce Member this morning, the answer is in the negative. " Are you going to allow yourselves to be dominated by certain unfriendly interests ? " The answer is again in the negative, because those reasons have nothing whatever to do with any interests, friendly or unfriendly. Then the Honourable the Leader of the Opposition first of all asked a question about the disposal of surplus agricultural products. I must ask to be allowed not to deal, here and now, with a subject so entirely remote from the question of industrial development. He then asked about facilities for the export of sugar which are at present prohibited under the International Agreement. The problem arose because that particular industry had developed to such an extent that it had a surplus production, which is hardly the sort of industrial development that speakers today have had in mind. However, the answer to the Honourable the Leader of the Opposition is that the Government of India, in spite of the existence of this embargo under the International Agreement, sought for and obtained permission for the exportation of 200,000 tons of sugar last year. Unfortunately, partly because our protective duty on sugar is so absurdly high (Hear, hear) as also were the cane prices, it was very difficult for the sugar interests in India to agree to a price which was in any sense competitive with other world suppliers, and before that problem could be solved the shipping position deteriorated so much that it was no longer possible to hold out hope that space could be found on ships proceeding to the United Kingdom for 200,000 tons of sugar. At the same time, the Government of India, hoping against hope, even if it is a forlorn hope, are in fact asking the Council under the International Sugar Agreement to renew the permission in case the situation is so changed as to make it possible for the export to take place. I think that the Government of India might certainly be said to have done all that was possible in war conditions in this matter. Well, Sir, now I will—

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** How did the Colonial and Dominion Governments obtain extra shipping and get the international sugar quota increased ?

**THE HONOURABLE SIR ALAN LLOYD :** Well, Sir, to the best of my knowledge, the shipping position had not then become so acute : it became so towards the end of last year with India. As for the price difficulty, that may have been quite different.

Now, Sir, I will come to the closing remarks of the Honourable Mover of the Resolution. It is quite true, as he says, that the speech of the Commerce Member showed that he was in close sympathy with the objectives which the Honourable Mover has in mind. It did, however, appear to the Commerce Member that the wording of the Resolution, as it stood, went a little further than it was possible for the Government of India to commit itself to on the bare text without the context of the speeches, and particularly of the Honourable Pandit's speech. I won't labour this except to say that the most important difficulty is that if the Resolution were accepted as it stood, it would imply that the Government of India was prepared to usurp the functions of the Provincial Governments in respect of all industries. Under the Government of India Act, "Development of Industries" is a provincial subject and the Government of India can only take it up if a special declaration is made that it should be a Federal subject. The Government of India can, however, do a great deal and I think it will be agreed that it is doing a great deal to help industries in the way of co-ordination of efforts, collection of information, and of course tariff protection, a matter which impinges on the central subject of Customs. The text of the Resolution, however, would commit the Government of India to usurping all the functions of Provincial Governments and for that reason I would suggest that the Honourable the Mover might accept an amendment, fairly closely following his wording, but which will relieve us of that embarrassment. The wording I suggest is as follows :—

"This Council recommends to the Governor General in Council that he should review the industrial development of the country and, taking into account post-war conditions as far as possible, bear in mind the desirability of filling up the lacunae in the existing industrial system and of bringing about the co-ordinated industrial progress of the country."

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Sir, I prefer my Resolution to the amendment. But as half a loaf is better than no bread, I shall accept the Honourable Sir Alan Lloyd's amendment. I know that if I do not accept it, my Resolution will be rejected. But I do hope that Government will bear the purpose of my Resolution in mind and within the limits of the present constitution do all in their power to further the industrial development of the country.

**THE HONOURABLE THE PRESIDENT :** Amended Resolution moved :—

"This Council recommends to the Governor General in Council that he should review the industrial development of the country and, taking into account post-war conditions as far as possible, bear in mind the desirability of filling up the lacunae in the existing industrial system and of bringing about the co-ordinated industrial progress of the country".

Question put and Motion adopted.

#### STANDING COMMITTEE FOR THE DEPARTMENT OF SUPPLY.

**THE HONOURABLE THE PRESIDENT :** I have to inform the Council that as a result of the election held today, the following three Members have

[Mr. President.]

been elected to serve on the Standing Committee attached to the Department of Supply :—

1. The Honourable Mr. J. H. S. Richardson.
2. The Honourable Sir Rahimtoola Chinoy.
3. The Honourable Pandit Hirday Nath Kunzru.

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STATEMENT OF BUSINESS.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Leader of the House) : Mr. President, you will remember that this morning, two Bills, as passed by the Legislative Assembly, were placed on the table. One deals with the amendment of the Insurance Act and the other with the use of land for purposes other than agricultural purposes in the Province of Delhi. I understand that these Bills were circulated last night. Even so, if we take them up the day after tomorrow, the technical suspending of the Standing Orders will be involved. I understand that Party Leaders have no objection to that, and I hope, therefore, that you will be agreeable to this course and direct that the House do sit the day after tomorrow at 11 A.M.

THE HONOURABLE THE PRESIDENT : I am agreeable to the suspension of the Standing Orders.

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The Council then adjourned till Eleven of the Clock on Friday, the 4th April, 1941.

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