

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume V, 1934

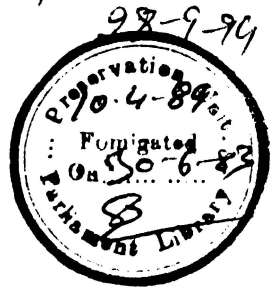
(16th April to 21st April, 1934)

SEVENTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY,
1934

~~Unnumbered~~ 18/10/23



NEW DELHI
GOVERNMENT OF INDIA PRESS
1934

Legislative Assembly.

President :

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

Deputy President :

ABDUL MATIN CHAUDHURY, M.L.A.

Panel of Chairmen :•

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

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

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

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

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Public Petitions :

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

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

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

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

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

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LEGISLATIVE ASSEMBLY.

Thursday, 19th April, 1934.

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

MEMBER SWORN.

Mr. Mohammad Ikramullah, M.L.A. (Government of India: Nominated Official).

Mr. B. Sitaramaraju (Ganjan cum Vizagapatam: Non-Muhammadan Rural). This is the first time a father and son are Members of the Assembly.

Mr. President (The Honourable Sir Shanmukham Chetty): We hope that the father will behave better now. (Laughter.)

ELECTION OF MEMBERS TO THE COMMITTEE ON THE OTTAWA TRADE AGREEMENT.

Mr. President (The Honourable Sir Shanmukham Chetty): I have to inform the Assembly that the following Members have been elected to the Committee on the Ottawa Trade Agreement, namely:

- (1) Sir Abdur Rahim
- (2) Mr. K. C. Neogy,
- (3) Mr. H. P. Mody,
- (4) Mr. F. E. James,
- (5) The Honourable Sir Joseph Bhore,
- (6) Bhai Parma Nand,
- (7) Mr. B. Sitaramaraju,
- (8) Seth Haji Abdoola Haroon,
- (9) Dr. F. X. D'Souza,
- (10) Lala Rameshwar Prasad Bagla,
- (11) Rao Bahadur Chaudhri Lal Chand, and
- (12) The Honourable Sir Frank Noyce.

THE HINDU TEMPLE ENTRY DISABILITIES REMOVAL BILL.

PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

Mr. Abdul Matin Chaudhury (Assam: Muhammadan): Sir, I present the Report of the Committee on Petitions on certain petitions relating to the Bill to remove the disabilities of the so-called Depressed Classes in regard to entry into Hindu temples

THE HINDU MARRIAGES DISSOLUTION BILL.

PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

Mr. Abdul Matin Chaudhury (Assam: Muhammadan): Sir, I present the Report of the Committee on Petitions on certain petitions relating to the Bill to remove certain doubts regarding the dissolution of marriages of persons professing the Hindu religion.

THE ABOLITION OF CAPITAL PUNISHMENT BILL.

PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

Mr. Abdul Matin Chaudhury (Assam: Muhammadan): Sir, I present the Report of the Committee on Petitions on certain petitions relating to the Bill to abolish the punishment of death for offences under the Indian Penal Code.

THE SUGAR-CANE BILL.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I beg to move:

"That the Bill to regulate the price of sugar cane intended for use in sugar factories be taken into consideration."

The House has already even during this Session given signal proof of its solicitude and sympathy for the agriculturist. I hope, therefore, that the Bill which I am now asking the House to consider will have a swift and smooth passage provided that I can show that it is logical, that it is timely and that it is likely to be beneficial to the agriculturist.

Now, Sir, first, as to whether the Bill is logical. The Tariff Board, in their report on the sugar industry, said that the strongest aspect of the case for protection for the sugar industry is that based upon the national importance of promoting the cultivation of sugar-cane. It follows that the House will agree that any measure, which is designed to secure to the grower of sugar-cane a fair proportion of the benefit of protection, is a logical measure and one to which the assent of the House should be readily forthcoming.

Now, Sir, as regards its timeliness. The Tariff Board, in their calculations of costs and prices, have allowed a price of eight annas a maund for sugar-cane. In July last, we had a conference of provincial ministers and other representatives in Simla, in order to consider to what extent the sugar-cane grower had received the benefit of the tariff and, on that occasion the representative of the Government of the United Provinces, which has the largest number of factories and also the largest area under sugar-cane, definitely expressed the view that, at any rate, certain factories were not giving to the grower of sugar-cane a fair price. He mentioned four to five annas per maund as the average price which was being realised, I think he was referring to the 1932-33 season, in Gorakhpur district and, as regards the western districts, he had definite information that, in a number of factories, the price paid was as low as 3 to 3½ annas. Other representatives of agricultural interests also expressed doubts as to whether the sugar cane grower was on the whole having a fair price paid to him for his sugar-cane. Therefore, Sir, even then the Government of India had reason to think there might be a case for taking action in order to safeguard the cane growers' interest. The matter was discussed in the conference. Unfortunately there was no agreement amongst those represented as to whether the Central Government should undertake legislation on the subject, and the Government of India, therefore, had no option but to leave the initiative to each Province to take such action as they might consider desirable in order to meet local conditions. Since then, the situation has altered in two respects; first, in Bihar and Orissa, there has been a conference on this subject and, when I visited the Province in January, the Local Government admitted that there was dissatisfaction at the existing state of affairs and that, therefore, action might, indeed, should be taken in order to safeguard the interests of the cultivator. And, secondly, the Bill to impose an excise duty on sugar, which was passed yesterday, makes it doubly necessary to ensure that unfair attempts are not made to pass on to the grower of sugar-cane a share of the excise duty. I think, Sir, these considerations, which I have placed before this House, justify me in making the claim that the measure which I have now placed before the House is timely.

My third point was that it is likely to be beneficial to the sugar-cane grower. What, Sir, are the main provisions contained in this Bill. We want the House to recognise that Government may regulate the relations between the cane grower and the manufacturer of sugar by fixing a fair price for sugar-cane. Honourable Members may ask why it is that we are not making this legislation immediately applicable to the whole of British India. The answer to that is, that conditions vary from Province to Province and uniform action is not desirable. I shall mention one instance to illustrate that. In Bombay, for instance, the position is that the factories are based on the principle of growing their own cane. Now, there it would be of little more than of academic interest to prescribe a minimum price for cane. Secondly, we feel that the Central Government have not either the machinery or administration or investigation to be able to impose, shall we say, a set formula on British India as a whole. It is only the Local Governments that have the requisite machinery, and I think it is right that we should trust them to apply that machinery when circumstances require. The main provisions in the Bill are that a Local Government shall notify a controlled area, within which a minimum price or prices will be paid to the grower of cane and may also require that cane, which

[Mr. G. S. Bajpai.]

factories want, shall be purchased either directly from the cane grower or from recognised associations of cane growers or other licensed agents. The reason why we have provided this plan of controlled areas is that, it is not possible to insist upon a uniform price, even for one Province as a whole. Conditions will vary from district to district. Not only that, but it will probably be necessary to have different rates of prices for canes with different sugar contents and also at different seasons in the year. That is the reason why we think that we should provide for diversity of arrangement in order to meet local conditions. As regards the second provision, namely, that cane may be purchased only from the cane grower or recognized associations of cane growers or licensing agents, the object is to ensure that the minimum price which is fixed reaches the cane grower and is not, as it were, absorbed by an intermediary. Those, Sir, broadly stated, are the provisions of this Bill.

Honourable Members might ask, "you are making it permissive, you are leaving it to the initiative of Local Governments, what guarantee is there that the Local Governments will apply this legislation?" I think there are two substantial sanctions upon which we can rely for that consummation to be achieved. The first is the pressure of public opinion. I think it may be taken for granted that agricultural interests, which are predominantly represented in the Local Councils, will see to it that machinery of this kind, if its application is necessary, is applied. The second is the one contained in the announcement made by the Honourable the Finance Member, *vis.*, that a fraction of the receipt from the excise duty, that is to say, subject to a maximum of one anna of the total yield out of every rupee from the excise duty, may be given to Provinces in order to enable them to organize the machinery and generally to pay for the cost of administration. That is our position and we expect that the Bill which we have now placed before the House, if it is passed, will be applied by the Provinces.

There is a further point I would like to comment upon and that is the effect of this upon industries. I should like to make it absolutely clear that we do not wish in any way to reflect upon the conduct of the industry as a whole. In fact we recognize that, at the last Conference, more than one provincial representative paid a tribute to the better run factories and admitted that they were paying a fair price for their cane. Now, what I say is that, so far as that class of factories is concerned, there is no reason why they should object to a statutory obligation being laid upon them to pay a fair price; and as regards these factories which do not pay a fair price. I think I am entitled to claim that, they have no claim whatsoever to the sympathy of any section of this House. It is up to us to see that the defaulters from the principles of fair play do recognize and act upon the principles of fair play. I do not think that at this stage it is necessary for me to say anything more. I do hope this Bill will receive, as I have said, the sympathetic support of every section of the House and be passed quickly. Sir, I move. (Applause.)

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

"That the Bill to regulate the price of sugar-cane intended for use in sugar factories be taken into consideration."

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan): Sir, it is a matter of great gratification to me to find that at last the Government of India have taken the first step towards ameliorating the condition of some of the agriculturists. I hope it will not be confined to the agriculturist who grows cane, but that similar steps will be taken in regard to all agriculturists who grow other crops and that they will have some such boon at the hands of the Government of India. (Hear hear.) (*An Honourable Member*: "How?") There are many ways in which they may do it. In this particular case, I must confine to the sugar-cane growers. I come from that part of Bihar which has a larger area under cane cultivation. It is North Bihar, which is said to be the most important part in Bihar growing cane, which gives us white sugar. Now, since 1930, when the tariff on sugar was raised, there has grown a hope in the minds of the agriculturist that this was going to be a money crop for them, and would serve a sort of compensation for the great depression that they were suffering from, but their hope has been frustrated. I have myself found that hundreds and hundreds of tenants had been crying over their cane being either wasted in the fields or dried up in the carts at the factory weigh-bridges.

We have been trying to ventilate their grievances through the Press and through the local Legislative Councils. I think no less than a dozen representations must have been made to the Local Government for looking into that state of things and finding some remedy for their deplorable condition, but, Sir, it so happened that, when the Government of India decided to call a Sugar Conference in Simla last July, representatives of Bihar Government, who attended that conference, took a very adamant attitude. It appears that their attitude was so obstinate that the proceedings of the Sugar Conference held in Simla last July recorded their findings "that the Government of Bihar and Orissa consider that legislation would be impracticable and against the interests both of the industry and of the cane-growers, although other Provinces, chiefly the United Provinces Government, held just the opposite view", and not only in the Conference they displayed this attitude, but even in the Province itself all representations, which were sent on behalf of tenants to inform them of their deplorable condition, were thrown into the waste-paper basket. Last year, I think, hundreds of conferences were held in that part of the country, where their grievances were ventilated, and very strong language was used in all those meetings for the purpose of drawing the attention of the Local Government. When the Local Council met, a very strong Resolution was passed at the instance of Babu Rajandhari Singh, declaring the callousness of the Local Government in that matter and demanding the fixation of minimum price for cane, and that steps should be immediately taken in that direction. But even that did not produce the desired result. Although the Resolution was passed by the Council, the Local Government did not think it worth while to do anything very soon. It was late in the year when they thought of calling a Sugar Conference at Patna. That Conference was held in the first week of January this year, I believe, and enthusiastic members representing the growers attended the Conference, and made it clear to the Government that there was immediate necessity for safeguarding the interests of the agriculturist.

But the result is this that, although the proceedings were finished, I think, on the 7th of January, no report of the proceedings is yet forthcoming for the public to know what happened at the meeting. It appears

[Maulvi Muhammad Shafee Daoodi.]

that at that meeting the attitude, that was taken by the representatives of the growers, is particularly mentioned in this brief analysis of replies received in answer to the questionnaire issued by the Bihar and Orissa Sugar Conference. It is a note prepared by the Government of Bihar and Orissa. It says:

"The consensus of opinion is that the cane growers experience difficulty in the disposal of their cane crop due to glut resulting from over-production on the one hand and unfair dealing on the other."

The percentages of available cane taken by the mills are reported to be 40, 50, 60, 70, 75, 85, 90 and even 98.

Now, their demand, at that moment, was that a legislation should be started all at once in the Local Council, but what to say of legislation, we have not got even the proceedings of the Conference up to the present moment. His Excellency the Governor of the Province showed some solicitude for the sugar-cane growers no doubt, and his attitude was such as gave some satisfaction to the people; otherwise, I think, there would have been a great agrarian revolt at the time. I think it was prevented by those who were moderately minded, otherwise the Government must have experienced an agrarian revolt in 1933 when the cane growers found themselves in a very deplorable plight. Now, I am referring to all these matters in order to show the attitude that Bihar Government has been taking in this matter. I am sure, His Excellency the Governor of Bihar has got a soft corner for the cane growers, but the machinery, which he has got to employ in that Province, seems to be so lifeless that, in spite of the fact that the Bill is going to be passed here today, it will take another year or two for the purpose of being enforced in Bihar. I am afraid that is what will happen and it is for that reason that I am trying to impress upon this House to devise some means by which the Government of Bihar and Orissa may be goaded to act promptly.

As to the feasibility of the scheme, I think there is no doubt in the minds of the growers themselves. This question was discussed in several Conferences at great length, and people have prepared themselves for acting up to the provisions of the Bill which is now under discussion. I have been actively connected with those conferences and can say that there will be no difficulty in adjusting the interests of all concerned in that part of the country, so that the provisions contained in the Bill may be brought to fruition.

I would urge upon the Government of India to see that a Province, which does not take it up at once, may be taken to task for not doing its duty towards the agriculturists. Sir, it is not only the duty of the Province, but also of the Government of India, to see that the agriculturists have got some satisfaction in their miserable condition; otherwise, I am afraid,—I am sounding a warning in this House,—the agriculturists are so exasperated on this question in that part of the country from which I come—Tirhut Division—that they will certainly take to some method which will give us more trouble in the future. So, if the Local Government does not see its way to do anything, the Government of India will try to make them do what they intend doing for the sake of the agriculturists. With these words, I heartily support the measure, and congratulate all those officials who have been connected with this business, and who have been able to bring forward a Bill in this form which, I hope, will be passed after some improvement.

Sir Leslie Hudson (Bombay: European): Sir, I rise to support this motion. (Applause.) Speaking on behalf of my Group, I see eye to eye to a great extent in this Bill along with my Honourable friends on the other side of the House, which is to ensure that the cane grower gets a fair price for his crop. But I also realise that the Bill itself, and the machinery for carrying it out, bristles with difficulties when it comes to putting in force those provisions which are intended to implement the intentions of the Bill. Just to give a few examples, I would point out that a large quantity of cane is purchased through contractors and, whereas there will be no difficulty in fixing the price with these contractors, there would probably be much greater difficulty in fixing the price between that contractor and the ryot from whom he originally buys the cane. Then, there is the difficulty in finding a basis of quality, and of finding proper definitions for best cane, best fresh cane, or dry cane. It will also be difficult to provide definitions for those and likewise to see that these definitions are properly observed. Then, there is the apprehension of the danger of different price-levels being fixed by different Governments having contiguous sugar-growing areas. There is the question of distance of the fields, where the cane is grown, from the factory, the month of cutting, and so on. I understand that the sucrose content is found to vary in quantity in accordance with the months when the cane is cut. These are all factors which will take a little time in settling the fair average price to be given to the cane grower. However, difficulties are made, as we all know, to be overcome. It will be the duty of the Advisory Committees which are being formed by Provincial Governments to arrive at a solution of these difficulties.

It is realised that the Bill is permissive throughout. My Honourable friend, Maulvi Shafee Daoodi, has just said that some Governments may prove somewhat slow in carrying out the intentions which this Bill covers. But the Bill is only permissive. There is no compulsion on any Province to bring in legislation, if there are any particular reasons why it should not do so. But I take it that it is for the interested parties concerned to bring such pressure to bear on the Provincial Governments as will make them fall into line. One of the main objects of the Bill is to secure uniformity of practice in those Provinces who do take the powers which the Bill gives, that is to say, uniformity in framing rules and regulations which are to govern the purchase price of the cane, and which are to ensure that the grower gets a fair deal. It is surely going to be beneficial that there should be this uniformity, for it would be very awkward if there were different rules and regulations in two adjoining Provinces, or even in two adjoining areas.

A question I should like to ask my Honourable friend, the Mover, is the position of the Indian States. Perhaps, he would be good enough to inform the House, whether steps will be taken to bring pressure to bear on the Indian States to bring in similar machinery, and it would be obviously illogical if that were not done.

There have been objections raised by certain bodies, Sugar Associations and Chambers of Commerce, who have the fear that the benefits intended by the Bill will go not to the cultivator, but to the middleman. They have also expressed the fear that the price-fixing difficulties will be found to be insurmountable, but that, however, is a matter which we shall have to see. These are matters which these bodies will have to thrash out with the Advisory Committees in the various Provinces.

[Sir Leslie Hudson.]

The Bill is obviously complementary to the Sugar Excise Bill and as the Honourable the Mover has pointed out, it is intended to convey to the cultivator some at least of the benefits which the high protective duty has given to the industry. As my Honourable friend, Maulvi Shafee Daoodi, has said, this is something quite new in the way of helping the agriculturist, and the principle of the Bill is certainly of a very novel nature, and may lead to very far-reaching results. Let us hope it will do so and that those results will be for the benefit of the agriculturists. (Hear, hear.) It is, however, all the more necessary that the interested parties in the Provinces should give a very, very thorough investigation to the Rules and to the practical application of the measure which the Provincial Governments may evolve. It is also desirable that the Provinces, in which the manufacture of white sugar is carried on, should simultaneously enter on this legislation on agreed lines and subject to agreed rules.

There are a number of amendments to the Bill, which my Honourable friends and I believe will improve the Bill, and we trust that Government will incline a friendly ear to our suggestions. They are being put forward with a desire to make the Bill more workable. They are designed to ensure that the Governor General-in-Council shall have power to deal in revision with any glaring cases of inequality between Province and Province, and between area and area.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I congratulate my Honourable friend for introducing a measure, which will really help the agriculturist to a very great extent and, in this Session at least, I find this is the only measure for which I can congratulate the Government.

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member want to move his amendment? He has one in his name.

Mr. M. Maswood Ahmad: I have already informed the Assembly Office that I do not intend moving my amendment. May I continue my speech on the Bill?

Mr. President (The Honourable Sir Shanmukham Chetty): Yes.

Mr. M. Maswood Ahmad: Sir, the Government of Bihar has been blamed for certain action, that they were slow, and so on. As far as I know, there is no fault with the Bihar Government in any way. The Government of Bihar, on the other hand, are taking very keen interest specially for sugar-cane, and they have done all in their power. The late Education Minister took great interest in these matters, and, about the present Education Minister, I can safely say that the whole of Bihar has complete confidence in him.

Maulvi Muhammad Shafee Daoodi: Nobody suggested anything against the present Education Minister.

Mr. M. Maswood Ahmad: I want to make it clear that the whole of Bihar has complete confidence in the present Education Minister. If I express my confidence in him, why my friend is so much upset I cannot understand.

Maulvi Muhammad Shafee Daoodi: I have not said a word against him. He does not come in the picture so far.

Mr. M. Maswood Ahmad: I can mention my own feelings about him and, if my Honourable friend also wants to change his feelings and says that he has got confidence in him, then I think he is supporting me in my remarks, that the whole of Bihar has confidence in the present Education Minister. I did not say that my Honourable friend, Maulvi Shafee Daoodi, has not got confidence in the Education Minister. I said only this much, that the whole of Bihar has confidence in him, and there can be no two opinions on this matter. Hindus and Muhammadans love him and he loves them. I, therefore, submit that there is no blame to be attached to the Bihar Government and, according to my information, the Government have been doing all in their power, but they are handicapped in many ways, chiefly owing to financial stringency. In this connection, I submit, Sir, that the Provincial Government and, in indirect way, the Minister in charge of Agriculture should not be blamed, and that these questions should be left to Provincial Councils, and we should not make any observation in this way. There are the Local Councils which can judge how far the Minister in charge or the Local Government have done the thing, and how far they have failed in their duty.

Sir, I am sorry to bring it to the notice of the House that my Honourable friend, Mr. Bainsai, in drafting the Bill and, when the Government came to this conclusion to introduce the Bill, they were not in possession of the proceedings of the Sugar Conference which was held in Bihar. It was admitted yesterday that the Government have not seen the copy of the proceedings up till now, and I am sorry for that.

Maulvi Muhammad Shafee Daoodi: That was one of my complaints.

Mr. G. S. Bajpai: On a point of information, Sir, I may tell my Honourable friend that when I was in Patna in January last, I specifically asked the Local Government to let us have a copy of the proceedings of this Conference as soon as possible. I explained, in the course of my answer to a question yesterday, that these proceedings have not been forthcoming, because the attention of the Government of Bihar has been absorbed by other more pressing questions.

Mr. M. Maswood Ahmad: In this Bill, you will find that certain powers have been given to the Local Governments, and it is necessary to consider that the power of making rules and regulations by the different Local Governments should be uniformly exercised by the different Provinces, and there must be some uniformity between Province and Province and area and area, and, for that reason, the Central Government must have power to control them. I also wish to suggest that the prices, which will be fixed by Local Governments, should be fair, and I further submit that not only a minimum price should be fixed, but that prices should be fair too. I do not think I will get another chance to speak my views on this

[Mr. M. Maswood Ahmad.]

point and, therefore, I want to inform the House now, that a fair price nowadays cannot be in any way less than eight annas a maund. This is my personal knowledge. I have consulted many friends and owners of factories and they all admit they can pay eight annas per maund.

Another point that I want to suggest is this. The Government have imposed a duty on *khandsari* sugar as well. I do not find in this Bill any mention about the minimum price for *rab* and *gur*. I inform the Government that the agriculturists not only sell their sugar-cane, but sometimes they also sell *rab* and *gur* from which sugar is made. I think there must be some provision in this Bill for fixing the minimum price for *rab* and *gur* as well. This is another defect in the Bill, because when Government are taxing the *khandsari* sugar as well, they must fix a minimum price for *rab* and *gur*, so that the agriculturists may be fairly treated at the hands of *khandsari* makers.

Then, the last point I will mention in this connection is that, whenever they consider the question of fixing a minimum price for sugar-cane, they must calculate it on the same basis as they have calculated in the Select Committee for fixing the fair selling price and the excise duty. On the same basis, they must calculate what should be the price of the sugar-cane. I do not object to factory owners getting ten per cent profit, but, after giving from that profit, a fair price of sugar and *rab* and *gur* should be fixed by Government for the agriculturists.

These, Sir, are the main points that I wanted to mention at this stage.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadian Rural): Sir, I give my whole-hearted support to the motion moved by my Honourable friend, Mr. Bainai. But, at the same time, I must say that I have great doubts as to the successful working of this measure. There are insuperable difficulties in the way, but I hope in the interest of agriculture the difficulties will be surmounted and Government will show very good results.

Now, the sugar industry is a protected industry, and Government have now begun to milch it by levying an excise duty. So, this new industry, which is taking root in this country, is now attacked from both sides. Its profits are taken away in the shape of excise, and also it is the intention of Government that the factory owner should be forced to pay a higher rate for his cane than he did up to this time. There is no objection, Sir, to compel him to pay a fair price for cane, but, at the same time, it must be seen that the industry is not killed. Perhaps the Honourable the Finance Member would welcome it if the industry is killed, and the whole of sugar is imported from outside, as that will give him a very large revenue in the shape of import duties. There was a time when one million tons of sugar were imported, and a very large revenue came to the coffers of the Government of India. Now that quantity has been materially reduced, and in order to provide for more funds an excise duty has been levied. Rules will be made under this Act to regulate the fixation of prices and the working of the Act. It is well known, Sir, that probably the factory owners will try their best to deprive the actual cultivator of his dues by importing middlemen for the purchase of the cane. The middlemen will get the price fixed under the Act, but it will be very difficult to see that the actual cultivator gets it.

I am making a suggestion that as Government are going to set apart a sum of money for propaganda work in the starting of co-operative cane selling societies, it should be made compulsory in one of the rules that factory owners should deal directly with these co-operative societies; and in this way the agriculturists or the cultivators will get a fair price to themselves without the intervention of any intermediaries. In the same way I would suggest that the same propaganda officer should try to establish co-operative *khandsari* concerns in the area where the cane is grown on a very large scale. Although the Honourable the Finance Member has condemned the *khandsari* process, as being very inefficient and a process involving waste, I think the *khandsari* is a real benefactor to the cultivator, because the factory cannot reach each and every nook and corner where sugar-cane is cultivated. It is the *khandsari* process that will be available to most of the cane growers. If co-operative sugar making concerns on a small basis are started in almost every area, then the cultivator is likely to get better prices for his sugar-cane, and providing thus a very severe competition with the factory owner, and then the factory owner will have also to pay an adequate price for the cane that he uses. So the best remedy for securing a fair price for sugar-cane to the sugar-cane grower is to encourage these small concerns in almost every village, so that a fair competition might be started, and in that way a fair price of cane will be secured to the cultivator.

I may say that *gur*-making will also have to be encouraged, and a fair price will have to be secured for the *gur* manufacturer; because all those who cannot take their sugar-cane to factories or to the *khandsari* will have to turn their cane into *gur* and sell it at the best price available. So, Government will have to see that *gur*-making also is improved, and in that way a very good use is provided for the sugar-cane that is grown. All this will take time to develop and I hope that this Act will be worked in such a way as to encourage the growing of sugar-cane and encourage also the small *gur*-making and sugar-making factories. The *khandsari* sugar may be of the second quality, but I think it has got better properties than pure white sugar, because many mineral salts are eliminated in making it. Also, the *khandsari* method may be a very wasteful method, but, still, all the same the existence of the *khandsari* is necessary to secure better price for the agriculturists.

I need not say anything about the Bombay Presidency, because there this Act may not be found useful; because the sugar factories there grow their own cane, and when these factories develop, they will not be in a position to grow all the cane they require, and, therefore, in addition to their own cane they will have to purchase cane from the agriculturists. In that way, it will be found, after some days, that the introduction of this Act in that tract will be necessary. Up to this time, there were very few factories in the Bombay Presidency. Before sugar protection came, there was only one factory which was doing very badly for 12 years. But, subsequent to the introduction of the import duty on sugar, that factory began to make profits, and I think that brought water to the mouth of the Finance Member. There was another factory which went into liquidation. Now, factories are rising up there, but the mainstay of the sugar-cane cultivator there is to turn his sugar-cane into *gur*, and *gur* had been up to this time fetching very good prices.

[Mr. B. V. Jadhav.]

Now, the prices have fallen and the cultivators are in very great difficulties. They do not get enough, not even what they have invested in cultivation of land, but there, I think, something will have to be done to improve matters, and I welcome this measure as a step in the right direction. Government have now come to realise that it is the cultivator who ought to be supported and I hope that the efforts of Government will succeed. Sir, I whole-heartedly support this measure.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, in the course of the Budget debate, I welcomed the principle underlying this Bill, and I am extremely glad to find that it has met with such a chorus of approval in all sections of the House. The Bill involves a very important principle. It was time that the Government devoted their attention to raise the level of prices of agricultural products in this country, because, on a proper solution of that problem, depends the economic growth of India through development of industries. The Government having regard to the system that prevails are ordinarily content to take the path of least resistance and to move round their ordinary circle of routine. But I am glad that they have now made a new departure and have initiated boldly a policy which I hope they will adhere to and extend as time goes on. In this country, the most unfortunate fact is that the agriculturists, who are the primary producers of the wealth of the country, are ignorant, uneducated and unorganised, and are, therefore, unable to protect themselves, with the result that we have seen that they are the prey of middlemen and exploiters of all kinds. The point has now been reached—and I am glad to find that the Government recognise it—when there shall be a stop put to inaction and instead energetic and bold action has to be taken in order that the agriculturists and other producers, who are placed in a similar condition, get their dues and the exploitation ceases. In the course of the Budget debate, I also pointed out that there were obvious difficulties involved in bringing into effect the provisions of the Bill. But I think it is quite possible and I hope that steps will be taken to see that the provisions of the Bill in the actual conditions of the Provinces are effectively carried out according to the spirit of this measure and I do believe when the Local Government face the facts of the situation in particular localities, many of the difficulties will be minimised if not completely overcome. In putting into operation a measure of this sort, we have to face the fact that at the beginning the Act may not achieve its maximum result; and some experience has to be gained before the agriculturists get their due share of the profits from sugar production in this country. The question has been raised whether the operation of the Bill should not be extended to the producer of *khandsari* sugar and even of *gur* and *rab*. At present the operation of the Bill is confined to the factory produced sugar; and there are such difficulties in the way that I think the Government are well advised not to take too large a leap in the dark. With experience gained, it may be possible for the Government to rope in other similar industries. I do hope that the Central Government will very carefully and closely watch how the different Local Governments are carrying out the provisions of this Act and that in making the rules the Government of India will play an active part in seeing that the rules may be appropriate to the different Provinces, which evidently will have to lay down what measures are needed in their particular areas for the protection

of the agriculturists who supply cane to the factories. It is not necessary to say anything more on the subject. I welcome the principle of the Bill, and I do hope that in due time the principle of the Bill will be extended to the cultivators of similar crops.

I alluded in my Budget speech to the condition of the growers of jute in Bengal. Every one knows that it is far from satisfactory. I believe that the jute industry itself is contemplating measures to see that the cultivators get proper prices for their produce. At present they are badly exploited by middlemen of all sorts, and I believe the millowners of Bengal would not be disinclined to see that a proper measure is enacted, so that jute growers of Bengal also may reap the reward of their labour. With these words, I give my cordial support to this Bill.

Mr. Muhammad Anwar-ul-Azim (Chittagong Division: Muhammadan

12 Noon. **Mr. President**, I am grateful to you for this opportunity that I have got to say a few words about this Bill.

I have listened with great attention to what has fallen from Sir Abdur Rahim with regard to the raising of the prices of cane. I am sure, he must have had the Province of Bengal in his mind when he spoke. I am the last person in this House to differ on any important matter with him, for I have great personal respect for his great personality, and, if I were free, I would have followed him in this House also generally. It seems to me as a very humble student of economics that it is not right and proper at this stage of our development to have recourse to Russian system of developing the country's resources and its price level of things like cane. I have had occasion to go through many treatises on the subject, but it seems to me that, instead of bringing in by the backdoor this innocuous system of socialism among the lowest ranks of the Indian people, it would have been more well-fitted if provisions of this kind could be put in connection with textile Bills and other Bills of that kind wherewith only better class people, cultured people and well-to-do people are concerned. Sir Abdur Rahim has very pertinently brought up the price question of cane so as to put some more money into the pockets of the cane growers. If this attempt helps the growers, he has my blessings. Because, one does know very well what is the real condition of the cane growers all over the country, and not merely in Bengal. They are practically tied to the soil, and no amount of control, in my humble judgment, will in any way ameliorate their condition. Sir, from a cursory reading of this Bill, I feel that this measure will not only not serve any useful purpose, but it will try to bring about in the long run some sort of disunion between the middle class landholders and these people for whose benefit Government have brought forward this Bill. It also appears at the same time that Government have given some powers to Local Governments, and I should very much like to know what are the occasions on which my friend, the Education Secretary, will invoke the aid of clause 8 of this Bill. Sir, it seems to me that it will not be fair to say that if, in any Province, an independent Minister or even if a stupid Minister working under the Transferred Department hits upon some method to afford succour to the cane growers, the Government of India should take recourse to clause 8 of this Bill. Then, secondly, Sir, I should very much like to know whether from the experience of the Government of India they have known any country in this vast world of ours which has been able to give succour to the

[Mr. Muhammad Anwar-ul-Azim.]

cultivating millions as they exist in this land. The Government of India might be in a position to know as to what is happening in Russia, but even there I am rather doubtful whether a particular system is working satisfactorily for the benefit of the grower. It seems to me, Sir, that instead of bringing forward a verbose Bill of 8 clauses, it would have been much better if the Government of India had left the control of all these matters to the Provincial Governments, and if any particular Province was fortunate enough not to possess a stupid Minister, I am certain that would have been the only fair way of helping these people, provided, firstly, through the Union Boards and the Local Boards they extended the help.

Certain friends have suggested,—I suppose my friend, Mr. Jadhav, referred to it,—that with the assistance of Co-operative Societies perhaps these methods could be properly worked. As one who is very intimately connected with the local administration of my Province, my view is that unless and until,—I am speaking now with reference to my part of Bengal,—unless and until you have direct touch with the Chairman of District Boards, the Local Boards and the Union Boards, you will not know how far you will be able to give the benefit of this measure to the cultivator class who are the people directly connected with the soil, and only they know really where or in what particular parts sugar-cane can be successfully grown. I know in my part canes are grown on elevated hilly places in the outskirts of the district on the eastern side and also on river banks, but if these things are left to District Magistrates and his subordinates to judge and decide, then the Bill will not realise its purpose.

Mr. President, after listening very minutely to the speeches on textile and sugar protection measures, it seems that the Government are not anxious to exercise any control on the free growth of industries. I am the last person to believe that Government are solicitous to giving succour to the poor cane grower if their past conduct is any guide. For, what do you see in this House? Practically Government are paralysed by influences of strong capitalistic and industrial interests. I should have very much liked to see the so-called Rural Group taking up the cause of the poor cultivator, because, if really the Rural Group in this House were solicitous of the welfare of the cane grower, they should have sent in such amendments as would improve the lot of the poor sugar-cane grower. As a matter of fact, it is very difficult to afford succour to the cane grower. It seems to me, Sir, that the whole of the manufacturing group, the vested interests, the monied people in this House have ranged themselves against the provisions of this Bill, otherwise where was the necessity for my friend, Seth Abdoola Haroon, and others from the U. P. to come out with so many amendments so as to deprive the growers of even the little benefit which they can get by this measure? That is all I have to say, Sir.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Sir, I whole-heartedly support the principle of this Bill. I share the hope of my friend, Sir Abdur Rahim, that the Government of India, who, I am glad to say, have awakened to the real position in the country regarding the agriculturist, would extend the principle of this Bill to other agricultural products. I know, Sir, the question bristles with difficulties, and that, I believe, is the reason why even some Local

Governments, although they are very much interested in this matter, are afraid to approach the subject, but I would ask them not to leave things to drift until it is difficult for them to tackle the position with care and with leisure, for they will have to do something in a hurry at the last moment and probably thereby leave the agriculturist in a position worse than he would be before any such scheme is undertaken. I am very glad for another reason that the principle of this Bill has been acknowledged and attempted to be brought into force with the help of this House in respect of the cane growers. I am sorry that my friend, Mr. Mody, is not here, because the other day in his very very eloquent speech on the Cotton Textile Bill, when we accused the millowners of inefficiency, he turned round to me and thought that he had discharged his duty by referring to my motor car, and he asked me in very vehement language: what did you people do, did you relieve the agricultural indebtedness, did you make any attempt to make two blades of grass grow where one grew before, and all that sort of thing. The only little difficulty that he has failed to understand,—and I am glad the Government have given him a direct answer,—is that in the case of landholders it is no secret that it is the Government that claim to be the landlord. And, Sir, so long as State landlordism prevails, it lies upon the Government to do it, and that is the reason why they have quite rightly taken upon themselves the solution of the most insoluble problem, namely, the question of indebtedness and things like that, and the marketting of our products. I am their ryot. They would not even call me a *mirasdar* which 30 years ago they said in our *pattahs*. They changed it afterwards and they simply call us ryots. Year after year we go and protest against taking the *pattahs* but still we accept them. We being their ryots, it is their business to look after all the troubles under which we are being weighed. Another reason why it is a greater business on their part to look after us is that at least 60 per cent of our troubles is due to their unfortunate system of taxing the land in an absolutely unscientific manner without knowing what they are doing. I say that deliberately because, while they profess to fix the rate upon the rise in prices, they forget that 85 per cent of the cultivators pay only Rs. 10 as land revenue which does not provide for a large area of cultivation, and what does it matter whether your prices rose or fell? That being the position, I am all the more glad that the Government have, notwithstanding the protests of persons who are not interested, I say, in agriculture like the millowners whom Mr. Mody represented the other day—I say that the Government have, in spite of them, recognised our position and have girded up their loins to relieve us from the trouble. I do not want to take up the time of the House, because it is a matter upon which I am glad to say that everybody is agreed, and I am so pleased with myself that the House, in spite of its preoccupations, has with one voice declared that the interests of agriculture and the agriculturists should be placed in the forefront of the business of Government. It has been said that there would be difficulties. I say there would be difficulties, and I would respectfully join in the request made by my Honourable friend, Sir Abdur Rahim, that, although these matters ought to be primarily and mostly administered by the Local Governments, yet, I say from the experience that I have of the way in which Local Governments deal with these matters, the Central Government must have a control, not a control in the day to day events connected with the administration of this Act, but some outstanding real and effective control,

[Raja Bahadur G. Krishnamachariar.]

so that, when matters are brought to their knowledge, they might step in and legally provide for the difficulties created in the Local Government to be removed and that their most salutary object is attained in as perfect a manner as it is possible for human beings to attain perfection in any measure of theirs. Consequently, I would ask them not to be scared away by the threat that agriculture and other things being transferred subjects, the Government of India cannot interfere. So long as the Government of India have the control of affairs in India, so long as section 33 exists in the Government of India Act, providing for supervision and control by the Government of India of the government and administration of the Provinces, so long I submit that it would be absolutely impossible for the Government of India to shirk their responsibilities under this diarchical system which, I hope, will soon die. As long as section 33 of the Government of India Act is alive, so long I submit there ought to be a clear and effective provision for that superintendence which Parliament has in its wisdom entrusted to the Government of India. I whole-heartedly support this measure.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural)?

I give my whole-hearted support to this Bill. I also along with the previous speakers entertain the hope that the keen solicitude that has been evinced for the poor agriculturists in the case of those who are sugar-cane growers will be evinced in the case of other agricultural producers also. Except my amiable friend, Mr. Anwar-ul-Azim, who has raised a dissentient voice, the whole House is unanimous in according its hearty support to the Bill. My Honourable friend sees red in this Bill. Probably the very mention of control—I mean control of prices and control of production—has raised before his vision an image of the Russian Soviet. But he need not have any apprehension on that account. Then, again, it has been said that there should be some help for the industrialists and it seems that some of the speakers are in favour of giving protection to industrialists and they think that the salvation of India lies in industrialisation, a theory which I have more than once refuted on the floor of this House. I believe that these tall chimneys and these steam engines are out of place in a country like India. India is mainly an agricultural country and it will thrive on agriculture, and its most precious heritage is not material but spiritual wealth. My Honourable friend from Chittagong has said that the Bill will bring about dissension between the middle class landholders and the cane growers. I presume my Honourable friend, although a very young man, has sufficient knowledge of agriculturists in Bengal, he himself being the Chairman of the District Board of his District. I can also claim some knowledge of those boards which go by the name of union boards, local boards, district boards, having been a member and in charge as chairman of some of these for several years. I have some experience of the working of these boards. He has suggested that these boards should be empowered to work in place of local officials, while my Honourable friend from Bombay has suggested that the co-operative department should be entrusted with the work. I also claim some knowledge of the working of the co-operative department in my own province, having been connected with the co-operative movement and having been one of its organisers and administrative officers for several years in my Province. I may say that neither the union board, nor the local board, nor the district board, nor the

co-operative societies are yet fit to take charge of these affairs. I know the inner working of these boards. The cry has always been that self-Government must begin from the root and, therefore, these union boards and local boards have been set up. Those who have intimate knowledge of the working of these boards know very well that these are nothing but engines of oppression upon the poor agriculturist.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): In Bengal.

Mr. Amar Nath Dutt: In Bengal at least. I do not claim experience of any other Province. As regards sugar-cane I beg to submit that in my Province there are very few, almost a negligible number, of sugar factories in Bengal. In fact, in Bengal, the *gur* manufacturers have their own sugar-cane cultivation. I am not aware of any place in Bengal where these sugar-cane growers can sell their produce, but they themselves manufacture *gur* in Bengal. So I beg to submit that the relief that will be given by this Bill will be given to other Provinces than my own and in spite of that I think it is the bounden duty of every one of us to support this Bill. My friend has also taken exception to clause 8 of the Bill to which my friend, the Raja Bahadur, the Leader of the Rural Group, against which my young friend had a fling, if I may be permitted to say so, has given a fitting reply. I think the provisions of this Bill are very salutary and support has been coming from all sides of this House and I think it rarely falls to the lot of any Government Member introducing a Bill to get such unanimous support to his Bill. I congratulate the Honourable the Mover of the Bill for the support that he has been able to evoke in the House.

Lala Hari Raj Swarup (United Provinces: Landholders): Sir, I strongly support this Bill. There is, Sir, an impression in this House and abroad that the sugar manufacturers are opposed to the passing of such a Bill. I beg to remove that impression and I beg to say to the House that we are whole-heartedly in support of this Bill, because we feel that the fate of the grower and the fate of the manufacturer are connected together.

Sir, when I support this Bill, the main reason is this that when we are paying a fair price, and we maintain that we are paying a fair price why should we have any fear from this Bill. In the representation that we made to the Government on the occasion of the Sugar (Excise Duty) Bill, we said that we are paying six annas on the average throughout the country. That figure has been contested during the various speeches made, but it is a fact that the average price paid throughout the country is six annas. The Honourable the Finance Member said yesterday that he could challenge anybody to say if he is paying more than five annas. I got figures from my own factory situated in the western part of the United Provinces and I accept the challenge of the Finance Member and say that I have paid more than six annas a maund. Sir, Mr. Bajpai also said that the Minister of Agriculture in the United Provinces said in the Simla Conference that the factories in the western United Provinces were paying only three annas and four annas.

Mr. G. S. Bajpai: I should like to correct my Honourable friend. I did not say that the U. P. Minister had said that the whole of the factories in the U. P. were paying three annas or four annas. He said that some factories were paying three annas or 8½ annas.

Lala Hari Raj Swarup: Again, my friend, Mr. Yamin Khan, definitely told me that I was paying four annas. I got the figures from my own factory and I wish to make a present of this paper to my friend, so that he can ascertain from the Minister of Agriculture in the U. P. whether this price is paid or not. The price paid by us on an average up to the end of February was six annas, $5\frac{1}{2}$ annas per maund on rail borne cane and six annas four pies per maund on cane brought by carts to the factory gate. This average has gone up as the prices were considerably higher in the months of March and April.

An Honourable Member: Does that include commission?

Lala Hari Raj Swarup: It includes commission, but most of the cane we buy direct. The commission we pay is three pice per maund. The second reason for my support, Sir, is that if a minimum price is fixed my own idea is that the price of sugar-cane will be practically stabilised at that figure and it will prevent constant bickering between the grower and the manufacturer. It will certainly improve their relations, because my own experience has been that every day we are trying to reduce the price and they are trying to increase the price, and thus there is constant trouble to the factory. The third reason is this, Sir, that it will satisfy public opinion. I feel that there is a strong public opinion in the United Provinces that there should be a legislation of this sort. Whether this legislation succeeds or not it is yet to be seen, but it will certainly satisfy the public opinion, and will exonerate the manufacturers of sugar from the serious blame laid at them that they pay an uneconomic price for cane. The other reason of my support, Sir, is this: that if a minimum price is fixed, the grower will actually know where he stands and it will give some stability to the cultivation of cane. He will know how much he is going to get and the profit he is going to make and, therefore, the cultivation of sugar-cane will be on a much more stable and steady basis. As the minimum price will also be fixed, there will be an incentive for the grower of sugar-cane to grow better varieties of cane as he will know that the manufacturers will pay higher price for those canes which yield more sugar and, therefore, it will also be in the interest of the manufacturer. There is another reason of my support, Sir, and it is this: that, if a reasonable minimum price is fixed, the profits of the industry will be more equitably distributed between the various parts of the industry and the great advantage of this will be that it will check further the growth of mushroom factories which have sprung up during the last two years and on account of which there is fear of over production and loss of efficiency.

Sir, it must be recognised that this measure is of an experimental character, because in this country before this no steps have been taken to control the prices of raw products intended to be sold to the manufacturing concerns. The success of this measure will greatly depend upon two factors. The first and the main factor is in the working of the Act in the Provinces, as to how they will overcome the various difficulties that beset this legislation, secondly, on the co-operation that is extended to this legislation by the manufacturers and the growers. There are, Sir, numerous difficulties that are involved in this Bill. The first is, how are you going to fix the price of cane, whether it will be according to quality, the freshness or the staleness of the cane. As you know, in a sugar factory much depends upon the quality of the cane. If you get fresh cane, we

will be prepared to pay much more than we can pay for cane which has been cut some time back. Secondly, there are various varieties of cane. From one variety you can recover five per cent, from another seven per cent, from the third you can recover nine per cent, and in Bombay and other places you can recover as high a percentage as 11. The other difficulty will be what will you do about the cost of the transport of cane? A large number of factories have to bring cane from long distances. If the whole cost of this transport is to be borne by the factories, then the factories will cease bringing cane from distances and the result will be that in those areas, where there are no factories, the growers of sugar-cane will suffer.

Another point for consideration is, what relation the price of cane should bear to the price of sugar, whether it should be an arbitrary fixing of price, or it should have some relation to the price of sugar, to the cost of production that we have to undergo, and to the duty that we have to pay on sugar. My friend, Mr. Maswood Ahmad, said that eight annas would be a reasonable price and that he had the authority of the sugar manufacturers to say that most of them agree to eight annas. Sir, I do not know whether he listened very carefully to the figures that my friend, Diwan Banadur Ramaswami Mudaliar, and Mr. Jagan Nath Aggarwal and myself gave yesterday to the House. Even at six annas, we showed that sugar factories would not make a profit of even three per cent; so, how can the factories exist at eight annas a maund? He might have remembered the recommendations of the Tariff Board. The Tariff Board no doubt said that in the beginning of the protective period a price of eight annas should be paid, but the assumption on which they proceeded was that the price of sugar at that time would be Rs. 10, while it now is Rs. 7-12-0 per maund.

The next point for consideration will be whether there should be a flat rate for the whole of the Province or whether the Province should be divided into various tracts and the price should be fixed according to the extraction of sugar that they get in the various tracts, the price of sugar which they receive in the various tracts, the duration of season and other special conditions prevailing in those tracts. Sir, if the Provincial Governments will adopt a reasonable attitude and will give scope and full opportunity to the sugar manufacturers to co-operate with them, I dare say that we, the sugar manufacturers, would be quite willing to extend our full support to the Government in making this measure a success.

Sir, I am, however, sorry that this Bill has been considerably delayed by the Government of India. The real time for passing this Bill was when the Protection Bill was passed in this House. I will in this connection read, with your permission, a small passage from the minute of dissent which I appended to the Sugar (Protection) Bill at that time:

"The Committee have incorporated this recommendation in the Bill, but I had thought it would have been better had some steps also been taken to fix the minimum price for the cane grower. This problem is indeed full of difficulties as conditions from one tract to the other differ so widely that no single price could be fixed. But, in spite of all these difficulties, I feel that we must devise some methods by which we can secure a good price to the cultivator, because I am told that some factories are taking undue advantage of abundance of cane and are paying very low prices to the cultivators. I hope the Local Governments will give this matter their thought and do the needful."

[Lala Hari Raj Swarup.]

Sir, had this Bill about the price-fixing been passed at that time, the grower would have got a much greater advantage than what he will get now and the advantage to the Industry would also have been that the growth of this industry would have been very sure and steady and the benefit would have been divided equally between the grower and the manufacturer, and we would not have got this excise duty which we got yesterday had this Bill been passed at that time, because some of the factories would not have made as much profit as they did and there would not have been so much attraction for people to come to this industry as there has been during the last two years. We would not also, Sir, have alienated the sympathies of most of the Honourable Members who talked so much of high profits during the debate of the Sugar (Excise Duty) Bill.

Sir, to make this Bill more effective and to serve the purpose for which it is intended, various amendments are necessary. One of the important amendments is that the Bill, as it is, should apply to all the Provinces. We should not give an option to the Provinces not to apply the Bill; we can give an option to the Provinces, as they have under the various clauses of the Bill, to vary the formula according to the circumstances of each Province, but to give them power, whether to apply the Bill or not, is not, I think, justified. Sir, in the Statement of Objects and Reasons, the Government say that this decision is consequential upon the imposition of an excise duty on factory sugar. Sir, if that is so, I maintain that the legislation should apply to the whole of India, because the excise duty is applicable to the whole of India and no Provincial Government have any option to set aside the excise duty so far as that particular Province is concerned. If this Bill is applied to the whole of India, it will also solve the difficulty of fixing such prices in adjacent Provinces. Sir, take the case of the Punjab, the United Provinces and Bihar and Orissa. All these three Provinces are adjacent to each other. If prices are fixed in one Province and they are not fixed in the other two Provinces, the industrialists in that particular Province will naturally feel some grievance and they will also feel that they have been put under a disadvantage. The second amendment that is necessary is to give more time to the public to offer their criticism about the rules and the formulae that are made in the Bill, and, thirdly, Sir, as this excise duty is an all-India measure concerning the Government of India, therefore there must be powers in the hands of the Governor General-in-Council to revise the various rules and formulae made by the different Provincial Governments. If they feel that injustice is being done to the sugar manufacturers or sugar-cane growers, or that one Province has fixed a much lower figure than another Province, then in such a case interference by the Government of India is absolutely essential. Sir, I have mentioned all these difficulties not in any spirit obstructing the Bill, but making it really useful and to serve the purpose for which it is intended.

My friend, Mr. Anwar-ul-Azim, just now said that the amendments given notice of by Seth Haji Abdoolah Haroon and others are only intended to crush the grower and to make the Bill worse. Sir, had he taken care to go through the amendments, he would have found that we wanted to make the Bill really an operative Bill and not to remain a dead letter on the Statute-book. Sir, we know that there are innumerable difficulties in making this Bill successful, but my own feeling on such Bills has always

been that we should never postpone the passing of such Bills, because there are difficulties. In every legislation, there is bound to be evasion; but legislation has a very good moral effect, and I hope that this Bill will mean a beginning of the era of planned economy in this country and prove a blessing to the grower of sugar-cane. Sir, it is an experiment, but I think, Sir, an experiment well begun.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I congratulate the Honourable Member for bringing forward this measure. In fact, he ought to have brought this Bill about two years ago. But I console myself by saying "Better late than never". Sir, a measure of this kind for all industries which are protected is absolutely necessary. My friend, Mr. Thampan, and others have been pressing that it is the duty of the Government to safeguard the interests of the consumers and the interests of the agriculturists in all measures in which they heavily tax the consumers and the tax-payers. Sir, Government make promises, but I do not know when our demands would be materialised. In this connection, I will quote a Persian couplet which says:

*"Har chi danan kunad, kunad nadan
Lek bad az nugsani bisyar."*

The translation is that, whatever a wise man does, also does the unwise man, but after losing a good deal of money. I am sure, Government will have to bring a similar Bill, in connection with the Tariff Amendment Bills, that we have already passed, to see that the protection is not given for the benefit of the capitalists only, but is also exercised in the interests of the people, so that the amount they invested may afterwards be realised. Sir, a person dreamt a dream and said to his friends in the morning that he dreamt a dream, half of it was right, and half of it turned out to be wrong. He said that he dreamt that somebody gave him a slap on the face and a rupee which he put under his pillow. When he got up in the morning, all the signs of the slap were there; the pain was there; his cheeks were red; but under the pillow there was no rupee. The same is the case with all these taxations. That we have given them the taxation is one-half of the dream, and that is correct; and the other half, that it would be for the benefit of the people, is really missing and probably that will come

"Bad az nugsani bisyar."

(That is to say, after losing a good deal of money.)

Sir, we have been discussing the price of the sugar-cane, that is, what is really a fair or a minimum price of the sugar-cane. In this case, a formula has been discussed by the Sugar Technologist on which I should like to comment. The formula which everybody knows is that the fair price of the sugar-cane per maund in annas is obtained by multiplying the extraction of sugar per cent by the price of sugar and is divided by 200. My friend, Mr. Hari Raj Swarup, has just pointed out that the price of sugar certainly depends upon the quality of cane. So, it varies directly with the extraction of sugar per cent. That is correct. The second part is also correct, namely, that the sugar manufacturer can only pay according to his own profit. That is to say, he can only pay proportionate to the price of the sugar, which is ten annas. Therefore, it is correct that

[Dr. Ziauddin Ahmad.]

the price of this varies according to the extraction of sugar and according to the price of sugar. That is to say, it is equal SP multiplied by some constant—and I do not know how that constant has been arrived at. I do not understand why it should be divided by 200 and not by 100 or 210. Perhaps my friend, Mr. Bajpai, would be able to explain this.

Mr. G. S. Bajpai: I will just explain it in a minute. It is the practice in Louisiana, where the system of fixing prices prevails, as also in Cuba, to assure to the grower of sugar-cane half the price of the sugar which is extracted from a unit of cane. That is the explanation of it.

Dr. Ziauddin Ahmad: My friend has only transferred the formula and has given it in another form. That is to say, instead of calculating the price of the sugar per maund, he has calculated the price of hundred maunds of the sugar-cane. In that case, the constant factor instead of 200 will become half. And the problem of half is just as much as the problem of 1/200 and the only reply that can be given is that really speaking this formula is not accepted in any other country, but there is no proof of it.

Then, Sir, there is another important omission in this formula which is really worth consideration. It is this that this formula has been taken from other countries; it is capable of application in normal times, but during the period of protection the Tariff Board themselves recommended a special case which I think has been overlooked in this particular formula. They said:

"We consider that the scale recommended by the Indian Sugar Committee, namely, a sliding scale based on price for cane equal to half the price of sugar manufactured from it, subject to a minimum of six annas per maund, is generally suitable. But (and this is an important 'but'), in the first years of protection (This means seven years without the special protection), we consider that this should be increased by one anna per maund."

Therefore, this one anna can always be added as the benefit of the sugar-cane grower out of the special protection which we are providing to the industry. We are giving them a protection of Rs. 7-12-0 and the question is what is the share of the profit for these sugar-cane growers out of this amount. The Tariff Board have recommended that we ought to add one anna to it. This formula may be correct, but, of course, I cannot guarantee its accuracy. Even supposing that this formula is correct, then it can be applied only in normal times and not during the period of protection. For the period of protection we must accept the recommendation of the Tariff Board and add one anna to it. This formula, therefore, ought to be: C is equal to S, multiply it by P and divide it by 200 plus another constant and that is one anna. $\left(\frac{S \times P}{200} + 1 \right)$

Perhaps during the next period of protection, that is, after seven years, this one anna may be reduced to half an anna and when the entire protection is withdrawn, then this additional constant may also go. That is one important omission in the calculation of the price per maund, namely, that we have not provided in these calculations the share of the sugar-cane growers in the amount of protection that we have given to this industry. Their share, as has been recommended by the Tariff Board, must be at least one anna during this period of protection.

There is one more difficulty which I feel, that is, in the word "minimum" which probably we will discuss later on. I have great apprehension in my mind that in practice this minimum price may become the maximum price unless something is done in this connection.

I congratulate my Honourable friend, Lala Hari Raj Swarup, on the excellent speech that he has made, and I wish he had made a similar speech yesterday and day before yesterday. He ought to have complained that the Government ought not to have put this surcharge on it, so that mushroom factories may not spring up. This is the conclusion I have drawn in my mind from the speech. After putting this excise duty, there will be some kind of protection against coming into existence of these mushroom factories, and there will be greater check on the production.

The last point I want to say is this. This particular Bill, to my mind, appears to be the first step which the Government have taken to raise the price level of agricultural produce. The Tariff Board say on page 40, section 28 of their report, that the price of wheat has fallen from Rs. 5-10-0 to Rs. 3-0-0, the price of cotton from Rs. 298 to Rs. 156, the price of rice from Rs. 6-4-0 to Rs. 3-4-0 and the price of jute from Rs. 71-4-0 to Rs. 34 only. This is the price level of some of the commodities in 1932; and the price level for 1934 is still worse. So, I submit, this is really the first step which the Government have taken in raising the price level of agricultural products. I am glad that the Government have done it, and it is quite possible that this measure may have an important effect on other agricultural commodities.

Before I conclude, I wish to draw the attention of the House to the suggestion made by my Honourable friend, Mr. Maswood Ahmad, that we must have some kind of restriction about the price of *gur*. We find actually the price of *gur* has fallen down much more than the price of sugar. The price of sugar remains the same, but the price of *gur* has fallen below the economic price. I believe it will be of some advantage if the Government watch the situation for the time being and see whether it is not desirable to put a minimum price on *gur* for the *khandsari* manufacturers also, because the Government have put a duty only on one side and left *gur* altogether out of account, and, therefore, the effect which the Government have in mind by introducing this measure may not be achieved.

Mr. G. S. Bajpai: I am both grateful to Honourable Members for the measure of support which they have given to this Bill and gratified by the response that they have made to it. I do not consider it necessary, Sir, to traverse all the ground that has been covered by previous speakers, but there are three points which stand out and in regard to which I think I may make a few observations.

The first is that there will be practical difficulties in the working of this measure. That, Sir, is recognised. Whenever you make a new departure or an innovation, you are up against the unexpected and that unexpected you can try to overcome only by the method of trial and error, and it is because we recognise that there will be practical difficulties and because we wish to mobilise all the experience and the wisdom we can that we have made provision in the Bill that a Local Government shall before it actually notifies its provisions or proposals publish them with the object of eliciting observations and opinions thereon.

[Mr. G. S. Bajpai.]

The second point which has been made is that the Governor General-in-Council shall exercise a certain measure of control over the working of this Bill. In regard to that, I made the position of Government, I hope, clear in my opening observations. So far as the actual application of the provisions of the Bill to a particular Province is concerned, we think that we must leave the discretion to the Local Government, because they alone are in a position to recognise when a situation has arisen when the application of those provisions becomes necessary. Subject to that, I may say to my Honourable friend in advance that there are certain amendments, for example, in regard to the previous consent, of the Governor General-in-Council to the rules made under clause 7 of the Bill, and amendments, like that, I think, Sir, I shall be in a position to accept on behalf of Government. (Hear, hear.) In any case, Honourable Members may rest assured that the Government of India, having undertaken to make grants to Provinces, will keep a close eye on the working of the provisions of the Bill in those Provinces where it is applied, so as to make sure that none of the grants which they make is improperly applied and that the maximum advantage is derived from the grants which they make. (Hear, hear.)

The third point that has been made is in regard to the Indian States. Now, Sir, the House knows perfectly well that it is not possible for us to legislate for the Indian States. The most that we can do is to watch the situation, and, in the light of experience gained, consider whether any action on the part of Government is necessary. That undertaking, Sir, I am prepared to give my Honourable friends here, namely, that we shall see how these things work, and, in the light of our experience, determine our future course of action.

My Honourable friend, Dr. Ziauddin Ahmad, mentioned a formula which has been tried or which has been worked out by the Sugar Technologist. May I tell him that in this Bill we are not incorporating any particular formula. We are, as a matter of fact, leaving it to Local Governments after proper enquiry and consideration of local circumstances to devise formulas to meet the local needs. It really is in the very nature of things impossible, considering the size of India and the diversities of local conditions for Government to prescribe a uniform formula susceptible of uniform application. That, Sir, is all that I need say at this stage.

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

"That the Bill to regulate the price of sugar-cane intended for use in sugar factories be taken into consideration."

The motion was adopted.

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

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

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

"That clause 3 stand part of the Bill."

Mr. M. Maswood Ahmad: Sir, before I move my amendment No. 10, I wish to know what becomes of my amendment No. 8*?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot allow that amendment to be moved, because the Honourable Member's intention appears to be just to substitute a few words, and for that he has given in form and substance the whole clause. The Chair cannot allow that to be moved.

Mr. M. Maswood Ahmad: There is difference between amendments Nos. 10 and 8. In amendment No. 10, I have simply said "subject to the approval of the Governor General-in-Council," whereas, in amendment No. 8, I have used both the expressions, "subject to the approval of the Governor General-in-Council" as well as "fair". So there is difference between the two amendments.

Mr. President (The Honourable Sir Shanmukham Chetty): There is a similar amendment in the name of Maulvi Muhammad Shafee Daoodi and the Chair proposes to call him to move his amendment.

Mr. M. Maswood Ahmad: Sir, amendment No. 10, which I want to move, is as follows:

"That in sub-clause (2) of clause 3 of the Bill, after the words 'The Local Government' the words 'subject to the approval of the Governor General-in-Council' be inserted."

Mr. G. S. Bajpai: May I just draw my Honourable friend's attention to the next amendment which stands in his name, No. 11, which wants the insertion of the words "subject to the control of the Governor General-in-Council". They are substantially the same, and it may be that if my Honourable friend moves that amendment, I may be able to give my views on it. The Honourable Member may choose which to move.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can choose whatever he wants.

*"That for clause 3 of the Bill the following be substituted:

(3). (1) The Local Government may, by notification in the local official Gazette, declare any area specified in the notification to be a controlled area for the purposes of this Act.

(2) The Local Government, subject to the approval of the Governor General-in-Council, may, by notification in the local official Gazette, fix a minimum fair price or minimum fair prices for the purchase in any controlled area of sugar-cane intended for use in any factory in that area.

(3) The Local Government may, by notification in the local official Gazette, prohibit in any controlled area the purchase of sugar-cane intended for use in any factory in that area otherwise than from the grower or growers of sugar-cane or from a person licensed by the Local Government to act as a purchasing agent."

Mr. M. Maswood Ahmad: I choose No. 11. I beg to move:

"That in sub-clause (2) of clause 3 of the Bill, after the words 'The Local Government' the words 'subject to the control of the Governor General-in-Council' be inserted."

As I have said at the time of my first speech in this connection, I want that there must be some uniformity in the prices in different Provinces and in different areas. So I want that this power should be given to the Governor General-in-Council to control that price at least if the previous sanction is not possible. I realise that it is not possible in all cases to have the previous sanction of the Governor General-in-Council, and there will be delay in this matter. But this power must be kept, so that there may not be competition between the different Provinces, and it will save many troubles, and I request Government at least to accept this amendment. Sir, I move.

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

"That in sub-clause (2) of clause 3 of the Bill, after the words 'The Local Government' the words 'subject to the control of the Governor General-in-Council' be inserted."

Mr. G. S. Bajpai: Sir, personally I should have preferred to leave the clause as it stands, because I do not see any reason why we should think that Local Governments, in fixing prices, will not be fair to the interests of the manufacturers, and I should have pointed out to my Honourable friends that the power in clause 8 of the Bill is really intended to enable the Governor General-in-Council to redress hardships in events of that kind. But inasmuch as more than one Honourable Member on the opposite side has shown a keen desire for some power of control to be retained by the Governor General-in-Council, I am quite prepared to accept the amendment. But I would suggest a slight variation, not in words, but as regards the arrangement of these words. I think the words "subject to the control of the Governor General-in-Council" should come at the beginning; that is to say, the clause should read, "Subject to the control of the Governor General-in-Council, the Local Government may, by notification, etc."

Mr. M. Maswood Ahmad: I have no objection, Sir.

Diwan Bahadur A. Ramaswami Mudallar: Sir, may I ask my Honourable friend a question? I have been looking at the Devolution Rules, and I should like to be satisfied about the constitutional position. Under what rule, does the Honourable Member say that this House or the Governor General-in-Council has got the power to regulate this, in so far as agriculture is a transferred subject in a Provincial Government?

Mr. G. S. Bajpai: Sir, I have examined that question, and I should like to mention to my Honourable friend that this really is not what he would describe as the regulation of agriculture. It really is regulation of trade which is a Central subject,—trade in a particular commodity; so that it is perfectly competent for the Governor General-in-Council to exercise powers of direction, superintendence and control.

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

"That in sub-clause (2) of clause 3 of the Bill, before the words 'The Local Government' the words 'subject to the control of the Governor General-in-Council,' be inserted."

The motion was adopted.

Maulvi Muhammad Shafee Daoodi: Sir, I move:

"That in sub-clause (2) of clause 3 of the Bill, after the words 'or minimum prices' the words 'and a fair price or fair prices' be inserted."

Sir, by this amendment I am trying to introduce a difference between minimum price and fair price, and I want to make this difference clear in the Bill itself, so that, at the time of application of this Bill to the localities, there may be certainty for the cane growers to get their minimum price and at the same time there may be room for the manufacturers to encourage the cane growers by paying them a fair price if they think that the grower is doing all that he can for improving the quality of the cane. The minimum price, according to the Tariff Board, includes these things: (1) the average cost of cane cultivation per maund to the growers on a small scale; (2) the interest payable by them for the advances obtained against their cane crop which may be taken three pies only per maund; (3) the average cost of cartage per maund which is generally $1\frac{1}{2}$ annas per maund. On this basis the price is equivalent to the actual investment of the grower on each maund of cane supplied at the gate of the factory. The minimum price, according to the Tariff Board, is, therefore, the figure which the grower has invested, and, therefore, he must be recouped that much at all costs. But the minimum price is not going to give him any surplus for adopting an intensive method of cultivation or for improving the variety of cane cultivation; and, as we know, the yield per acre in Northern India is much less than the yield per acre in the highly advanced countries like Java and Cuba. The ratio of Indian production and the two countries is 18 to 50. Therefore, there must be some stimulus for these cane growers to apply their minds for intensive cane cultivation on a scientific basis. It is necessary that, over and above the minimum price, the growers must get a decent surplus which they may invest in increasing the efficiency of cane production. The Tariff Board, on page 60 of their Report, have recorded their finding on this question in these words:

"A fair price for cane would thus be about eight annas per maund delivered at the factory."

I would, therefore, suggest that the Tariff Board's standard of fixing a fair price must be followed and the difference between the minimum price and the fair price be recognised in the Bill itself. Otherwise, there is a great danger that the growers may get only the minimum price which may be fixed and which may barely cover their actual investment on each maund of cane and give them no surplus at all.

Mr. G. Morgan (Bengal: European): May I ask my Honourable friend a question? What is the total amount of the figures regarding minimum price that he gave just now?

Maulvi Muhammad Shafee Daoodi: The total will come to seven annas, and one anna, in addition to that, will give them a fair price. That is my contention. This eight annas will be a fair price and seven annas will be the minimum price. I think this distinction is essential, firstly, for ensuring the return of the investment to the grower, and, secondly, the difference between the minimum and fair price provides scope for adjustment of the cane price with the sugar price. This is bound to prove very healthy to both the growers and the manufacturers.

Khar Bahadur Mian Abdul Aziz (Punjab: Nominated Official): Sir, may I ask the Honourable Member one question? How will he distinguish between the grower who is really capable of working and the grower who is lazy and whose price naturally goes up on account of his laziness or because of his inefficient methods? The trouble about this is that a fair price may be one thing to one man and another thing to another man, depending on his efficiency.

Maulvi Muhammad Shafee Daoodi: The point is this: the minimum price is the price which you pay to him in order that he may be recouped for all the money that he has invested, and a fair price is, in my opinion, an anna more than the minimum price per maund for the purpose of giving him a stimulus to make intensive cultivation of the cane, to improve the variety of cane and to do all sorts of things which are necessary for the purpose of improving the production per acre.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair is not sure whether the language used by the Honourable Member is correct. The Chair would think that "a fair minimum price or fair minimum prices" would be a more appropriate way of putting the amendment.

Mr. G. S. Bajpai: Yes, Sir, if my friend is anxious to bring the word "fair" in. I was intending to explain to him that his assumption, that Government, in fixing the price, will take into account the bare minimum which has been mentioned by the Tariff Board and make no allowance for a margin which would convert the minimum into a fair price, is not justified. In fact, the fixing of the prices will be in the hands of the Local Government, and now we have provided that the price shall also be subject to revision by the Governor General-in-Council. I can assure my Honourable friend that the price that we do fix will be a minimum with due regard to what is a fair return to the cultivator, and, therefore, there is really no need for any change. What I am saying is that the minimum price will be a fair price, so that there will be no danger in that direction.

Maulvi Muhammad Shafee Daoodi: I have not made myself clear, I think. My point is this: I want that the Government should fix one minimum price which should recoup the grower all the money he has invested; over and above that, I want that the Government should fix a fair price—another price, not that one.

Mr. President (The Honourable Sir Shanmukham Chetty): There is only one price and that is the price to be paid by the factory owner to the cane grower: that is the only price with which the House is concerned.

Maulvi Muhammad Shafee Daoodi: My point is this: that the minimum price which the factory will have to pay is one thing. But since the price of sugar may vary from one figure to another, in that ratio the manufacturer of sugar must pay to the grower in addition to the minimum price, so that he may have an incentive to improve his cultivation.

Mr. President (The Honourable Sir Shanmukham Chetty): Who is to compel him to pay that?

Maulvi Muhammad Shafee Daoodi: I want two prices to be fixed, not one: one, the minimum price that must be paid, and the other, the payment of which will depend upon circumstances. If the price of sugar goes higher, then the sugar-cane grower should also get some money out of it, and that will be paid from that margin. It will be optional. It will depend upon the relation between the grower and the manufacturer. Unless we mention this fair price, the manufacturer will have an excuse that he will not pay more than the minimum price even if he makes something more out of the sugar that is produced.

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

"That in sub-clause (2) of clause 3 of the Bill, after the words 'or minimum prices' the words 'and a fair price or fair prices' be inserted."

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

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

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, I find some difficulty in understanding the significance of the amendment moved by my friend, Mr. Shafee Daoodi. His amendment would work like this:

"Subject to the control of the Governor General in Council, the Local Government may, by notification in the local official Gazette, fix a minimum price or minimum prices and a fair price or fair prices for the purchase of any cane in any controlled area of sugar-cane,"

and so on. I do not understand how this will be a workable proposition, because the minimum price will be fixed with reference to the fair price of the sugar-cane. Now, in fixing the minimum price, the Local Government will have to take a number of factors into consideration, for instance, the quality of the sugar-cane, its freshness or staleness, the distance to which the cane will have to be carried, the carting facilities, the average profit to the cane grower, the percentage of juice that a particular variety of cane yields, and various other things will have to be taken into account. That minimum price naturally must be taken to be the fair minimum price of that variety of sugar-cane. If I understood my friend correctly, he wanted to convey the idea that there should be two scales of prices fixed, one the

[Mr. Gava Prasad Singh.]

minimum price and the other the fair price of sugar-cane. If this distinction is to be made, I will say that the minimum price is not the fair price; to that extent Government will not be justified in fixing the minimum price at all, because the minimum price must be the fair price of the sugar-cane, and in this view the Bill is quite welcome. I can quite understand the feeling of sympathy for the cane grower which has prompted my friend to move this amendment and I fully share that feeling,—and in order to achieve the very object which my friend has in view, I will only interpose the same expressions in the way suggested by you. Sir, I do not know if my friend, Mr. Bajpai, will be willing to accept it on behalf of Government, but there can be no difficulty in accepting that slight change, because it is a mere transposition of the words, and it will serve the purpose which my friend has in view. It will also serve the purpose of the Government. I do not know, Sir, whether you will permit me to make that amendment just on the spur of the moment, but, after all, that is not very necessary.

Mr. President (The Honourable Sir Shanmukham Chetty): Mr. Maswood Ahmad has got an amendment in his name.

Mr. Gava Prasad Singh: If he has got an amendment in his name to this effect, then he can be asked to move it.

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

“That in sub-clause (2) of clause 3 of the Bill, after the word ‘minimum’, in both places, the word ‘fair’ be inserted.”

Mr. President. (The Honourable Sir Shanmukham Chetty): *Before or after.*

Mr. M. Maswood Ahmad: Before the word “minimum” in both places.

An Honourable Member: Which is that amendment?

Mr. President (The Honourable Sir Shanmukham Chetty): He has just given notice of it

Mr. M. Maswood Ahmad: Sir, I do not agree that there should be two scales of prices, one minimum and another fair price, because there are certain penalties imposed. Now, if penalty is imposed for minimum prices, then the fair price which will be fixed by the Government will be useless, because there will be no effect of that, and, if there is penalty for fair prices, in that case the minimum price will be of no use, and, therefore, we shall be having two scales of prices one minimum price and another fair price, and that is not at all advisable. I suggest that the minimum price which the Government would fix should be a fair price. In this connection, I should tell my friends how in other countries prices are fixed. In Java, 50 per cent of the sugar recovered is paid to the planters. In Mauritius, 60 per cent to 70 per cent of the sugar recovered is paid to the planters; in Cuba, you will find that from 5

to 7 of the wage is paid in the form of raw sugar to the planters. Similarly, in the Phillipine Islands, 50 per cent to 60 per cent of the sugar recovered is paid to the planters; in Antigua, $4\frac{1}{2}$ lbs. of 96° sugar for every 100 lbs. of cane, and, at the end of the season, a further payment resulting from the division between the cane suppliers of 50 per cent of the profits of the factory. In Port Rico, $6\frac{1}{2}$ to seven lbs. of sugar per 100 lbs. of cane.

Now, Sir, by quoting these figures, I want to inform the Government that here also they should fix the prices in the same way as the other Governments are doing, and the minimum price that would be fixed should be a fair price. There is a proposal to fix only six annas per maund of sugar, and that, I think, is quite unjust, and, if you will work on that principle, six annas will be a very small amount, and it cannot certainly be called a fair price. Even the Tariff Board have calculated what a fair selling price is for sugar and other things, and they have also stated how much cane would be required to make a maund of sugar. On that basis, I suggest that Government should fix the minimum price, but it should be a fair price, and it should not be an unfair minimum price. I want to emphasise that point, and, therefore, I move this amendment.

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

"That in sub-clause (2) of clause 3 of the Bill, before the word 'minimum', in both places, the word 'fair' be inserted."

Mr. G. S. Bajpai: Sir, I am in a somewhat embarrassed position, because the suggestion that the word "fair" should be inserted before the word "minimum" fell from the Honourable the President himself. Naturally, I am very deferential to anything that comes from the Chair, but as I explained at an earlier stage, it is really not necessary to insert the word "fair" before the word "minimum". I consulted the Draftsman on the point, and he said to me that the word is really not susceptible of a precise definition, and, in a legal document, we have to employ precise language. I have already given my friend an assurance that in fixing prices we are not really going to limit prices to the bare minimum necessary to cover costs, but we are going to take into consideration all the circumstances so as to allow a fair margin to the cultivator, and I hope, Sir, that in the light of this assurance, my friends will see their way not to press their amendment.

Dr. Ziauddin Ahmad: If two prices are to be given, they can only be minimum and maximum. That is intelligible, but you cannot fix two prices, one of which is minimum and the other is fair. Fair is the average of minimum and maximum. We cannot fix a maximum price, because, after all, the cane grower must get as much money as he can, and it will be to the disadvantage of the cane grower if we put a maximum price. The only thing we are left with is that we should put one price, call it fair, or call it minimum, or call it fair minimum, but whatever you may call it, there is not much difference between fair minimum and minimum fair. I think it is a question of legal phraseology, probably I am not the best judge of it, but, from a common sense point of view, I do not see much difference between minimum and fair minimum and fair. To my mind, they connote the same thing. But, I would like to

[Dr. Ziauddin Ahmad.]

say that one thing which might be ignored by the Local Government at the time when they fix the price is this. The Tariff Board recommended that, during the protection period, one anna should be given extra to the sugar-cane growers. They say in section 41 of their recommendations that "in the first years of protection we consider that this should be increased by one anna per maund." This fact might be overlooked by the Local Government, it may not consult the Tariff Board's report which is practically getting out of print, and copies of the report are not easily available in the market. This fact ought to be noted that in addition to other considerations which the Local Government may have in fixing the price, such as the application of the formula $\frac{S.P.}{200}$, the formula multiplies the quantity of sugar by the price which it fetches divided by 200 or any other formula,—in addition to that the recommendation of the Tariff Board should not be forgotten regarding adding one anna to the price in the first seven years and, after that period, when we reduce the amount of protection perhaps half an anna, and when you come to the normal time this amount may be eliminated altogether I mention it, because it should be on record, so that Local Governments may be guided by this. As far as the amendment is concerned, there is not much difference between minimum and fair minimum, all these connote the same thing.

Maulvi Muhammad Shafee Daoodi: In view of the assurance that the margin of profit will also be included in fixing the minimum price, I beg leave of the House to withdraw my amendment.

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

Mr. M. Maswood Ahmad: In view of the assurance of my Honourable friend that the price will be fair and that there will be one price and not two prices, I beg leave of the House to withdraw my amendment.

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

Mr. G. Morgan: I beg to move:

"That in sub-clause (2) of clause 3 of the Bill, the words 'in that area' be omitted."

The sub-clause says: "in any factory in that area". If there was a controlled area in one Province and not a controlled area in another, and there was a factory on the borders of those two, it would not come under this clause at all. The boundary between Provinces is merely a thin line, you can step from one field into another, that is, into another Province. The factory could purchase its cane as it liked, because it was not in that controlled area. I submit, therefore, that these words "in that area" should be deleted. Sir, I move.

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

"That in sub-clause (2) of clause 3 of the Bill, the words 'in that area' be omitted."

Mr. G. S. Bajpal: I accept the amendment. As has been pointed out by my Honourable friend, we do not want that a factory outside a controlled area should be able to send its agents and buy in the controlled area cane at any price.

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

"That in sub-clause (2) of clause 3 of the Bill, the words 'in that area' be omitted."

The motion was adopted.

Mr. G. Morgan: I beg to move:

"That in sub-clause (3) of clause 3 of the Bill, the words 'in that area' be omitted."

The argument is exactly the same that I have used in the case of the former amendment. Sir, I move.

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

"That in sub-clause (3) of clause 3 of the Bill, the words 'in that area' be omitted."

Mr. G. S. Bajpai: I accept the amendment.

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

"That in sub-clause (3) of clause 3 of the Bill, the words 'in that area' be omitted."

The motion was adopted.

Maulvi Muhammad Shafee Daoodi: I beg to move:

"That in sub-clause (3) of clause 3 of the Bill, for the word 'grower' the word 'growers' be substituted."

My object in moving this amendment is that in the Statement of Objects and Reasons it is stated:

"A Local Government should declare controlled areas within which purchase of cane by factories shall be limited to growers of cane or licensed persons and societies at fixed prices."

The plural was used here, but in the Bill itself we have the singular, and, therefore, I thought that the plural should be used in the Bill also. That was my idea in giving notice of this amendment.

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

"That in sub-clause (3) of clause 3 of the Bill, for the word 'grower' the word 'growers' be substituted."

Mr. G. Morgan: May I ask a question? Does it mean that you must never buy from one person, but always buy from two or more persons?

Maulvi Muhammad Shafee Daoodi: For that I have amendment No. 18. If the two are considered together, it will be better.

Mr. President (The Honourable Sir Shanmukham Chetty): Under the General Clauses Act, singular includes the plural also.

Maulvi Muhammad Shafee Daoodi: My idea was that there might be an organisation such as a Co-operative Societies' organisation and it would not be individual buying. That is what I gathered from my reading of the whole thing.

Mr. G. S. Bajpai: My position is the same as you have already explained, namely, that, under the General Clauses Act, the word "grower" includes also "growers", and, therefore, this amendment is unnecessary.

Maulvi Muhammad Shafee Daoodi: Sir, I beg leave of the House to withdraw my amendment.

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

Maulvi Muhammad Shafee Daoodi: I beg to move:

"That in sub-clause (3) of clause 3 of the Bill, after the words 'the grower of the sugar-cane' the words 'individually or collectively' be inserted."

My idea is that the buying should be done either individually or collectively and this finds a place in the Statement of Objects and Reasons, but not in the Bill itself. I thought that there must be an express provision to show that there might be a collective organisation of the growers and selling of their crop in a collective manner, and, therefore, the words "individually or collectively" should be in the Bill itself.

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

"That in sub-clause (3) of clause 3 of the Bill, after the words 'the grower of the sugar-cane' the words 'individually or collectively' be inserted," "preference being always given to the growers of the sugar-cane'."

Mr. G. S. Bajpai: I think my Honourable friend's difficulty will be easily solved. If he looks at clause 7 (2) (d), he will find that we provide for "the organisation of growers of sugar-cane into societies for the sale of sugar-cane to factories." And, in sub-clause (3) of clause 3, there is a definite mention of the words "from a grower of the sugar-cane or from a person licensed by the Local Government to act as a purchasing agent." This collective organisation will be a legal personal, and, therefore, the words used by my Honourable friend are not necessary.

Maulvi Muhammad Shafee Daoodi: Sir, I beg leave of the House to withdraw my amendment.

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

Maulvi Muhammad Shafee Daoodi: I beg to move:

"That in sub-clause (3) of clause 3 of the Bill, the following be added at the end: 'preference being always given to the growers of the sugar-cane'."

One of the main causes of hardships to the cane growers in my constituency, which is the main source of supply to the majority of the

factories in Bihar, is the profiteering and malpractices indulged in by the cane contractors. Mr. Prior, when he was speaking in Simla at the Simla Sugar-cane Conference, said:

"So far as my Government have been able to obtain information, the factories in Bihar this year intended to pay to the cultivator on the average 5½ annas per maund of cane. It is admitted, however, that they did not succeed in doing so on all occasions. They realise that this money was not paid and the reasons why it was not paid are partly because there was inaccurate weighing on the weighbridges and partly because a large number of factories buy their cane from contractors. The factory manager can only ensure, as long as he continues to buy cane through contractors, that money is paid to the contractors. He cannot ensure what that contractor pays to the ryot; and my Government are afraid that in last year the contractors did take a disproportionately large share out of the profit that accrued in the sugar industry."

It is on account of these weighty reasons that all our efforts should be concentrated on the elimination of the middlemen at the earliest possible moment. They should not find a permanent place in the industry, as in any case they are bound to pocket a portion of the margin of profit of the cultivators, while they do not contribute to the development of the industry in any way. As a temporary measure, some steps may be taken to control them by licensing, etc., but the ultimate objective of replacing the contractors by growers organisations should never be lost sight of. The commission of six to nine pies per maund which the mills in my Province generally pay to cane contractors for the supply of cane can easily be diverted to the cane growers' society which will discharge all the functions that are performed by the middlemen so far as the mills are concerned. Thus, without any additional cost to the sugar mills, the growers will be immensely benefited. Such a system of direct contract between the growers and the manufacturers is bound to help a great deal in achieving the idea of very high degree of co-ordination between cane production and sugar manufacture which is considered essential to reach the Java standard of efficiency. It might be pointed out here that the great majority of the total supply of cane to the factories in Bihar comes from the small cultivators who grow cane in a small area and thereby their cost of cultivation per maund rises higher than that of the large scale growers. This great handicap can only be counteracted by appropriate organisation of the small growers. The proposed growers organisation, through the net work of its affiliated societies in each village, would, in my opinion, be the best agency for minimizing the handicaps of cane production on a small scale, as far as possible and for promoting intensive methods of cultivation. Without any such organised effort, it is difficult to imagine how, by the isolated efforts of the individuals here and there, our poor ignorant cultivators are going to achieve the high degrees of efficiency in intensive cultivation of cane within a limited period of less than 15 years. It is worth while remembering that we have to raise the efficiency of cane product for 15 to 50 tons. On account of these reasons, I suggest that wherever such cane growers societies come into existence, they should get a preferential treatment from the factories concerned. Unless and until the Bill provides for giving such facilities and encouragements to the poor growers' societies, the day would be far distant when we may have the satisfaction of seeing a large number of such organisations of growers in existence. We are grateful to Government for the encouragement they propose to give to the organisation of growers of sugar-cane into societies for the sale of cane to factories by providing

[Maulvi Muhammad Shafee Daoodi.]

funds for the purpose. But I would venture to suggest that the Government of India should not only distribute money to the Provinces concerned for this purpose, but, at the same time, should indicate the lines to be followed for pushing forward the scheme of co-operative organisation of cane growers. In this connection it will not be out of place to quote the view of the Indian Sugar Committee, 1920, which on page 89 of its Report under paragraph 259 says:

"Societies for purposes other than credit, especially those connected with cane growing, cannot be expected to prosper unless they are treated as an entirely distinct branch of the co-operative movement. The ordinary staff of the Co-operative Department has hitherto had its hands too full with credit work to give them the attention they require and, though it is now some eight years since the law was altered to permit the Co-operative Department to take up this branch of work, the results achieved have been disappointingly small. They will remain so until agricultural trading societies have their own organisations and experts, who must be given a free hand and not bound by rigid rules and restrictions. For the present, at any rate these officers must be provided by Government and their salaries like those of the Registrar and his ordinary staff must be borne by the State. Unless they are forthcoming, co-operation will, we fear, remain as at present a most negligible factor in connection with cane growing in India except in regard to the provision of credit."

Further, I may point out that the Royal Commission on Agriculture in India has rightly observed that

"the business of co-operative sale is not a matter for amateurs nor for those who have perforce devoted the greater part of their study to rural credit."

They emphasize that if any substantial progress on sound lines is to be made in this connection, it is the duty of Government to provide the Co-operative Department with expert officers properly trained in the technicalities of co-operative marketing. The Bihar Government should not entrust this task in this direction of co-operative sale of sugar-cane into the hands of the ordinary Assistant Registrars, generally recruited from the ranks of Deputy Magistrates who might be very able and efficient otherwise, but they cannot be expected to be qualified to develop organisations for co-operative sale. If this warning of the Sugar Committee of 1920 and the Linlithgow Commission is not paid any heed to in Bihar, the new project of co-operation in the sale of sugar-cane might ultimately suffer the same fate as that of our present credit societies. It would be disastrous for the agricultural development of Bihar as the failure in connection with the marketing of sugar-cane would seal the fate of all developments of co-operative marketing of any other agricultural produce. It is for these reasons that I want this amendment to be made.

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

"That in sub-clause (3) of clause 3 of the Bill, the following be added at the end: preference being always given to the growers of the sugar-cane."

Dr. Ziauddin Ahmad: My friend, Mr. Shafee Daoodi, has drawn attention to a very important point, i.e., the possibility of misuse in the working of this Act. That misuse is that the owner of a factory may employ his own servant or his relative as an agent to purchase sugar-cane. This servant or relative may go long distances and purchase cane at three annas and four annas per maund.

Mr. President (The Honourable Sir Shanmukham Chetty): The Agent must be licensed under the clause.

Dr. Ziauddin Ahmad: That may be so, but I want to point out a possible danger. We ought to see that the benefit actually goes to the sugar-cane grower and not to the middleman, because the middleman may indirectly be the manufacturer himself, and the very purpose of this Bill will be frustrated.

There is another danger which I should like to point out. Perhaps my friends on the Treasury Benches may not know it fully. In purchasing articles in this country, we have to see first what is the meaning of a hundred. A hundred does not always mean twenty times five. It might mean thirty times five. When you purchase mangoes, you have first to see how many *panjas* there are in one hundred. Very often I have purchased for one hundred, thirty times five, each group consisting of five. Similarly in the case of one maund: what is the meaning of one maund? Does it consist of ten *pansaris* (a *pansari* means five seers), or eight times five seers, or ten times five seers? I have seen some of these zamindars, while purchasing from their tenants, paying the price not in maunds, but by counting it ten times five seers. There is thus a danger that the weighment may not be properly made at the factory, but in this fictitious manner that is prevalent in this country. This is another warning of one way in which the very purpose of this Bill may be frustrated.

Mr. M. Maswood Ahmad: Sir, I agree with the argument of my Honourable friend, Dr. Ziauddin Ahmad, but I am sorry I could not understand the meaning of this amendment. The amendment is to secure "preference being always given to the growers of the sugar-cane". Sir, is it workable? How can it be worked? When my Honourable friend, Mr. Shafee Daoodi, said that the factory owners could purchase either from the sugar-cane grower or from the licensed agent, it is not possible for the factory owners to go to the villager and purchase their sugar-cane from the growers. How can those, who require about thirteen or fourteen thousand maunds of sugar-cane daily, go to villages in order to give preference to these sugar-cane growers? It is an absolutely unworkable and absurd scheme. Further, the proposed provision wants to secure preference being always given to the growers of the sugar-cane, but there is no power given in the Bill to punish breach of this. Then, how can you enforce it? It remains a merely pious hope. (Hear, hear.) Then, some Members have shown that there is a danger that the full price may not be paid to the growers, but if the full price will not be given to the growers by the licensed persons, there is already a clause here that they will be fined, and that is enough. I think it is better from the Honourable Member's purposes to have an organisation in the villages to watch whether the licensed agents are or are not giving these prices to the sugar-cane growers. Sir, I think this scheme is quite unworkable, and it will remain but a pious hope. If it is sought to be really enforced, then I think it would be better to close all the factories in India if you were really to compel factory-owners to go to villages to purchase these things. These are the practical troubles and I oppose this amendment.

Mr. G. S. Bajpal: Sir, I am happily in agreement for once with my Honourable friend, Mr. Maswood Ahmad. I entirely agree with him that

[Mr. G. S. Bajpai.]

in so far as the mischief aimed at is the employment of contractors, that is going to be met by the provision for the licensing of the contractor, and as to the proposed provision for "preference being always given to the growers of the sugar-cane", that, as my Honourable friend has pointed out, is merely a counsel of perfection. It binds nobody and it helps nobody. I do hope, my Honourable friend will withdraw his amendment.

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

"That in sub-clause (3) of clause 3 of the Bill, the following be added at the end: 'preference being always given to the growers of the sugar-cane'."

The motion was negatived.

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

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

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

"That clause 4 stand part of the Bill."

Mr. G. Morgan: Sir, with your permission, I should like to alter the words "one month" to the words "thirty days" in my amendment. Sir, I move:

"That in clause 4 of the Bill, for the words 'fourteen days' the words 'thirty days' be substituted."

Sir, examining this clause 4, I think Honourable Members will see that it will be very difficult for objections to be received and for them to come back to the Government within any date which they may specify, to give satisfactory results. We do not think that fourteen days before the issue of any notification is sufficient time for people to study and propose modifications in the draft rules. We think thirty days is the minimum period for this purpose. There should be not less than thirty days before the issue of any such notification. Sir, I move.

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

"That in clause 4 of the Bill, for the words 'fourteen days' the words 'thirty days' be substituted."

Lala Hariraj Swarup: Sir, I rise to support the motion, because fourteen days' time is rather insufficient for anyone concerned to express his opinions upon some of the important provisions contained in clause 3; and, therefore, I hope that the Honourable the Government Member will accept this amendment.

Mr. G. S. Bajpai: Sir, I accept the amendment.

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

"That in clause 4 of the Bill, for the words 'fourteen days' the words 'thirty days' be substituted."

The motion was adopted.

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

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

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

"That clause 5 stand part of the Bill."

Mr. G. Morgan: Sir, I beg to move:

"That in clause 5 of the Bill, the words 'in that area' be omitted."

This is the penal clause referring to clause 3 and as the words "in that area" have been omitted from those two sub-clauses, this is a consequential amendment. Sir, I move.

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

"That in clause 5 of the Bill, the words 'in that area' be omitted."

The motion was adopted.

Mr. F. E. James (Madras: European): Sir, I beg to move:

"That in clause 5 of the Bill, for the words 'in the case of the first conviction for the offence, to one thousand rupees, or, in the case of a second or subsequent conviction for the offence, to three thousand rupees' the words 'to two thousand rupees' be substituted."

This is merely to bring this penal clause into line with the penal clause in the Sugar (Excise Duty) Bill, and I hope the Honourable Member will see his way to accepting this amendment.

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

"That in clause 5 of the Bill, for the words 'in the case of the first conviction for the offence, to one thousand rupees, or, in the case of a second or subsequent conviction for the offence, to three thousand rupees' the words 'to two thousand rupees' be substituted."

Mr. G. S. Bajpal: Sir, I have no objection to it.

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

"That in clause 5 of the Bill, for the words 'in the case of the first conviction for the offence, to one thousand rupees, or, in the case of a second or subsequent conviction for the offence, to three thousand rupees' the words 'to two thousand rupees' be substituted."

The motion was adopted.

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

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6 was added to the Bill.

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

"That clause 7 stand part of the Bill."

Mr. M. Maswood Ahmad: Sir, I wish to move amendment No. 29, which runs thus:

"That for sub-clause (1) of clause 7 of the Bill, the following be substituted:

(1) The Local Government, after previous publication and with the sanction of the Governor General-in-Council, may, by notification in the local official Gazette, make rules for the purpose of carrying into effect the objects of this Act."

I have added the words "after previous publication and with the sanction of the Governor General-in-Council". I have already mentioned the reason for this change when I moved my amendment regarding control. I think the addition of these words is necessary, and, therefore, I have moved this amendment.

Sir, I move.

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

"That for sub-clause (1) of clause 7 of the Bill, the following be substituted:

(1) The Local Government, after previous publication and with the sanction of the Governor General-in-Council, may, by notification in the local official Gazette, make rules for the purpose of carrying into effect the objects of this Act."

Mr. G. S. Bajpal: I am quite prepared to accept the amendment, but, as in the other case, I think the words should come before the words "The Local Government" and not as suggested by the Honourable Member.

Mr. M. Maswood Ahmad: I have no objection to it.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I have got an objection in accepting this amendment. I do not see why the previous sanction of the Governor General-in-Council should be required by the Local Government for all these rules which they can make. My friend says:

"The Local Government, after previous publication and with the sanction of the Governor General in Council may, by notification in the local official Gazette, make rules . . ."

Now, what are the rules? Sub-clause 2 (a) says:

"the carrying out of inquiries preliminary to the exercise of the powers conferred by section."

In this case, the Local Government should come first to the Governor General-in-Council, and can frame this rule only after this permission has been obtained. Then, sub-clause 2 (b) says:

"establishing Advisory Committees for any purpose connected with the administration of this Act and defining the powers, functions and procedure of such Committees."

Why should the Local Government come to my Honourable friend for rules with reference to the establishment of Advisory Committees? And what power does he think the Governor General can give to the Local Government for a purpose like that. Then, mark the third item:

"the issue of licences to purchasing agents, the fees for such licences, and regulation of the purchase and sale of sugar-cane by and to such agents."

Why should the Local Government come to you and ask for the conditions under which these licences should be issued? Then comes the fourth:

"the organisation of growers of sugar-cane into societies for the sale of sugar-cane to factories."

The Co-operative Department is entirely a transferred subject and is practically under the control of the Local Government. Why do you want the Local Government to come up to the Governor General-in-Council and take his permission before they can make rules.

Then, sub-clause 2 (c) says:

"the authorities by which any functions under this Act or the rules made thereunder are to be performed."

If the Local Government authorise a particular Revenue Divisional Officer to perform the functions under that sub-clause, is the Governor General-in-Council going to say: "No, it ought to be a Tahsildar or some other smaller authority". I have grave objections to this amendment, and I do not think that the Local Government should be put in the position of being called upon to come to the Governor General-in-Council for his sanction with reference to the various rules to be framed under these sub-clauses.

Mr. Gaya Prasad Singh: Sir, I want to put in a word in reply to the objections raised by my Honourable friend, Diwan Bahadur Ramaswami Mudaliar. The Local Government, of course, must have full power to deal with the situation arising in their own territories, but the rules which are to be framed should be of a uniform character.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muham-
madan Rural): Why should they be uniform?

Mr. Gaya Prasad Singh: The rules must be fairly uniform for all the Provinces, having regard to the circumstances of the condition of the industry in particular areas. I shall go further and answer some of the points raised by the Diwan Bahadur. He says: "Why should the Government of India be approached in the matter of carrying out of inquiries preliminary to the exercise of the powers conferred by section 3"? There might be one sort of inquiry by one Local Government and another sort of inquiry might be conducted by another Local Government. What I want is that the sort of inquiry which may be instituted must be of a fairly uniform character. The result may be different, but the sort of inquiry which should be conducted by Local Governments must be based on some uniform principle. The same sort of agency must be employed for carrying out the inquiry in all the territories of the different Local Governments. The second sub-clause deals with Advisory Committees. The Advisory Committees must be constituted of the same class of persons in every Local Government. For instance, one Local Government might demand very high degrees of qualifications from persons who are going to sit on an Advisory Committee, while another Local Government might not require the same sort of qualifications for persons who are to be appointed to the Local Advisory Committee. Similarly, in the case of the issue of licences to purchasing agents, one Local Government can charge a very exorbitant amount of fee and another Local Government may not be disposed to do so. Therefore, in order to bring all the Local Governments in touch with another, the Central Government must be a sort of co-ordinating authority for that purpose, so that every part of the organisation in different Provinces contemplated by the Bill may be put in touch with one another. I do not know whether there is any machinery at the present moment for bringing together all the Local Governments into close touch with each other, so far as this particular matter is concerned. If the Local Governments refer such cases to the Government of India, they can send specimen copies of the draft rules to every other Local Government in order that they may find out which set of rules is better, so that the whole organisation may work together. Of course, local conditions differ. There might be different prices for different local areas. This will not prevent the Local Governments from fixing different prices for their own sugar-cane. Sir, in order to bring to the attention of every Local Government what set of rules there are, and what considerations have actuated the various Local Governments to bring those particular rules into operation, a reference to the Government of India would be desirable, and I do not think that the Government of India in that case will be so unreasonable as to needlessly meddle with the discretion of the Local Governments. I am in favour of this amendment simply because it will bring all the Local Governments in touch with each other and thereby they will be conversant with the state of affairs obtaining in the territories of the neighbouring Local Governments. Therefore, my submission is that rules on some uniform basis ought to be prescribed for the welfare of the cane-growers and the agriculturists in the respective territories in which this Bill is going to have operation.

Mr. S. C. Mitra: Sir, I regret that I cannot agree with my friend, Mr. Gaya Prasad Singh. Similarity and symmetry of rules are not always a virtue. In this Bill the main purpose is to delegate powers to the Local Governments in all vital issues, so that they may work independently

and autonomously in a subject which is a transferred subject. In different localities, there may be a different set of circumstances of which the Local Government are the best judge. Take, for instance, clause 7 (2) (b) in which the establishment of Advisory Committee is contemplated. The constitution may be different in different Provinces. In some Provinces, there are well organised co-operative societies. In some Provinces, there are Irrigation Departments. Other Provinces may lack all these organisations. Some Local Governments may like to give large powers to these Advisory Committees, whereas it may not be advisable in other Local Governments to do so. Why should we uselessly insist on the similarity of rules? Had this been possible or had it been desirable, all these rules could be made by the Government of India themselves for all the Provinces. The very fact that the Government of India see the wisdom of leaving all these details to the Provinces shows that the uniformity of rules is not so much necessary as to look to the special circumstances of each particular case. On these grounds, I think that in these days when we are thinking more of autonomy in the Provinces, the interference of the Government of India in a matter which is a transferred subject should not be pressed, and it should be left to the discretion of the Local Governments to make their rules without any previous sanction or approval of the Government of India.

Mr. F. E. James: Sir, I hope that Government will accept this amendment. I would like to remind my Honourable friend, Mr. Mitra, that this amendment does not result in insisting upon similarity or uniformity in all the Provinces. All it ensures is, first, there must be previous publication and the draft rules should be sent up to the Government of India before actually being put into effect. Now, Sir, there are cases where it would be extremely undesirable to have different methods followed in different Provinces. Allowing for variation according to local conditions, I am quite sure that the Government of India are not so stupid as not to allow for variations. On the other hand, there is the greatest possible need for co-ordination in the methods employed by the Local Governments to deal with particular matters. Therefore, I do not think that it is in any way unduly fettering the discretion of the Local Governments, while it is undoubtedly ensuring that there shall be a machinery for co-ordination and co-operation between the Governments concerned. I hope the Honourable Member will see his way to accept this amendment.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadian Rural): Sir, after allowing the amendment in sub-clause (2) of clause 3, wherein the words "subject to the control of the Governor General-in-Council" are to be passed, it is quite logical that we should give such power to the Governor General-in-Council here in clause 7 also. Under sub-clause (2) of clause 3, the Local Government may, by notification in the local Gazette, fix a minimum price or minimum prices, etc., and this shall be subject to the control of the Governor General-in-Council. The House has agreed to that amendment to the effect that this should be done with the consent of the Governor General-in-Council. Having given that power, it stands to reason that, under this clause 7 also, such ultimate power should be in the hands of the Governor General-in-Council, because here also the Local Government have to make rules for the carrying out of enquiries preliminary to the exercise of the powers conferred by section 3. So, Sir, this clause has a direct bearing on clause 3 which I have just now read out. At least for the sake of uniformity, this amendment should be adopted.

Maulvi Muhammad Shafee Daoodi: Sir, it seems to me that if in matters, which are related in sub-clause (c) of clause 7 (2), the hands of the Local Governments are tied up in the manner proposed by this amendment, it will act as a great handicap. It appears to me that in those matters which are enumerated here in so many clauses, the Local Governments should be free to do as they think proper in the interests of all concerned, and in the peculiar conditions in which they find their Provinces. No doubt sub-clause (2) of clause 3 was a matter of great importance, because it related to the question of fixing minimum price and the ultimate power to control in regard to the fixing of minimum price may rest in the hands of the Governor General-in-Council, but where the Local Governments have got to carry out small matters for the purpose of giving effect to the objects of this Act, they should not be handicapped in that manner. The House knows that I have not in such matters very great regard for the Local Government of Bihar, still I find that a provision of this nature, as suggested in the amendment, will act as a great handicap to the Local Government's activities. I, therefore, submit that this amendment should not be allowed.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadian Rural): Sir, I oppose this amendment. If the rules are to be uniform and if the proposals to meet the varying conditions prevailing in all parts of the country have to be co-ordinated, then the best thing is to allow the Governor General-in-Council to frame the rules. The very reason why the right of making rules is delegated to the Provincial Governments is that the Government of India are aware that the conditions in the different Provinces are varying, and, therefore, the Government of India think that the best thing is to leave this power of making rules to the Local Governments. If the House thinks that it is not proper and that the best way to serve the purpose of the Bill is to have a uniform set of rules, then we might amend this clause and say that, in consultation with the Local Governments, the Governor General-in-Council may frame the rules. So long as that is not the object, the best thing is to give absolute freedom to Local Governments.

Mr. G. S. Bajpai: Sir, I greatly appreciate the solicitude of my Honourable friend, Diwan Bahadur Mudaliar, for the autonomy of Provincial Governments, and I hope he will give me and the Government of India credit for having respected that autonomy in that in the Bill which we introduced, there was no suggestion whatsoever that we should exercise any powers of control in the matter of framing rules over the Local Governments. But, I think, Sir, my Honourable friend was present in the House this morning when amongst others, the Leader of his own Party suggested that a certain amount of power and control shall vest in the Governor General-in-Council and, if, at an earlier stage, in the discussion of these amendments, I expressed my willingness on behalf of Government to accept the amendment, it was because I thought that we would be meeting the wishes of Non-Official Members of this House. That, Sir, is the broad position.

Now, as regards the merits, I think that my Honourable friend, Diwan Bahadur Mudaliar, has been anxious more to score disfectical points than to state the case fairly when he said: In regard to this particular matter, why should a Local Government claim your sanction, or, in

regard to that particular matter, why should a Local Government claim your sanction? I presume that the intention of Honourable Members, who have suggested that this power should be given to the Governor General-in-Council, is that in regard to such particular matters, as, for example, the principles upon which Advisory Committees shall be constituted, or, shall we say, the measure of representation that shall be given to the different interests, the Governor General-in-Council shall be able to secure a certain measure of co-ordination. Well, Sir, I am not arguing for that particular position. I am merely stating that that evidently is the intention of Honourable Members who have moved this amendment. I can certainly, from my experience, not only of this matter, but other matters where rules have to be submitted to the Governor General-in-Council, say that it is only that kind of general control which the Governor General-in-Council is likely to exercise. But I make it perfectly clear that if the Non-Official Members of this House do not, by a majority, wish that this particular power be given to the Governor General-in-Council, we certainly are not going to insist that it be forced upon us.

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

"That for sub-clause (1) of clause 7 of the Bill, the following be substituted :

'(1) After previous publication and with the sanction of the Governor General in Council, the Local Government may, by notification in the local official Gazette, make rules for the purpose of carrying into effect the objects of this Act.' "

The Assembly divided:

AYES—18.

Hari Raj Swarup, Lala.
Hudson, Sir Leslie.
Ismail Khan, Haji Chaudhury
Muhammad.
James, Mr. F. E.
Jog, Mr. S. G.
Lindsay, Sir Darcy.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Morgan, Mr. G.

Muazzam Sahib Bahadur, Mr.
Muhammad.
Parma Nand, Bhai.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Roy, Rai Bahadur Sukhraj.
Singh, Kumar Gupteshwar Prasad.
Singh, Mr. Gaya Prasad.
Wajihuddin, Khan Bahadur Haji.
Ziauddin Ahmad, Dr.

NOES—25.

Allah Baksh Khan Tiwana, Khan
Bahadur Malik.
Anklesaria, Mr. N. N.
Anwar-ul-Azim, Mr. Muhammad.
Azhar Ali, Mr. Muhammad.
Bhuput Singh, Mr.
Das, Mr. B.
DeSouza, Dr. F. X.
Fazal Haq Piracha, Khan Sahib
Shaikh.
Ismail Ali Khan, Kunwar Hajee.
Jadhav, Mr. B. V.
Lahiri Chaudhary, Mr. D. K.
Liladhar Chaudhury, Seth.

Mitra, Mr. S. C.
Mudaliar, Diwan Bahadur A.
Ramaswami.
Mujumdar, Sardar G. N.
Pandit, Rao Bahadur S. R.
Patil, Rao Bahadur B. L.
Rajah, Rao Bahadur M. C.
Ranga Iyer, Mr. C. S.
Rastogi, Mr. Badri Lal.
Shafee Daoodi, Maulvi Muhammad.
Sitaramaraju, Mr. B.
Thamman, Mr. K. P.
Wilayatullah, Khan Bahadur H. M.
Yakub, Sir Muhammad.

The motion was negatived.

Mr. F. E. James: Sir, I beg to move:

"That for sub-clause (3) of clause 7 of the Bill, the following be substituted :

'(3) In making any rule under sub-section (1) or under clause (c) or clause (f) of sub-section (2), the Local Government may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with fine not exceeding two thousand rupees.'"

This clause merely repeats the penal clause contained in the Sugar (Excise Duty) Bill and puts it on the same basis. Sir, I move.

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

"That for sub-clause (3) of clause 7 of the Bill, the following be substituted :

'(3) In making any rule under sub-section (1) or under clause (c) or clause (f) of sub-section (2), the Local Government may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with fine not exceeding two thousand rupees.'"

Mr. G. S. Bajpai: Sir, I am prepared to accept this amendment.

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

"That for sub-clause (3) of clause 7 of the Bill, the following be substituted :

'(3) In making any rule under sub-section (1) or under clause (c) or clause (f) of sub-section (2), the Local Government may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with fine not exceeding two thousand rupees.'"

The motion was adopted.

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

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.

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

"That clause 8 stand part of the Bill."

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

"That in clause 8 of the Bill, after the word 'Council' the words 'after previous publication' be inserted."

I think, Sir, these words are very necessary in this clause and are wanted. I move.

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

"That in clause 8 of the Bill, after the word 'Council' the words 'after previous publication' be inserted."

Mr. G. S. Bajpai: Sir, the House has just now by its vote decided that a Local Government may frame rules without previous publication, and now it is being proposed that the Governor General-in-Council may frame rules after publication. It seems to me that there is a certain amount of inconsistency in this, but for my part I have no objection one way or the other.

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

"That in clause 8 of the Bill, after the word 'Council' the words 'after previous publication' be inserted."

The motion was adopted.

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

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

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

"That clause 1 stand part of the Bill."

Lala Hari Raj Swarup: Sir, I beg to move:

"That sub-clause (3) of clause 1 of the Bill be omitted."

The sub-clause reads as follows:

"This section shall come into force at once; the remaining sections of this Act shall come into force in any province on such date as the Local Government may, by notification in the local official Gazette, appoint in that behalf."

In order to obtain uniformity, it is absolutely essential that this should apply at once to all Provinces; the Provincial Governments will have option under the rules to vary their formulae and their prices according to the varying circumstances of each Province. This Bill is said to be consequential on the Excise Bill and the Excise Bill is an all-India measure, and, therefore, this price fixing Bill should apply at once to all the Provinces where sugar is produced and the formulæ may differ and the rate of prices may differ from Province to Province; and so it will not inflict any hardship on any particular Province and then it will solve another difficulty, that in adjacent Provinces there will be fixing of prices simultaneously; otherwise, one Province may fix prices and the other may not fix prices, and there will be this difference between various Provinces which will not lead to the smooth working of the Bill. Therefore, in order to achieve the object, I think the Government will be pleased to accept this amendment.

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

"That sub-clause (3) of clause 1 of the Bill be omitted."

Mr. G. S. Bajpai: Sir, I made it clear in the course of my observations this morning that we did not propose to assume control in this matter and that we wanted to leave it to each Local Government to apply the relevant provisions of the Act according to local requirements, and that is our position even now. I would only like to point out to my Honourable friend that he does not seem to have correctly studied the wording of clause 8, because, in each one of its sub-clauses, the word "may" is used—"The Local Government may, by notification, etc., etc." So that, this particular motion is not going to help him either. Sir, I oppose.

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

"That sub-clause (f) of clause 1 of the Bill be omitted."

The motion was negatived.

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

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

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

"That the Title and the Preamble stand part of the Bill."

Mr. G. Morgan: In view, Sir, of the Honourable Member, Mr. Bajpai's speech this morning, I do not want to move my amendment.*

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

"That the Title and the Preamble stand part of the Bill."

The motion was adopted.

The Title and the Preamble were added to the Bill.

Mr. G. S. Bajpai: Sir, I beg to move:

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

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

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

Mr. T. N. Ramakrishna Reddi: Sir, I must first thank the Government for introducing this Bill and getting it through this House without much difficulty. It is a Bill which confers a boon on the agriculturist. It is not necessary for one like myself, who represents the agriculturist, to sing the praises of this Bill. We are glad to find that the capitalists as well as the

*"That in the Preamble to the Bill, the words 'for the purpose of assuring to sugar-cane growers a fair price for their produce' be omitted."

manufacturers and factory owners and all other interests in this House have approved of this Bill, and that shows that all of them have got the interests of the agriculturists at heart. I must also congratulate my Honourable friend. Mr. Bajpai, on the skilful way in which he has piloted this Bill and the accommodating spirit which he has shown (Hear, hear) towards the amendments moved on this side of the House.

I would only refer to two points in this Bill. There has been much controversy with regard to the fact whether we should give complete power to the Local Governments in fixing the prices or in framing the rules, or whether we should retain the control in the hands of the Governor General-in-Council. If I have approved or asserted the proposition that the Governor General-in-Council should have some control over these things, it is not in any way depreciating to or casting reflection on the Local Governments. Far be it from me to do that. But my intention in giving this ultimate control into the hands of the Governor General is to bring about a certain amount of uniformity in the matter of fixing the prices or in the matter of framing rules instead of leaving those powers to the Local Governments entirely. I am sure that the Government of India will not interfere lightly with the discretion of the Local Governments, but in some cases Local Governments may have to yield to the clamour of powerful interests in those Presidencies, and it is only to set right those instances that the Government of India should have that control. As a matter of fact, I wanted to move an amendment that the Government of India should fix the minimum price for cane without leaving that discretion to the Local Governments and then allow discretion to the Local Governments to fix a minimum higher, if the circumstances justified it, than the minimum price fixed by the Government of India. My difficulty is this: suppose the Government of India fix the minimum price of cane at five annas, it should be left to the discretion of the Local Government either to keep it at five annas or to make it something higher—six or seven annas—according to local needs, rather than reducing it to four annas, lower than the price fixed by the Government of India. My reason is this: in a particular Province, the interests of the factory owners might be very powerful and they would like the price of cane to be fixed lower, so that they may get some profit, and the Minister, being a popular Minister, might yield to that pressure and they may fix a lower price for cane in that Province; whereas, in another Province, which is more favourable to the interests of the agriculturists, they might fix the price at a very high rate which cannot be profitable for the factory owners to purchase. So, in order to set right such inequalities, it is good that the Government of India should have the ultimate control in their hands, and I am glad to find that this amendment of my friend, Mr. Maswood Ahmad, has been accepted by the Honourable Mr. Bajpai. My fears are not groundless. They are based on certain facts. In the last Sugar Conference that was held in Simla, one Minister of a Local Government had brought forward this insidious suggestion that the factories should not be erected hereafter, and that Government should pass a law limiting the number of factories to be started to the existing number, because there were already many factories established in Bihar and the United Provinces, and they did not like that other Provinces should start and develop this industry.

An Honourable Member: Who says that?

Mr. T. N. Ramakrishna Reddi: I shall read out a passage from this book, —M. P. Gandhi's book. This is what is stated at page 84:

"The representatives from Madras, Bombay, Punjab, Mysore and Hyderabad felt that their Provinces were yet lagging behind in the development of the industry, while United Provinces and Bihar had forged ahead, and they could not accept the Resolution moved by the Honourable Khan Bahadur Saiyid Muhammad Hussain, Minister in charge of Education and Development Departments."

Now, this seems to suggest that there should be no more additions to the existing number of factories. Such suggestions might come from these Provincial Governments. It may be that the pressure of the factory owners might be so great that some of the Local Governments might have to yield to the influence of such powerful interests. Therefore, I want that the Government of India should retain some control in their hands.

Another point which I would like to press on the attention of the Government is this. It is not enough if you merely fix the price of the cane and help the agriculturists. Government should also see that improved variety of cane is cultivated to a larger and larger extent. In this particular instance, Sir, I have again a grievance as against the United Provinces and Bihar. Though the Madras Presidency has got the Coimbatore Agricultural Research Institute in its jurisdiction, they are making experiments to find out the proper cane for sub-tropical zones like U. P. and Bihar and not for the Presidency in which the Institution exists. Now, what has that led to? We see that in Bihar and Orissa and the United Provinces, more and more acres under improved varieties of cane are coming under cultivation year after year, while in Madras, Bombay and other Provinces, conditions have remained the same. I will just quote from page 52 of this book, the Indian Sugar Industry by Mr. Gandhi, to show the area under cultivation by these improved varieties in the different Provinces.

Province.	1929-30.	1930-31.	1931-32.	1932-33.
United Provinces	281	514	678	1,087
Punjab	79	70	120	172
Bihar and Orissa	81	70	189	236
Bengal	74	100	100	100
Madras	22	10	26	52

Bombay is much worse, it has only 6,000 acres under improved cultivation. We find that the yield from the ordinary variety of cane per acre will be only about 15 to 20 tons, while the yield under improved varieties will be from 35 to 50 tons. Therefore, it is not enough if Government merely fix the price of the cane. It is doubtful even after fixing the price of the cane whether the cultivator will get the full benefit of it, but it is a fact that if he cultivates his land under improved methods of cultivation, he will certainly get more tons of cane per acre. Therefore, I would request the Government to take the earliest possible steps to see that the whole area is brought under improved varieties of cane, and, if necessary, they should also bring pressure to bear on the Local Governments and carry on a vigorous propaganda from one end of the country to the other in favour of this improved variety of canes.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I am glad to say a few words on this third reading of this Bill, because my own Province of the United Provinces has given a lead in this industry to other Provinces

An Honourable Member: Under the inspiration of?

Mr. Muhammad Azhar Ali: It may be under the inspiration of Coimbatore, it may be under the inspiration of Bengal or of any other Province, but today, I say, we in the United Provinces occupy the front rank in this industry so far as the factory system is concerned

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

My friends in the Assembly today seem to be very jubilant on passing this measure, because it is not an obnoxious measure. I would not say the same about other Bills which have been passed by the House in this Session, but I can also certainly say that this Bill is not at all obnoxious. On the other hand, it is a beneficial measure, it is beneficial to our own interest, it is beneficial to our industrialists, and it is beneficial to our cultivators too. Therefore, it is not only that under this Bill our commerce will flourish, but the entire sugar industry will flourish, and we are really glad that Government have brought forward this measure today

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): That will do.

Mr. Muhammad Azhar Ali: My friend says, that will do, but perhaps he will not be happy if he listens to what I say in a few minutes.

An Honourable Member: What is that?

Mr. Muhammad Azhar Ali: Just have a little patience.

Sir, the enactments that we have passed this Session in the Assembly, it is said, do not redound to the credit of this House, and, therefore, the whole country is clamouring that this Assembly should be dissolved, because we have loaded the whole body of Indian population with taxes and taxes. Now, if we consider the cumulative effect of all those taxes, perhaps my friend, Sir Muhammad Yakub, will not praise me now. The cumulative effect of all those taxes has been that we are being crushed by taxation, and the only silver lining in the darkness that we see today is this Bill which has been brought forward by Government. It is in the interests of the agriculturists, it is in the interests of the industrialists, and the principles enunciated in the Bill are very well considered. From the Statement of Objects and Reasons we find that after proper publication of its proposals and due consideration of the objections received, the Local Government should declare controlled areas within which purchase of cane by factories shall be limited to growers of cane or licensed persons and societies at fixed prices. These words "after due consideration", "after publication", and so forth—these are really things which the public in

[Mr. Muhammad Azhar Ali.]

India always appreciate when they come from the Treasury Benches. Now, through the scheme is on principle right, but my contention is that I have doubts whether the scheme will really work to the advantage of the agriculturist. We have provided in the Bill that there will be another middleman in this sugar-cane business. So far the agriculturists approached the factory people or the factory people approached them, but now we provide a licensee which is another middleman who comes into this business. In some quarters, it may be said that this middleman business will succeed, but I am doubtful whether the profit which the poor cultivator used to make by direct access to the factory people or by the factory people directly approaching him, would remain the same hereafter. However, I hope that the Government, when they make rules and also afterwards when the Local Government depute their officers to work this Act, they will see that rules are made and worked in the interests of the cultivators. I appreciate that sales and purchases will be done through co-operative societies. But the condition of co-operation at present in India is really going down and down. It is discouraging in every Province. There is not the same glamour for co-operation as there was before. In my own Province especially, this subject is in the hands of one who is not really the philosopher, guide or expert in co-operation. Unless there is a Registrar of Co-operative Societies who is an expert on co-operation and who has full charge of the subject without having any other business in his hands, there is no chance of this co-operative sale and purchase succeeding. The head is a very hard worked official, having two large departments in his hands, such as, co-operation and industries. It may be argued that if he has got industries also, he will be able to manage it better. But my own experience of this co-operation dates from 1907, and I have worked on one of the Government of India Committees on Co-operation and also on my own Provincial Committee, etc. My opinion since then is that unless and until the Co-operative Department is put under one head, without his having any other Department under him, it is impossible to work co-operation thoroughly and successfully and to the benefit of the agriculturists. This question of sale and purchase of sugar-cane is not such an easy thing that every man in the street will be able to do it, and I am doubtful if the licensee will help the cultivators. It would indeed be much better to have it done through the landholder himself rather than have separate licensees or contractors. With these words, I support the motion.

Mr. N. R. Gunjal* (Bombay Central Division: Non-Muhammadan Rural): Sir, I also offer a few remarks on the Sugar-cane Bill brought forward by the Honourable Mr. Bajpai. The money spent in this respect by Government has all been expended in the Punjab and United Provinces, but Government have utterly neglected my Province, i.e., Bombay. In Bombay, the irrigation rules are very oppressive and water rates also are excessive. Government thought to reduce them by one-half. I tried to move Resolutions in the Bombay Council and also in the Assembly; but it is a pity that nobody took any serious notice of them. If Government will take greater care of the Bombay sugar-cane, and if water rates are reduced, the sugar-cane industry will flourish in Bombay. I hope the Honourable Member will consider my suggestions.

*Translation of the speech delivered in the vernacular.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): I support this Bill, but I am doing so, I admit, actuated by very mixed considerations. I welcome this measure as an indication of "the change of heart" of the Government of India on which many Honourable Members dilated before me.

An Honourable Member: Have they a heart?

Mr. N. N. Anklesaria: That they have a heart is now proved by this Bill. I welcome this measure, because it shows that the still small voice of the agriculturist is at last being heard in the Government of India. On the other hand, I humbly venture to think that it is a Bill which embodies an economic heresy of the very worst type. That economic heresy claims that the inexorable law of nature, the law of supply and demand could be countered by a man-made law for fixing prices as embodied in this Bill. I would challenge the Honourable Member in charge to point out throughout the history of mankind any one instance in which legislation like the present has succeeded.

An Honourable Member: The Rooseveltian administration.

Mr. N. N. Anklesaria: A measure like this will never succeed. The whole Rooseveltian Experiment and the Soviet Experiment is a complete vindication of the law of supply and demand which I have just stated. I think Honourable Members, who have got any personal experience in matters such as those dealt with by this Bill, will bear me out that such experiments are bound to be failures. I am speaking from personal experience. During the War time, as President of a Municipality, I had something to do with fixing prices of kerosene oil and rice, the two commodities which were rather scarce in our district at the time, and I found that the experiment was a hopeless failure. I venture to predict that this measure will be a failure and will do no good to any one. My idea is that it will corrupt the administration, corrupt industrialists and corrupt agriculturists. It will do good to nobody. It has, however, found support among Honourable Members on my right and left. It satisfies public sentiment, and *Vox populi, Vox Dei*. I, therefore, support it, though against my better judgment.

Mr. B. Das (Orissa Division: Non-Muhammadan): The late Mr. Asquith, afterwards Lord Asquith, followed the well-known dictum which the Government of India have since adopted. That policy was "wait and see" and in matters designed to benefit the masses they have always followed the policy of "wait and see". When a cry is made from a group of industrialists to devise a measure of protection, the Commerce Member gives measure of protection haltingly and the Finance Member sees more money coming to his pocket to meet the deficit. The Finance Member has drawn 80 to 40 crores of rupees since 1924 under schemes of protection from which not a penny has gone to help the manufacturer or the consumer, the producer or the agriculturist. In 1932, when the Sugar (Protection) Bill was being discussed, we all stressed that the Government of India should adopt a method of licensing, but the Government of India at that time worked on a compartmental basis. The Honourable the Finance Member and the Honourable the Commerce Member and the Member for Education, Health and

[Mr. B. Das.]

Lands worked on a compartmental basis. It took two years for the Secretary of the Education, Health and Lands Department to devise a measure that would satisfy to a certain extent the growing demand of the public that Government should take upon themselves certain power to protect the interests of the agriculturists. My Honourable friend, Mr. Mitra, and I appended a joint minute to the Select Committee's Report on the Sugar Industry (Protection) Bill. That was prophetic, and I, therefore, take the opportunity to read a certain extract from it:

"The Tariff Board in recommending protection for sugar industry emphasized in Chapter IV that the agricultural aspect of the case is the most important and the interests of the cane grower must be adequately protected. Excepting a pious wish, as embodied in new clause 6, whereby factory owners will affix in conspicuous places near the entrances to their factories current prices of sugar-cane, the Bill brings no other comfort to the cane growers. Unless the Local Governments through their officials of the revenue and agricultural Departments make effort that the cane growers get adequate and fair price for their cane, the cultivators' lot would get worse. In areas where there will be no rival sugar factory installed, there is every likelihood of the cane growers being exploited and even getting no profit from the sale of their cane. I would strongly urge that the Central Government, through its organisation, the Imperial Council of Agricultural Research and in conference with the Directors of Agriculture of every Province, should lay down rules and checks whereby factory owners must not start a cut throat system of purchase and thereby ruin the cane growera."

It took two years for the Government to act on the minority report of that Select Committee. There were about 15 members on that Committee. Mr. Bajpai and his Department took steps to convene a Conference of the Directors of Agriculture in the Provinces and then came to devise a Bill which is now going to be passed and which meets to some extent the insistent demand that right minded people in the country put forward with a view to Government exercising certain control, so that cane growers and agriculturists should not be exploited by capitalists and sugar manufacturers. Sir, this Bill, though worded in eight clauses, has only two points in which it may prove beneficial to the grower. One is that Government will fix the minimum price for cane and try to see that the agriculturist get at least that minimum price, and the second point is that which is in clause 7:

"... such rules may provide for—

(d) the organisation of growers of sugar-cane into societies for the sale of sugar-cane to factories."

Sir, it is very easy to legislate by giving expression to pious hopes, but it is very difficult to give effect to the same. Whether this Government or whether the Imperial Agricultural Research Bureau or the Local Governments—they must see that these two important recommendations that are contained in this Bill are given effect to. Sir, I congratulate my friend, Lala Hari Raj Swarup, for that very sympathetic speech which he delivered. He did not exhibit any brando spirit which marked the speech of my Honourable friend, Mr. Mody, when referring to the cotton-growers interests. My Honourable friend, Mr. Hari Raj Swarup, on the other hand, expressed his sympathy with the cane growers, but I recollect that although he quoted a passage from his minute of dissent to the 1932

Sugar Protection Bill, I remember he also then wanted that the price should be fixed for the sugar-cane producer. This is what he then said:

"On a rough thought I feel that the tenant should get half of as many annas as the rupees at which the white sugar is selling, *e.g.*, if white sugar is selling at Rs. 12, the tenant should get six annas per maund of cane,"

and so on, and, knowing, as we know today, that the price of sugar is about Rs. 9-4-0—I am correct, I believe—a maund, my Honourable friend, Lala Hari Raj Swarup, and his friends want to pay four annas and six pies to the sugar-cane grower; and yet the Government, by not shouldering their obligations in 1932, have made the cane-grower suffer much. The whole Tariff Board scheme was designed on the basis of the cane price being fixed at eight annas per maund and we have had instances in which cane has been sold or purchased at two or three annas per maund. This great hardship to the cane-grower would have been avoided if the Government had been wise and taken steps to control the prices of cane in 1932. Sir, we are all thankful for small mercies, but it depends on whether these small mercies will at all flow to those for whom they are intended, in circumstances under which the factory owner has to manage his cane-purchase through the present practice of contractors. There are the Marwari firms, and the contractors are mostly their relations and paid agents, probably they also share in the management, and they generally regulate the price of the cane by telling these villagers that the factory does not demand more cane on a particular day and so the poor villager has to wait sometimes two or three days to dispose of his cane, and for that he pays for the cart which he has hired from his neighbour in the village. So when he sells that cane for two annas or three annas to the factory owner, out of that two annas he pays the cart hire; that means he does not even get the price of his labour, not to think of making a profit! Knowing these conditions, I hope the Honourable Mr. Bajpai will exercise direction, superintendence and control over the Local Governments, so that the cane-grower is not mulcted by factory owners and so that he gets the minimum price.

Sir, I was talking to a friend of mine the other day. He said this Bill would prove innocuous. He is interested in sugar manufacture. He asked me how could the Government fix the minimum price? Suppose a factory does not want to buy any more cane, then the cane will be stacked and lying in the factory compound and at last the poor villager must sell it, and what will happen if the factory owner writes a chit for ten annas a maund, while, in reality, he pays only two annas? Well, these things are happening. All this talk of a minimum price will not go beyond the lobbies here down to the countryside. So, while I congratulate my Honourable friend for having introduced this measure and on having seen it through, still, he should not rest content by going up to Simla and then forgetting the existence of the measure which this House has passed. He must devise means of control, so that the cane-grower does get that minimum price, and he must safeguard the interest of the cane growers against the machinations of the sugar manufacturer, who in most cases have been proved to be dishonest where it comes to paying an honest price to the cane-grower. Sir, with these few remarks, I support the motion.

Rai Bahadur Lala Brij Kishore (Lucknow Division: Non-Muhammadian Rural): Sir, the object of bringing forward this Bill is to protect the interests of sugar-cane growers. The Government, about two years ago, raised the import duty on sugar to Rs. 9-1-0 per cwt., which worked out to be a duty

[Rai Bahadur Lala Brij Kishore.]

of over two hundred per cent *ad valorem*. The millowners were placed in a position of great advantage by this import duty. Had they shared this advantage between themselves and the sugar-cane growers, the public sympathy would have been with them. But they misunderstood the situation. They thought that the protection was for the benefit of the capitalists and they were entitled to have the maximum advantage.

One of the speakers pointed out on the floor of the House that they were not philanthropic institutions. They wanted to have the maximum profit, but, in doing so, they ignored entirely the fact that this protection was given, not in the interests of capitalists, but in the interests of the sugar-cane production. If the manufacturers do not care for sugar-cane growers, then what right have they to expect any sympathy either from the agriculturists or from consumers? The consumers have levied a heavy burden upon themselves. The tax-payers are giving them donations of eight crores of rupees a year in the hope that the agriculturists must be benefited ultimately. On account of the competition among the sugar-cane growers, the price of the sugar-cane has been very much lowered. The millowners, on paper, pay five annas a maund, but, in reality, they pay much less. They allow the sugar-cane carts to stand at the factory gate for several days, so that the poor cultivators may be forced to sell at any price. It is said very often that the poor cultivators do not get even three annas a maund. It was not better on the part of the Government to pass protective duty and leave conflicting interests of sugar manufacturers to be settled in the natural way. The present Bill ought to have been passed two years ago. The condition of agriculturists in sugar-cane areas would have been slightly improved. I cannot imagine that any one would oppose this measure and the Local Government would fix an economic price of the sugar-cane.

I would also like to support the suggestion made by Dr. Ziauddin Ahmad yesterday that half of the excise duty on sugar should be given to the Provinces. Bengal is getting the benefit of her jute. Madras is getting the benefit of her rice. Bombay is getting the benefit of her cotton by establishing mills. Punjab is getting the benefit of military services, but the United Provinces is not deriving any benefit from the Central taxations. I am, therefore, strongly of opinion that a portion of excise duty should be given to the Provinces and the collection should be made under the supervision and control of the Provincial Governments. The question of fixing the price of cane is a very difficult problem and it is also controversial. Still I shall wholeheartedly accept any proposal that ensures the payment of a fair price for their produce to the cane growers. India is predominantly an agricultural country and we should have the interests of cultivators first and foremost. With these words, I support the Bill.

Maulvi Muhammad Shafee Daoodi: Sir, I wish to say only a few words on this motion. After all, we are about to pass this measure, and let us hope that the efforts of our Honourable friend, Mr. Bajpai, will be successful in the long run. I have to make one observation for which I have now risen, and it is this. I came to learn from the Honourable Mr. Bajpai that he had been to Patna after the earthquake, and that gives

me the clue why the Government of Bihar and Orissa had been so considerate in this matter. I know that it was due to the efforts of Mr. Bajpai and the new Minister, the Honourable Syed Abdul Aziz, who is now in charge of this Department, that the angle of vision of the Bihar Government has absolutely changed in this connection. I hope that the method which my Honourable friend has adopted of conciliating the Local Governments on points on which they seemed to be reluctant is a very wise course to adopt, and if he will follow this course, I am sure, our new Minister, Syed Abdul Aziz, will render all possible help in carrying into effect the operations of this Bill. I hope that this will prove a great achievement of my Honourable friend and it will be a source of prosperity to the tenants and agriculturists of Bihar.

Mr. G. S. Bajpai: Sir, I do not think that anybody in this House now is anxious to prolong this debate, and I would be satisfying most people if I were to make my remarks as brief as possible. I have to express my thanks to all Honourable Members for the friendly spirit in which they have received this measure and for the expedition with which they have passed it. In fact, my only fear as regards the success of this measure is that we are launching on what are admittedly uncharted seas with rather an overweight of expectations. I ventured to point out earlier in the course of the day that it was an experimental measure, and I do hope that our Honourable friends here or those who have taken an interest in the Bill outside will not pitch their expectations too high. I would also like to avail myself of this opportunity to express my appreciation of the speech which was made by Lala Hari Raj Swarup. I think that if the spirit which animated that speech also animates his actual working of this particular measure when it is applied to the United Provinces and also animates other industrialists, then, to a very great extent, the success of this measure is, I feel, assured. My friend, Mr. Gunjal, made a plea on behalf of the Province of Bombay. He seemed to be under the impression that the Government of India have not done much for the improvement of the cultivation of sugar-cane in that Presidency. I am speaking from memory, but I think I am correct in saying that recently the Imperial Council of Agricultural Research have given a grant for the establishment of a Research Institute in the Deccan with a view to evolving new means of improving the cultivation of sugar-cane in that Province. That, I hope, will be of some satisfaction to my Honourable friend. My friend, Mr. Reddi, is not here, otherwise he would have been glad to learn that something similar is contemplated for assisting the Government of Madras, so that they may also be able to go on with improved methods of cultivation of cane. I do not think that it is necessary for me to say very much more at this stage. I am sorry that our melancholy prophet, Mr. Anklesaria, has left the House for some reason or other. I believe he is refreshing himself with tea, his own melancholy having proved too powerful for the moment. I should like to tell him—I hope he will read these remarks in due course—that his ideas of economics are not only mid-Victorian, but something worse. In fact, they are pre-Victorian. I think it was in the September Session of this House that the House approved of a measure which indirectly has the effect of regulating the price of an agricultural commodity, namely, tea, and if now we tackle the problem directly for another commodity, there is no reason why he should predict all kinds of misfortunes for this venture. Sir, once again I thank the House.

Mr. Deputy President (Mr. Abdul Motin Chaudhury): The question is: "That the Bill, as amended, be passed."

The motion was adopted.

THE MATCHES (EXCISE DUTY) BILL.

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

"That the Bill to provide for the imposition and collection of an excise duty on matches, as reported by the Select Committee, be taken into consideration."

In the case of this measure, I am glad to be able to say that we reached common ground in the Select Committee. We have arrived at a plan which is not only based on the agreement of the Committee, but which also is assured of the support of practically all those who are engaged in the trade. The latter consideration is of great importance and was indeed the decisive consideration so far as the members of Government were concerned in agreeing to certain modifications in their original proposals. I just want to say a few words in explanation of that.

In this case we are dealing with a trade which is concerned with handling stupendous quantities of a low priced article which it is essential, unless demand is to be very seriously curtailed, to get into the hands of the retail purchaser in the bazaar at a fixed price. There are a mass of small retail traders concerned, all working on a narrow margin. At the same time, the introduction of the excise with the concomitant result of introducing a system of banderols on boxes will cause for a time a considerable dislocation in the trade, and for the smooth accomplishment of this very substantial change, we must rely on the co-operation of the whole body of manufacturers. So, it is worth a very great deal in these circumstances to have a plan which commands general acceptance. I myself made it clear in the Select Committee that in my own opinion the most highly organised group of factories—and I refer to the Swedish Match companies group—could probably have borne a slightly higher rate of duty, but thought it was doubtful whether this would have been the case with the great bulk of the Indian factories. I believe that this was the general conclusion of the Committee and we did not wish to take the risk of giving too great a shock to the trade at the outset. But we do not regard the present measure as the last word on the subject. We have got to watch the position, and my own view is that eventually the consumption of matches will be able to yield to Government considerably more revenue than will be obtained from our present proposals. I might say I myself have a fairly clear idea as to the policy that we should pursue in this matter and I propose to leave on record my own ideas on this subject when I lay down my office. The consumption of matches in most countries has now become a very important source of revenue. I believe that India can follow the example of other countries in this matter, and that it may prove to be a feature of increasing importance in the revenues of the Central Budget as time goes on. If we are to emulate the example of other countries in the matter of raising revenue, we must also profit by the experience of other countries which have made mistakes in the matter and attempted to go too fast in the rates of taxation which they have imposed at the outset—thereby suffering a considerable loss of revenue and really destroying their own trade.

Now, Sir, I said something about the dislocation which must inevitably be caused to trade by introducing a measure of this kind. Those Honourable Members of this House who were members of the Select Committee will know that we discussed there in the Select Committee the question of the effect on labour, the danger that large numbers of hands might be thrown out of work while the factories were adjusting themselves to the new conditions, waiting for the time when we could issue banderols and reorganising themselves to prepare for that. I was very glad to be able to get from the largest group of companies the assurance that they were going to watch the interests of their own labour very carefully, and I need not read again the telegram which they sent to all their works managers, because that has been circulated with the proceedings of the Select Committee. I have since received assurances from another group of manufacturers who were present that they intended to do their best in this matter, and I may say that the Government of India in the Department of Industries and Labour propose to watch the situation very carefully. We are determined to do what we can to prevent any hardship being caused to labour owing to the changes introduced by this measure. The dislocation will also inevitably have some effect on our revenue position, and this will also be affected, though, in the long run, to a lesser extent, by the changes in the rates of duty which we have proposed. I do not intend at this stage to go into details on the financial arrangements or as to what we propose in order to adjust the situation, because I hope to have an opportunity to review the whole financial situation after the clauses are passed and when I am speaking on the third reading. It will be more appropriate for me to do that when I am sure that this Bill is really going to be passed.

Another important general matter to which we gave very careful consideration in the Select Committee was the position of the cottage industry for making matches and there we have modelled our recommendation on the recommendation that we found in the Tariff Board Report, and we have inserted a new clause 19 which contains a provision making it possible to give in effect some remission of the duty to the small cottage industry.]

The only other point to which I need refer is a point raised in what has been called a Minute of Dissent. It is not in the ordinary way a Minute of Dissent, so far as I understand, to the recommendations of the Committee, nor to the Bill as it stands, but rather a minute of disagreement with Government proposals as regards their general policy in this matter in relation to the Indian States. Now, Sir, the point that I want to put to the House in this connection is that we were bound to make an arrangement on these lines, otherwise we could not possibly have introduced a measure which could have worked at all. The only point that I think I need deal with is where this Minute says :

"Excise on matches, to be collected in all units of the Federation, was considered to be one of the most valuable sources of revenue for the future Federal Government. If all States are to be given the privilege of sharing this revenue immediately, it will be most difficult in the future to get them to give it up for the benefit of the Federal Government."

Well, Sir, we have made it absolutely clear in all our communications with the States that what we are proposing now is only a provisional arrangement and that it is not in the least to prejudice the position

[Sir George Schuster.]

as it would be when the Federation is set up. We have done all that we possibly could to guard the situation. One must admit that, from a practical point of view, if a State does not want to come into Federation and thinks that by coming in, it will have to sacrifice its revenue from the matches excise duty, that may perhaps be a factor weighing in the balance and affect its decision, but I doubt very much whether any State will be so much affected by its receipts from the matches excise duty as to allow a consideration of that kind to turn the balance as regards its decision. In any case we certainly have guarded against "queering the pitch" in that respect, to use a phrase which has sometimes been used here. At the same time, I am bound to acknowledge that in this case and in the case of the sugar excise duty, if we had had a free hand, it would undoubtedly have been better to delay these measures until the Federation actually came in. But, I am afraid that the Finance Member of the Government of India would be operating under very great difficulties if at every turn he has to be told "you cannot go up that road now, you must wait until the Federation comes in". Unfortunately, the financial necessities of the situation do not wait, and we have to meet them when they arise. I shall have something more to say on the effect of our whole proposals on Federal finance when I make my concluding remarks on the third reading. I think, Sir, that is all I need say at the present stage. Sir, I move.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Motion moved:

"That the Bill to provide for the imposition and collection of an excise duty on matches, as reported by the Select Committee, be taken into consideration."

Mr. B. Sitaramaraju (Ganjam cum Vizagapatam: Non-Muhammadian Rural): Sir, I do not know whether I should congratulate the Honourable the Finance Member or ourselves, the members of the Select Committee, or the industries who came to co-operate with us in coming to this agreed solution. But the fact remains that whoever is to be congratulated, the agreement that we have been able to secure in the Select Committee had the co-operation of all the three parties concerned. Sir, one aspect of this case, which was uppermost in my mind, was the cottage industries and I am very glad to state that the other members of the Select Committee in general and the Government members in particular have sympathised with the case of the cottage industries and have agreed to give a rebate of two annas, as recommended by the Tariff Board itself. It is said by my Honourable friend, Diwan Bahadur Mudaliar, that two annas are not much. But the Tariff Board's expert opinion was that it should be two annas, and I at any rate felt that I could not plead for any amount beyond what the Tariff Board recommended. However, there was this change in the attitude of Government as well as the Members of the House that there should be some consideration shown to this cottage industry and I take this opportunity of thanking them for showing this consideration. Sir, the position of labour as a result of the closing of several factories did cause us considerable anxiety and as a matter of fact, while we were on the Select Committee, we received wires that as a result of the closing of several factories a large number of people were thrown out of employment. But, as has been just now remarked by the Finance Member, Government took note of that fact, and on the floor of the House just now, the Finance Member has assured us that the Department of Industries and Labour would keenly watch the interests of

labour in carrying out the proposals of Government. I must acknowledge, also that those representatives of the industry, who came before the Select Committee,—I am not disclosing any secret of the Select Committee,—were prepared to give these labourers, during the period of their being out of employment, some amount as compensation and that they will take early steps to instal all these labourers who have been thrown out of employment. But there were several other industries who unfortunately were not present before the Select Committee. I am glad, therefore, that the Honourable the Finance Member has been pleased to assure the House that the Department of Industries and Labour would closely watch the interests of labourers in this regard in the employment of the industry as a whole, and with that I think we would be justified in leaving the matter in the hands of the Department to watch over the interests of the labourers.

Sir, an excise duty, on an industry like matches, which is a prime necessity of life, must be very unpopular to all of us and there are some of us who have realised that notwithstanding our desire, that there should be no tax on a primary necessity of life, the excise duty levied on this industry has been inevitable. We have recognised that and we have tried to mitigate, as far as we could, with the co-operation of the Government Members, to reduce the tax as we have provided.

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

And in that regard it must also be taken into consideration that the proposals of the Select Committee were that there should be one piece boxes on the market. That was a great improvement on the original proposals of Government and I venture to submit that would be very helpful to the poor people who have to buy these matches.

The third point that I should like to mention is, that in this country most of this industry was largely in the hands of foreigners, but personally speaking, I felt very happy that one of the most important foreign concerns, who appeared before the Select Committee, has given us not only co-operation but great hope for the future of the industry. They promised us, that in accordance with the undertaking that they gave to Government some time ago, they would have more Indian capital, that they will use more and more Indian wood and that their services will be as far as possible Indianised. That was a very satisfactory assurance to get from a foreign company. At the same time when I was in the Select Committee, I felt that there was another big foreign concern, which was not at all represented here in Delhi, when we were sitting in committee, and that was the Japanese concern. Coming as I do from the coastal districts, I felt that at the present moment the competition of the Japanese firms with the indigenous industry was so great that some sort of control was necessary. Further, that when the Swedish Company has assured us that they will take more Indian capital and Indianise their services and use more largely Indian wood, I thought I would be justified in asking that the same thing should be done by the Japanese also. Sir, on the floor of this House, I should like to mention one important point and that is that, since the meetings of the Select Committee, I had been on my own account in communication with the Japanese firms and it is only about an hour and a half ago that I received a telephone trunk message from Calcutta in which on behalf of the Japanese firms I was

[Mr. B. Sitaramaraju.]

requested to mention on the floor of this House that they are prepared to give such concessions as it is possible to be given by them on the same lines as the Swedish have given. And they further asked me to mention here that of the two factories they have, in one factory they have already employed some Indians and that some portion of the capital was Indian and in the other it was purely a private Japanese concern. After the close of the Assembly, I will again get into touch with them, and I hope that when I come back again, I will be able to make a representation on this subject.

The Honourable Sir George Schuster: Have they given any assurance about the maintenance of their labour and employment during the next few months?

Mr. B. Sitaramaraju: What they told me on the 'phone was this. Three days ago I 'phoned to them from here that the Swedish concerns were willing to take Indian capital and they were willing to Indianise their services and that they had already given an undertaking to that effect to the Government of India that they would do so. I asked I would like to know whether the Japanese factories in Calcutta would give the same concessions as the Swedish people have done.

The Honourable Sir George Schuster: I thought my Honourable friend was going to say that he communicated to them what the Swedish match people told us they were going to do about their labour. Did my Honourable friend ask them whether they would take the same steps with regard to their labour?

Mr. B. Sitaramaraju: I forgot that point in a hurry, but I will again call them tomorrow and find out definitely.

Then, there is again the question of the use of Indian wood. I was not in a position to say "no", when the Swedish Company said that then they were using 85 per cent of Indian wood, but a statement was made that several of the Indian companies are still largely using foreign wood. I am asked on the floor of the House to contradict that statement. A wire was sent in which it is said that Indians are using only five per cent of foreign wood and the rest is all Indian wood. I am not in a position to say how far it is correct; but the wire that was placed in my hands contradicting the fact that they were using largely foreign wood, coming from Calcutta reads as follows:

"Received fifteen foreign means Wimco Essaivi and Calcutta Match stop Challenge providing Indian has Japanese capital stop Wimco recently started using Indian wood to kill only small factories raising prices of wood and reducing rate of matches stop Indian use five against their ninety-five per cent foreign wood."

It was sent through their representative who came from Calcutta on behalf of the match industry.

Mr. A. H. Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): By whom was the telegram sent?

Mr. B. Sitaramaraju: The telegram is signed "Nileroose". I think this is the same Calcutta Company which came to represent about the fifty sticks match boxes. In this connection, I would like to ask once

again one point of the Government. In the Tariff Board Report, they said that research should be made at Dehra Dun with a view to increasing the plantation of trees of such kinds of wood necessary for the supply of the entire demand of wood for the manufacture of this industry. I have not been able to know what was the result of that inquiry, if one such was held; and I would like to press upon the Government the necessity of making such an inquiry, if no such inquiry has been made so far, and increase the plantation of wood suitable for this purpose, so that there may be no occasion for any Indian factory to secure wood from any other foreign country hereafter.

With regard to the Minute of Dissent, I entirely agree with the Honourable the Finance Member when he said that it is not exactly a minute of dissent but a minute of disagreement. I would not like to go further into the matter, except to say that so far as regards those points which it does cover, let us agree to differ. Further there is one important point that I would like to ask. It has been common knowledge throughout the country that when the Honourable the Finance Member made his speech introducing this measure, it was found that a few hours earlier than that several Marwaris were able to purchase large stocks of matches in order to make profit. I understand that these people had received information and they came to know that changes were going to be made and were thus able to defeat Government and rob the Government of their money that otherwise they would have received. . . .

The Honourable Sir George Schuster: The Honourable Member says, it is common knowledge. Has he in the legal sense any evidence? Could he give evidence as a witness to that fact, or is he merely relying on hearsay and rumour?

Mr. B. Sitaramaraju: I did not want to say that I also received information in the Select Committee, but I did not disclose the information received in the Select Committee. I thought it was unnecessary for me to refer to it. I said it was common knowledge, because, even after I came from the Select Committee, I was told by several persons that several Marwaris had purchased large stocks of these matches.

The Honourable Sir George Schuster: All I want to say is that we always get these rumours. On the occasion of practically every budget, one has heard rumours of people having made enormous profits by anticipating this or that budget proposal. I do not think, if my Honourable friend relies on what was said in the Select Committee, he would be allowed to get up in a witness box in a Court of law and testify to this fact; I think he would be ruled out of order as giving hearsay evidence, and I think we, none of us, have got direct evidence on this. It is common knowledge that, before Budget time, there are people who gamble on what they think are likely to be the new taxes; and you, Sir, have told me a very amusing story on that subject. But I hardly think that my Honourable friend is entitled to bring a direct charge against anybody on the floor of this House on the strength of what he heard in the Select Committee.

Mr. B. Sitaramaraju: My purpose is only this: I would like to know whether it is a fact that these purchases were made a few hours before the Finance Member's speech, and if it is a fact, then I would like the

[Mr. B. Sitaramaraju.]

Government to make an inquiry into it. That is all that I want. I want only an inquiry to be made. If it were a fact that such a thing has happened, how did it come to happen? That is my point. I am not concerned with who has done it and what class of people they are.

The Honourable Sir George Schuster: But surely my Honourable friend must realise that however much we may inquire into the matter we would not arrive at any very definite result. Anybody may gamble on what he expects to be a part of the Budget proposal: that does not prove that he has any precise knowledge of what the Budget proposals are going to be. He takes a risk; that is always done; you will find it done in every country of the world.

Mr. B. Sitaramaraju: But does not the Honourable Member realise that it is remarkable that only a few hours before his speech large stocks of this should be purchased?

The Honourable Sir George Schuster: But if anybody wants to gamble in that way, he is taking no risk: he buys matches in the market according to the market prices; if the duty goes up, he makes a lot of money; and if it does not go up, he does not lose very much; it is a very easy gambling transaction.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadian Rural): Sir, would I be in order if I asked a question of my Honourable friend, Sir George Schuster, whether he made any inquiries about the alleged forged letter sent to Mr. U. N. Sen of the Associated Press during the discussions on the Reserve Bank Bill?

The Honourable Sir George Schuster: I did not hear exactly what my Honourable friend's question was: but in that particular case I could certainly have gone into a Court of law and sworn to what had happened, because I knew it from my own direct knowledge and I could have produced half a dozen witnesses, who were directly concerned with that case. In this particular case we are dealing, I think, with rumour and hearsay evidence. I am not defending these people who are supposed to have gambled on the chance of the excise duty being imposed; but I think we ought in a debate in this House to avoid loose talk on the matter and not to make charges of which we have no direct knowledge.

Mr. B. Das (Orissa Division: Non-Muhammadian): As a very severe charge has been levelled by my friend, Mr. Raju, against the business morality of a business community in India, I would like to point out that I agree with the Honourable the Finance Member that business men are accustomed to gamble on the stock exchange. But what about match manufacturers manufacturing day and night for twenty-four hours throughout the month of March and overstock the market? If anybody ever purchased matches, it could not be a large stock like silver or gold.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): Those who are in the best position to know say that, a little time before the Finance Bill was introduced here, large purchases were made and large profits were made by particular firms. They did not mention names, but the allegation was quite specific that they wanted to make large profits. It may be due to speculation or anything else—I cannot say.

Mr. President (The Honourable Sir Shanmukham Chetty): Unless the Honourable Member has got any definite information, it is not proper to level a charge against anybody on the floor of the House.

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Mr. B. Sitaramaraju: I would like to ask the Finance Member whether he proposes to make any financial proposals after the Assembly had given its verdict on sugar and matches excise duty, as reported by the Associated Press? The Associated Press reported as follows:

"Associated Press understands that Sir George Schuster will review the financial proposals after the Assembly has given verdict on the Sugar and Matches Excise Bills. Thus no forecast is possible as to whether he will be able to give in full measure the promised relief to Bengal and other Provinces....."

The Honourable Sir George Schuster: If my friend was here when I made my speech, I said that I proposed to review the whole financial position in the course of the Third Reading debate on this Bill.

Mr. B. Sitaramaraju: That is all I wish to say.

Mr. B. Das: Sir, at the outset I will refer to paragraph 2 of the Select Committee's Report, where it is mentioned that Sir Alan Parsons, Secretary to the Government of India in the Finance Department, and Mr. A. H. Lloyd, Member, Central Board of Revenue, attended the meetings of the Select Committee and assisted us with information. Now, Sir, no information has been made available to us. Then it says: "We have also had the advantage of hearing the evidence of representatives of the main interests engaged in the match industry in India". Sir, our colleagues have denied us the privilege of reading those evidences, but as we are all anxious to go home, I would not ask for a further ruling from the Chair before the next Session about this. . . .

Mr. N. M. Joshi (Nominated Non-Official): Then say that the Report cannot be considered.

An Honourable Member: Say that.

(At this stage, some private conversation was going on between some Honourable Members.)

The Honourable Sir Brojendra Mitter (Law Member): What is this private conversation that is going on?

Mr. B. Das: As the Honourable the Leader of the House happened to be the Chairman of the Select Committee, and as the Chair gave a definite ruling that in future. . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. This point the Honourable Member is raising frequently. The ruling was very clear on the point. It is not a direction merely to the Chairman of the Select Committee. It is up to the Committee on each occasion to decide what information and what documents should necessarily be made available to the Members of the House. Evidently, this Select Committee did not think it necessary to make available any documents.

*(Portions in asterisks were expunged by order of the Assembly.)

The Honourable Sir Brojendra Mitter: In the Select Committee two or three documents were mentioned, and I specifically told the Members who produced these documents that they must be handed over to me. My information is that they have all been circulated

Mr. B. Das: Except the particular telegram.

The Honourable Sir Brojendra Mitter: Every document that was mentioned in the Select Committee has been circulated. Three documents were produced, and they have all been circulated.

Mr. N. M. Joshi: May I ask one question, Sir? Reference has been made just now to certain undertakings given by one of the witnesses. Now, I want you, Mr. President, to consider this. Is it fair on the part of either the Government or the members of the Select Committee to allow these undertakings to be kept confidential and deny the House the privilege of knowing them?

The Honourable Sir George Schuster: May I interrupt my Honourable friend? They are not confidential. If I had not thought that every Member had a copy of the particular telegram, to which I have referred, I would have read it out. I got it with my Assembly papers, and I thought everybody had got it, and so I did not read it. With your permission, Sir, I should like to read out this telegram which I received.

Mr. N. M. Joshi: My point is this, Sir.

Mr. President (The Honourable Sir Shanmukham Chetty): Let the Finance Member finish.

The Honourable Sir George Schuster: This is a telegram from the Directors of the Western India Match Manufacturing Company to all their Works Managers:

"In consultation with Government it has been decided pay half daily wages to workmen who cannot be fully employed after expiration notice period stop. As we are now in a position to know what class of matches we can manufacture in accordance with graded it is desirable provide largest possible employment by manufacturing boxes and splint and undertaking useful work of useful nature stop. Arrange from fifteenth and until further manufacture of half size boxes suitable forty splint two millimetre thickness without overfilling stop. Manufacture splint to start when aspen available stop. Monthly paid staff should be kept on until further and given work as far as possible stop."

That is the telegram to which I referred.

Mr. N. M. Joshi: My point was this. I have received that telegram myself, but if I remember the speech of my friend, Mr. Raju, correctly he said something else. He mentioned that the company had agreed to appoint Indians.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair has got the word of the Chairman of the Select Committee that all documents, that were available to the Select Committee and which the Select Committee thought it necessary to circulate, have been circulated to every Member, and the Chair cannot allow any further discussion on it.

Mr. B. Das: Now, Sir, coming to the question

Mr. N. M. Joshi: May I ask one question, Sir? I should like to know whether the members of the Select Committee agreed that the evidence given before them should not be published? Was any resolution passed to that effect? If that were not so, then it was not the decision of the Select Committee.

Mr. S. O. Mitra: Government say they published everything that was presented before the Select Committee.

The Honourable Sir Brojendra Mitter: I will tell the House what happened. Whenever a document was produced, I said that that would be part of the record, and it would have to be circulated to all Members. Of course, no formal vote was taken whether a document should be circulated or not. It was well understood—I mentioned that fact,—it was well understood that any document produced there would be circulated to all Members. Three documents were produced. I took charge of them, and they have been circulated.

Mr. N. M. Joshi: What about the evidence taken? Did the Select Committee decide that the evidence should not be published? I want some member of the Select Committee to express his opinion.

Mr. S. O. Mitra: The question was not raised at all.

The Honourable Sir Brojendra Mitter: There was an informal discussion. No regular evidence was taken. No record of the discussion was kept.

Mr. N. M. Joshi: May I raise another point? You have decided that the meetings of the Committee will be confidential and they will be open only to the members. Now, some people have given evidence. We do not know even their names, we do not know who were the people who gave evidence, and I should like

Mr. President (The Honourable Sir Shanmukham Chetty): The Leader of the House says, there was some informal discussion with certain representatives of the match industry, and no formal evidence was either taken or recorded.

Mr. N. M. Joshi: My question is not that. My question is that the Select Committee has examined certain members. . .

An Honourable Member: No.

Mr. N. M. Joshi: They had an informal discussion with some people. Some people were called in for informal discussion. We do not know even who were called in for informal discussion.

Mr. President (The Honourable Sir Shanmukham Chetty): Is it the contention of the Honourable Member that if anybody is called as an informal witness before the Select Committee and discussion takes place with him, it ought to be stated in the Report as to who was called? This must be left to the Select Committee itself.

Mr. N. M. Joshi: May I know if a Member is not entitled to ask whether the Select Committee passed a resolution saying that these names should not be given or the evidence should not be published?

Mr. President (The Honourable Sir Shanmukham Chetty): That is not the way of looking at it. If the Select Committee thought fit that the evidence was important enough to be circulated to Members, it would have decided that it would be formally recorded and made available to Honourable Members. In the absence of that, we have simply to infer that the Select Committee did not think it worth while to record that evidence and circulate it to Members. No specific resolution of the Select Committee is necessary for that purpose.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, you gave a ruling the other day to the effect that whatever material would be available to the Select Committee would also be available to the House. This particular thing was available to the Select Committee, and it is not available to us and we cannot form any judgment. The members of the Select Committee who are present here may give their own opinion on this Bill and others may go out, as they are not wanted. The second point is that in all the previous Committees outsiders were definitely refused by the Government, and I want to know why an exception was made in this particular case.

Mr. President (The Honourable Sir Shanmukham Chetty): Mr. B. Das may continue with his main speech.

Mr. B. Das: All I can say is that there is something wrong in the kingdom of Denmark. I have approved this measure of excise duty, and I think the reduction that the Select Committee has made in this case is also approved, but the most revolutionary feature of this Select Committee's Report is contained in paragraph 6 of the majority report where they propose to introduce a new excise duty Bill regarding mechanical lighters. I thought the Finance Member was satisfied with two excise Bills, namely, Matches Bill and Sugar Bill, and I never expected that my Honourable friend would produce a new baby in the Select Committee, namely, the Mechanical Lighters Bill. It is most surprising that mechanical lighters which are only used by the rich,—the Finance Member might have one which is probably a present from a lady friend of his, costing £2 and 10 shillings, and I have got one costing 1s. 10d.

Mr. R. S. Sarma (Nominated Non-official): Also from a lady?

Mr. B. Das: I do not recollect exactly. I am surprised that my Honourable friends in the Select Committee did not bring out another baby, call it a Flint Bill.

The Honourable Sir George Schuster: There is plenty of time. We might get it ready before the Session is out if my Honourable friend wants it.

Mr. S. C. Mitra: Have a coir Bill.

Mr. B. Das: My Honourable friend, Mr. S. C. Mitra, wants to have a coir Bill,—coir which a *panwala* or a *bidiwala* hangs from the roof. If a match which can give two lights is to be prevented under this Bill, why should not the coir which the poor villager hangs from his roof and uses for lighting his cigarettes or *bidis* or the country made cigars—why should we not have a Bill to deal with that? When that Mechanical Lighters Bill comes, I am going to oppose in this House the new baby which is included.

Mr. President (The Honourable Sir Shanmukham Chetty): How many babies do you want? (Laughter.)

Mr. B. Das: I do not want any more baby, I have got enough, but the Select Committees are producing babies which this House does not want. My sorrow is that the cottage match industry has not been sufficiently protected. I would have liked that no excise duty was levied on it. It does not console me—I do not know if it consoles my Honourable friend, Mr. Mitra—that there is a two anna rebate in excise duty for the cottage match industry.

Mr. S. C. Mitra: That is what is proposed by the Tariff Board.

Mr. B. Das: It should be either half as has been done in the case of *khandsari* sugar, or there should be no duty at all on the cottage match industry.

My Honourable friend, Mr. Raju, talked about certain telegrams that passed between him and a certain firm in Calcutta that is subsidised by Japan. This foreign capital that is being invested in the match factory is a menace to India. The Commerce Member is not present here, and he is very reluctant to legislate whereby industries that are protected should be controlled. The other day, when I voted against the passing of the Textile Protection Bill, not that I was against protection, but I wanted to record my protest against the attitude of the Commerce Member that he would not introduce legislation whereby protected industries should be controlled. This match industry is a protected industry. The Swedish Match Company is financed by some Swedish people. I understand that there are match factories all over India that are financed by Japanese capital, and my Honourable friend, Mr. Raju, read out a wire that these Japanese gentlemen out of mercy and kindness were willing to employ Indian labour and Indian technical men. That kind of grace nobody wants. I want the Government to legislate that no foreign capital should be invested in this country. I have made it clear in the past that I am not opposed to British capital—I have taken off my opposition to British capital, though I expressed my opposition five or seven years ago.

Sir, I have learnt very much from my association with Sir Leslie Hudson. I quite welcome, I want to be friendly, very friendly to my Honourable friend, Sir Leslie Hudson. Let British capital and Indian capital work side by side for the common good of India, Britain and India. But that foreign capital, Swedish capital and Japanese capital should work under the guise of the protective scheme and this Government should be impotent and should not be able to apply any control over that capital

[Mr. B. Das.]

is amazing to me. This scheme which has been devised is a good scheme, but it has been devised to give a premium to the foreign capital, the Swedish Match Combine. Does that help India? I do not know how it helps India. It helps the Finance Member as he can collect larger and larger excise duty. We are helpless in the matter of voting, because, if I challenge a division—I do not give any notice of amendments because the maximum voting on our side is 31. Government realise that. The Finance Member has got sympathy with us, but the Commerce Member has not got. And today Mr. Bajpai showed his sympathy in another direction. The Finance Member, even in the matter of salt protection, wants some kind of control, and we have exercised that control from year to year through the Assembly Salt Committee. Government will go to Simla to have tennis and enjoy beautiful climate, and they can have a few Executive Council meetings or a few meetings of the Economic Subcommittee of the Executive Council to find out whether the time has not come for the Government of India to adopt a definite policy about protected industry and foreign capital invested in it. There must be a certain amount of control. If Sir Leslie Hudson pays income-tax or tax on his profit, I would like that the foreign capital invested in India should pay 50 per cent more, and then my Honourable friend, the Finance Member's problem will be solved. He will get more money.

An Honourable Member: Where will you get foreign capital if you take 50 per cent more?

Mr. B. Das: I do not want any foreign capital in this country. I do not want foreign capital to come to India and take advantage of the leniency of the Government of India. I asked my friend, Mr. Raju, what about foreign timber. I think Japanese capital invested in Calcutta and other places is importing Japanese timber. This timber must be heavily taxed. This is a point which the Honourable the Finance Member should examine. India has enough timber in the Andamans and Burma, and we are spending a huge lot on the Forest Department.

It is very nice on the eve of the Honourable the Finance Member's career that he thought of Federation. It seems to have been forgotten that Federation was looming on the horizon. My Honourable friend just now made a statement that distribution can only take place when Federation comes, but distribution is already taking place under this Bill. My friend, Mr. Mitra, has already profited to the extent of a crore and a half. The difficulty under this Federation has been stated in that minute of dissent by Sir Cowasji Jehangir, Mr. Mitra, Mr. Jadhav, Mr. Raju, Mr. Mahapatra and Mr. S. N. Sen. They state:

"If all States are to be given the privilege of sharing this revenue immediately, it will be most difficult in the future to get them to give it up for the benefit of the Federal Government. They will get accustomed to count upon this source of revenue for their own use and we are afraid that this precedent will be a cause of considerable embarrassment to the future Federal Government."

I want a definite reply from the Honourable the Finance Member on this point. These States demand a price from us. We have already paid one big price and we are not going to pay a second price. Thereby

the Honourable the Finance Member is nullifying the statement of Sir Akbar Hydari who, while giving evidence before the Joint Parliamentary Committee, stated that if for ten years the Federal Government will be solvent, then the States will bear additional taxation and here the Honourable the Finance Member is going to levy taxes partly on Indian States, but mostly on British India, and he is giving a share to the States which none of them ever demanded or dreamed of. They do not manufacture any matches and they should not be given any share, but if they are to be given any share, they must give it in writing that this does not form a precedent and this does not absolve their obligations to the Federal Government to share the expenses of the Federal Government as stated by their spokesman, Sir Akbar Hydari, in his evidence before the Joint Parliamentary Committee. My Honourable friend was present in London at the time of the financial discussions before the Joint Parliamentary Committee, and here he is giving them some thing in advance and in addition to what we have already agreed to screen their maladministration. This price we are going to pay is in hard cash. I ask, why should we pay in hard cash money which is derived from British India. Until the relations between the Indian States and British India are settled, we should not commit ourselves to any financial obligation. My Honourable friend will leave the country in three weeks, but his successor will stand committed to a principle from which he would not be able to get out. These are the few observations I want to make, and I do hope that the Honourable the Finance Member will see his way to exempt cottage industries from any excise duty.

Haji Chaudhury Muhammad Ismail Khan (Bakarganj cum Faridpur: Muhammadan Rural): Sir, I intend to consider the question of excise duty on matches from the view-point of the small scale producers and poor consumers. The duty is bound to affect the lot of both the small capitalist who manufactures and the poor man who uses this indispensable commodity. As such, I think, Sir, it is desirable that we should give the matter our anxious consideration which it certainly deserves.

I need hardly point out, Sir, that civilisation puts this class of commodity under the category of what modern Economists call "necessaries of life", as distinguishable from luxuries, as wine or the conventional tobacco or tea. It is the very first need of life—the fire—which cooks the food we eat. Every man (in fact he is defined as a living creature who uses fire), be he in the jungle, or in the hills or in the plains or in a crowded town or a populous city, he stands equally in need of it. The days when the aboriginal or the primitive mankind produced fire for his own use by striking one flint against the other are gone and gone for ever. Matches have replaced them—matches the imposition of an excise duty on which is under the consideration of the House.

This being the case, it is clear that this excise duty on match is a tax on the poor. It is an example of taxing a necessity of life such as food. The incidence of this most inequitable indirect tax will fall almost entirely on the poor consumers of India. This will increase the cost of living of the half-starved millions of villagers and peasants. At the present economic crisis, through which the world is passing, this tax is, I venture to submit, not only inopportune, but also unfortunate, and is, to my mind, indefensible on grounds of equity or justice.

[Haji Chaudhury Muhammad Ismail Khan.]

Already, as soon as the announcement was made by the Honourable the Finance Member that an excise duty on matches was to be imposed, it created a stir in the market and raised the price of the commodity very high. The original proposal of imposing a duty of Rs. 2-4-0 on a gross instantaneously revolutionised the match market. An amendment has been made by the Select Committee in clause (4) of the Bill to the effect that the duty be proportionately reduced to Rs. 2, Rs. 1-8-0, and Re. 1 for boxes containing 80, 60, and 40 splinters. So far as the principle of reduction is concerned, I welcome it as a happy suggestion. But, I am afraid, in view of the telegram that I have received from Mr. G. C. Sen-Gupta, who is an expert attached to a small Indian-owned match factory, I presume this will mean a great hardship on them. The telegram in question runs as follows:

"Proportionate duty on matches 40 and 60 sticks will prove disastrous to Indian manufacturers entailing the scraping of all existing machinery and replacing them at enormous cost with Swedish Machineries for which foreign trust holds monopoly of importation which is impossible owing to financial position of Indian manufacturers resulting in the closing down of 85 per cent of the factories."

On further enquiry, I have been told that if the number of splints be reduced to 40, they shall have to import a new machine such as a frame—filling with frame chemical dipping, frame emptying, box-filling and frame carts, which they are not in a position to do owing to financial difficulties. This will, it is feared, result in foreign monopoly.

A very serious situation has, therefore, arisen. And, Sir, if the object of regulating duty is "to make it possible to have a reasonable sized box of matches retailed singly in the bazars at a price of one pice", I am afraid, the object in view is bound to be defeated, because foreign monopoly would not only control the business, but also dictate the price. What provisions do Government propose to lay down to safeguard the interests of the consumers? I would like to suggest for the consideration of the Government that the lower rate be fixed at Rs 1-2-0 for a box containing 50 small sticks and Rs. 2 for 80 big ones. This will mean that the Indian-owned manufacturers shall be in a position to compete with Swedish Companies and the price, consequently, will not rise to any abnormal height.

The position of the small manufacturers has always been very precarious, and, since the enforcement of the excise duty, they have been virtually thrown on the rocks.

Let us examine their case properly. Take the instance of a "representative" Indian factory of average resources whose daily out-put is twenty cases or 1,000 gross. At the rate of 12 annas per gross, this factory used to sell its daily output of 20 cases for Rs. 750, but, after the imposition of this duty, let us take the minimum, i.e., one rupee per gross, the price of this daily outturn of 20 cases will rise to Rs. 1,750.

It is obviously clear that the average Indian match companies, which are putting on the market matches of Rs. 750 with great difficulty, will find it still more difficult to procure ample capital to put the same output on the market at Rs. 1,750. Even if these poor Indian producers anyhow succeed in getting financial accommodation for the outturn of the value of Rs. 1,750 they cannot easily take the risk of advancing this big amount on credit to the small retailers. They cannot afford to advance Rs. 52,500 credit every month.

Perhaps, the House is aware, Sir, that the match business is mainly run on credit. The representative match company which usually advances one case of Rs. 37-8-0 on credit to the retailer will be forced to advance to the same poor retailer of very slender capital and credit a case of Rs. 37-8-0. The average match company will think thrice before taking this risk which, under the circumstance, is quite unreasonable. No business man can easily take risk of advancing Rs. 52,500 to the poor shop-keepers every month. It spells sure bankruptcy and financial break-down of his entire business.

The small manufacturers will, first of all, not be able to procure sufficient capital to meet the enhanced cost of production, and, secondly, they will not be able to dispose of their daily output on any economic basis which may safeguard their credit advances to small dealers and retailers. The business will be slack as a natural consequence of the excise duty and many producing companies and distributing shops will go to rack and ruin.

Sir, it has been admitted on all hands that Indian-owned manufacturers are alone responsible for bringing down the price of matches to a reasonable rate. I hold brief for no body, but I can say from my own knowledge that firms like the Dharamsey Match Company, Ltd., of Calcutta, have always put in the market their productions in no way inferior to the well-known manufacturers Wimco and they have sold this commodity at a lower rate which no doubt has greatly touched the Swedish Companies to the quick. I have learnt from reliable sources that the latter companies have tried to push their goods some times by free distribution and too often by offering prizes and presentations to the dealers on conditions that they would not sell the matches manufactured by other companies, and, if they did the offers were forfeited. Now, if anyhow such companies become sole monopolists of this industry, they shall try to regain their losses with exorbitant profits and at the cost of poor consumers. With the sure ruination of the small Indian companies by the sheer weight of duty, the big foreign companies will integrate themselves into huge combines or cartels and ultimately become the virtual monopolists of India. This duty will thus spoil the very object of protection of match industry by ruining the weak Indian companies.

The ruin of the match producing companies and distributing shops will mean unemployment of thousands of Indian labourers who cannot in these days of trade depression find work elsewhere. The trend of the big foreign companies towards monopolistic combination is evidenced by the fact that the Wimco has already begun to swallow several Indian factories. A deputation representing match industry in Western India, including Sir Radamjee Ginwala, former President of the Tariff Board, represented to the Government the adverse effect of the proposed excise duty on matches manufactured in this country and appealed to them for a reduction in duty. My contention is, Sir, it was nothing more than mere lip sympathy, otherwise it is the Western India Match Company, which expects to get the greatest advantages from the imposition of such an excise duty.

It may be said that Bengal match manufacturers have sent no deputation to represent their grievances. Well, Sir, I humbly submit that no

[Haji Chaudhury Muhammad Ismail Khan.]

match manufacturer, be he small or great, is opposed to this taxation, because having read the announcement of the Honourable the Finance Member, made in his Budget speech on the 27th February, each factory has worked day and night to make as much extra profit as possible before the Bill is passed into law. The present gain has made the factory owners blind to the ultimate result of this heavy taxation. But, Sir, I look to the remote future rather than to the immediate present, and hence I sound this note of warning to this Honourable House and inform what I consider, from my point of view, would be the consequence of this excise duty on matches.

On these economical and financial grounds, I beg to suggest that the Government should take necessary steps to protect small producers from the unhealthy and unfair competition of the foreign companies in India. Indian manufacturers, in case the duty is imposed, should be provided with financial accommodation at low rates of interest, otherwise, I am afraid, they will die an unnatural death and the match industry of India will ultimately become as much a foreign concern as the cigarette industry. (Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair would suggest to the Government that in future, in every Select Committee Report, there should be a paragraph at the end to the effect: "We add the following documents as annexures to our Report", and then they should mention the documents that have been annexed; and, where there are no documents, there must be a paragraph to this effect: "Annexures to the report—nil" (Applause.)

Mr. S. C. Mitra: Sir, taxes on articles necessary for the daily use of even the poorest man in the country cannot be agreeable, and if we have accepted the principle of this Bill, it is with the greatest reluctance that we shall have to meet the demands of the Honourable the Finance Member.

Sir, before I discuss some other matters, I should like to explain one thing about the point raised by my Honourable friend, Mr. Joshi. In the Select Committee, in this particular case, there was no examination of witnesses in the technical sense. We demanded from the Government, and Government agreed to find out the means for getting a match box at a cost of a pice and it was to meet that demand that informally some of the manufacturers were called in, in order to find out if we could accept any method whereby the poorest man could get a match box at a cost of one pice. So, really, there were no witnesses examined in the ordinary sense in which witnesses are examined at Select Committees. We are obliged to the gentlemen as well as to the Government for enabling all to come to a decision whereby the poorest people will be able to get a match box at a cost of one pice. As a matter of fact, thanks are due to Government also, because they agreed to lower the rate to Rs. 2 from Rs. 2-4-0 when they fully knew that they could carry anything that they liked either in the Select Committee or in this House.

As regards the cottage industry, I think my friend, Mr. Das, is under a misapprehension. It was the Tariff Board which, after some deliberation, came to the conclusions that there should be at least two annas less of duty in the case of those producers who manufacture matches as a cottage industry. Of course, the demand was for eight annas, but we in the Select Committee were not in a position to press for anything more than what was recommended by the Tariff Board. If Mr. Das thinks that there is a stronger case for enhancing the rebate, I think there will be no hesitation on the part of the Members on this side to support his amendment if he moves one. In this matter of cottage industries, we are very much obliged to my Honourable colleague and friend, Mr. Raju, who pressed this point and earned the support of the Government. We are further obliged to Mr. Raju for bringing down these big Japanese manufacturers in Calcutta to accept similar terms that have been accepted by the Swedish Company, as regards the use of Indian capital, training of Indian officers and Indian labour in their factories. We appreciate very much the attitude of the Government in the interests of India to have secured from these manufacturers the promise to continue to pay labourers in the match-manufacturing industry though their workshops stopped wholly or partially for the time being. There was a great risk of a large number of Indian labourers being discharged, and, in these days of unemployment, the labour population would have felt that very much. But, under the pressure of Government, the match manufacturers at a considerable sacrifice agreed to keep them engaged, sometimes though on half pay. As I said, Sir, it is with considerable reluctance that any representative House can accept a duty on an article like the matches and we hope that Government will, at the very first opportunity, try to take away this tax. (Mr. B. Das. "Never".) My friend, Mr. Das, says that they will never do it. But I do not agree with my friend on this question, because, in spite of great pressure for large revenue, Government on this occasion did not think of raising the duty on salt, though there was much attraction for it. We can suggest that there are other avenues of revenue. I have already suggested the equalisation of the excise duty and the import duty on kerosene, and my friend, Mr. S. C. Sen, once suggested the putting of an excise duty on vegetable ghee, and my friend, Mr. Das, had offered many suggestions for raising the revenue from different sources.

Mr. B. Das : Export duty on gold.

Mr. S. C. Mitra: The export duty on gold is really a very good suggestion, because it is the desire of everybody in India that our gold should not leave the Indian shores in such large quantities. We certainly expected that before the Honourable the Finance Member left the Indian shores, he would revise his opinion on this point. At least he would leave behind him a note to his successor to the effect that, though Indians might be prejudiced, they had a love for keeping gold. We have not become really so much scientific as to do away with our gold.

With regard to the point about the Indian States, we in our dissentient explanatory note have tried to explain the whole case. We generally feel that once the Indian States share our revenues, it will be very difficult subsequently, with the advent of Federation, to make them induce

[Mr. S. O. Mitra.]

to give up any of these big items of revenue. And this is one of the main considerations why we did not like to anticipate the future Federal scheme of revenue until all other points were settled. Some of my friends think that those States which have no factory for manufacture of match boxes should at least be debarred from participating in this revenue, but I for one think that it is not the manufacture, but it is the consumption of this taxed article on which the question of proportionate division should rest. On general grounds we think that the Indian States may still be left alone, because there are so many difficulties in realising from them the share of revenue which we expect from the consumption of matches in the Native States. On these general grounds, we suggested that the Native States might be left out for the present from the scope of this Bill. Sir, we, on this side of the House, are giving our consent to the passing of this Bill very reluctantly.

The Assembly then adjourned till Eleven of the Clock on Friday, the 20th April, 1934.