

# LEGISLATIVE ASSEMBLY DEBATES

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MONDAY, 27th AUGUST, 1934

Vol. VIII—No. 3

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## OFFICIAL REPORT



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# LEGISLATIVE ASSEMBLY.

Monday, 27th August, 1934.

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

## SHORT NOTICE QUESTION AND ANSWER.

### APPOINTMENT OF THE CHIEF INSPECTOR OF EXPLOSIVES.

**Mr. S. C. Mitra :** (a) With reference to the reply to part (h) of starred question No. 812, regarding the appointment of the Chief Inspector of Explosives that for the present the recommendation of the Retrenchment Committee had not been accepted by the Government, will Government be pleased to state the reasons for non-acceptance of the said recommendation and whether in future they propose to act according to that recommendation ?

(b) Do Government propose to assure the House that in future no recruitment would be made from outside India without sufficient steps being taken after due advertisement for recruitment in India to ascertain that suitable candidates are not available ?

**The Honourable Sir Frank Noyce :** (a) I have informed the House how matters stand in my reply to the supplementary questions asked on the 22nd August by my Honourable friend, Sir Cowasjee Jehangir. It would perhaps have been more correct to say that the recommendation of the Retrenchment Committee had been accepted in principle but that the Government of India had not yet found it possible to give effect to it. I can assure the House that the possibility of giving effect to it was very carefully considered before the present appointment was made, and I am sure that it will be as carefully considered when the post next falls vacant. But since, in the opinion of the Government of India, there is no one now in the Department who could have been fitted by training abroad to fill the post of Chief Inspector at the present moment, it would not in these circumstances have been worth while to send an Inspector abroad for training.

(b) I am prepared to give the House the assurance for which the Honourable Member asks in respect of all posts within my Department. This is as far as I can go in reply to a short notice question, but I will ask my Honourable colleague, the Home Member, who is principally concerned, to consider the possibility of similar orders

being passed in respect of appointments made by the Government of India for which recruitment is made through the Public Service Commission. If he agrees to do this, he will, I have no doubt, wish to consult all Departments of the Government of India.

**Mr. Vidya Sagar Pandya** : I should like to know whether the appointments made in the India Office in London will also be advertised in India. I do not see why Indians should not occupy those posts there.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : That does not arise out of this short notice question.

**Mr. S. C. Mitra** : Is it a fact that in the Public Service Commission, when they came to the conclusion that there was nobody suitable for this post, there was no expert there, and the statement of the Honourable Member that there was a police official in the Commission who was an expert in explosives does not appear to be correct as he was not a member of the Committee at that time ?

**The Honourable Sir Frank Noyce** : Who was not a member of the Committee at that time ?

**Mr. S. C. Mitra** : Sir David Petrie, the Chairman of the Commission, was on leave and he was not even present to decide this question at the time.

**The Honourable Sir Frank Noyce** : I speak subject to correction, but my impression is very firmly that the conclusion of the Public Service Commission was arrived at before the permanent Chairman of the Commission, Sir David Petrie, went on leave.

**Mr. B. Das** : May I enquire if the Honourable the Home Member is going to issue the necessary orders which the Honourable Member for Industries and Labour has asked him to consider ? Is it going to be the policy of the Home Department to issue instructions that advertisements should in future be made in Indian papers ?

**The Honourable Sir Frank Noyce** : I think the Honourable the Home Member will require notice of that question. (Laughter.)

**Mr. S. C. Sen** : But he does not ask for notice. (Laughter.)

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#### STATEMENT LAID ON THE TABLE.

CASES IN WHICH THE LOWEST TENDERS HAVE NOT BEEN ACCEPTED BY THE HIGH COMMISSIONER FOR INDIA IN PURCHASING STORES FOR THE GOVERNMENT OF INDIA.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour) : Sir, I lay on the table a statement, furnished by the High Commissioner for India, showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India, during the half year ending the 30th June, 1934.

## HIGH COMMISSIONER FOR INDIA.

## INDIA STORE DEPARTMENT.

ABSTRACT OF CASES in which tenders for stores demanded by the Central Government, other than the lowest complying with the technical description of the goods demanded, were accepted on the grounds of superior quality, superior trustworthiness of the firm tendering, greater facility of inspection, quicker delivery, etc.

HALF YEAR ENDING 30TH JUNE, 1934.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.	Lowest Tender not accepted.	Reason for acceptance.
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PART A.—Cases in which lower foreign tenders, including British tenders for foreign made goods, have been set aside wholly or partially in favour of British tenders.

			£ s. d.	£ s. d.	
Paraffinum liquidum 9,100 lbs.	P. 2239/3792/ 18.1.34.	Stemco. Ltd.	278 13 9 (British).	278 0 0 (Foreign).	The accepted tender was the better offer having regard to the cost of inspection abroad.

PART B.—Cases in which the discrimination is between British firms only.

Tape, rubber, for respirators, 43,000 yards.	R. 177/54/ 1-5-34.	Dunlop Rubber Co., Ltd.	170 18 2 (British).	170 0 0 (British).	The tape was urgently required. The lowest tenderer required from 10 to 12 weeks for delivery. The order was therefore placed with the next lowest tenderer who offered delivery in 4 weeks.
Cable, electric, rubber insulated, 1,000 yards.	R. 535/829/ 20.6.34.	British Insulated Cables, Ltd.	46 10 0 (British).	46 0 0 (British).	The lowest tenderer required from 4 to 5 weeks for delivery. As the cable was urgently required the order was placed with the next lowest tenderer who offered delivery in from 7 to 10 days.

PART C.—Cases in which the discrimination is between foreign firms only.

*Nil.*

*Nil.*

PART D.—Cases in which lower British tenders have been set aside in favour of foreign tenders.  
*Nil.*

## THE INDIAN IRON AND STEEL DUTIES BILL.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The House will now resume discussion on the third reading on the Indian Iron and Steel Duties Bill,

**Mr. Muhammad Muazzam Sahib Bahadur** (North Madras : Muhammadan) : Sir, the Tata Iron and Steel Company is about to acquire another seven years' lease of protection and one is struck by the fact that the attitude, both of the Government of India and of the Tariff

[Mr. Muhammad Muazzam Sahib Bahadur.]

Board in regard to this particular industry, has always been singularly magnanimous. It is an admitted fact that the natural advantage possessed by the Tata Steel Company as against the continental producers of steel, who, it is alleged, are dumping their products into this country, is, to start with, no less than Rs. eight per ton of pig iron, so that initially, the Indian works, on account of the high iron content of the ore and the low cost of both iron ore and coal, place the continental producers at a decided disadvantage. But it is said that the process employed on the continent (the Basic Bessemer process) gives the continental producers a slight advantage not only over the Indian industry but over the British manufacturer as well. As between England and Germany, for instance, the employment of this process, combined with the lower costs of labour and the additional advantages accruing to Germany in the shape of bye-products such as dyes and by the sale of the basic slag for agricultural purposes, places the English manufacturer in a position which does not allow him to compete with his continental rival. The depressing effect of this unequal competition is being felt both by British manufacturer and by the Indian industry, but it is, I submit, by no means correct to say that the continental countries have been dumping their products into this country. For instance, England today is purchasing its billets from the continental companies, because she finds that, not being able to produce them at anything approaching the figure at which billets are quoted by continental producers, the wisest thing to do is to buy them from abroad and to make of them the best use she can. Barring the occasional practices of the continental cartel, Germany has always in the past offered her steel at prices which have defied competition, and, I am sure, this state of things will continue in the future, not because her lower quotations are a peculiar feature of the existing world-wide depression in trade, but because she is enabled economically to do so with the most up-to-date process and the great advantage which the bye-products of the steel industry afford to her over her rivals. It seems to me, Sir, that the Tariff Board have erred in assuming that the continental producers of steel have been dumping their goods in the Indian markets.

Now, coming to the magnitude of the protection enjoyed by the Tata Steel Company, the prize boy of the Government, though I am afraid he is going ere long to be its spoilt child—(Hear, hear)—my Honourable friend, Dr. Ziauddin Ahmad, has calculated the benefits which the country has conceded to Tatas in the shape of bounties, protective duties, etc., at the appalling figure of Rs. 18 crores, and one may very well ask, "Are the shareholders of the Tata industry who claim a vested interest in the works to the extent of Rs. 12½ crores, are they to be deemed the real proprietors of the concern, or is it in the nature of a life interest of the shareholders with a reversionary right to the country at large?" Is there any industry in the world, I ask, which cannot hold its own against the most formidable foreign competition if only it had at its back the magnanimity of the Government of India and the remarkably patient endurance of the people of this country? With the enormous support which has been vouchsafed to the Tata Iron and Steel Company it would not matter in the least if she imported her coal from the Welsh counties or her iron from the Pittsburgh mines.

I shall now take up the extent of the protection which the Indian industry has enjoyed and is now out to enjoy for another period of seven years. In the first place, the Tariff Board at page 63, while continuing the protection for another seven years, do not, in any part of their report, lay down that the protection shall cease to operate from the end of that period. Indeed, at page 63, they are unable to do better than most cautiously pre-sage that the industry will, within the next seven years, substantially approach the stage of being able to dispense with protection. Now, Sir, mark these words 'substantially approach'. In the first place it will merely be *an approach*, but they think that that approach will be substantial. The only interpretation that I can place on these words is that, if at the end of the seven years, that is in 1941, it is found as the result of another Tariff Board inquiry that world conditions demand a further continuance of protection, the Government and the country would be called upon to merit the further gratitude of the Tata Iron and Steel Company for another fixed term. It appears to me, Sir, that the game is being played far too long, and, as I shall show presently, the sacrifices which the country has willingly made will ultimately redound to its own increased distress. Now, Sir, I shall take up, one after another, the land-marks in the history of the protection which the Government of India has afforded to the Indian steel industry. As I have already pointed out, the Tata Industry, to begin with, possesses an initial advantage of Rs. eight on every ton of its pig iron. Then, they have the further advantage that unless something untoward happens, a definite volume of business is assured to them by the Railways of the country for a definite period of time. During the next seven years for instance, the Railways are required to place orders with them annually for 50,000 tons of rails and 3,000 tons of fishplates at Rs. 95 and Rs. 133 per ton *f. o. r.* Tatas, these being the fair selling prices arrived at by the Tariff Board.

Thirdly, one cannot fail to notice that every plausible ground for adding to the margin of the Company's profit has been exploited by the Tariff Board. for instance, the incidence of overhead charges has been distributed not at a flat rate over the various steel products but in unequal proportions on the basis of different works costs and the different capital values of the plants in use, a most novel method indeed.

Fourthly, the steel industry, instead of suffering for the inferior quality of part of its output, is being fully compensated for at the expense of the general tax-payer.

Fifthly, considerable adjustments have been made by the Tariff Board by adding to or subtracting from the so-called fair selling price of each product according to its freight advantage or disadvantage relatively to the imports in the several parts of the home markets. Adjustments such as the last two, it need hardly be pointed out, perpetuate inefficiency and reward mistakes.

Sixthly, while the Tariff Board have recommended the raising of import duties, in case the level of foreign import prices at ports goes below the fair selling prices fixed by them for Tatas products, no attempt has been made to relieve the consumer in the event of Tatas selling their products over and above the so-called fair selling prices.

[Mr. Muhammad Muazzam Sahib Bahadur.]

Two concrete instances, where they have actually exceeded in a material degree their fair selling prices, are furnished by their contracts for supply of billets, on the one hand to the Tin Plate Company at an average profit of Rs. 21 per ton, and on the other, to the Indian Wire and Wire Nails Company at a profit of Rs. 11 per ton. The volume of business involved in these two contracts is said to be about 126,000 tons.

Another note-worthy feature of the sales policy of the steel industry is that while they are selling their pig iron to companies associated with them at Rs. 30 a ton, they are actually charging Rs. 50 a ton to the Indian foundries. Such differentiation on the part of an industry, designed above all to nourish the Indian foundries, is, to say the least, highly reprehensible. But the Tariff Board would not suggest any machinery for controlling such practices nor is there one in the Bill before us. Clause 2 of the Bill, on which reliance is placed for adjustment of tariff duties in case they are found to be excessive, while in itself a most ineffective weapon for speedy action, is entirely inapplicable to cases where the steel company chooses to sell its products at prices considerably higher than the fair selling prices. In other words, the consumer in return for the large sacrifices he makes in agreeing further to protect the industry is asked to bear the additional burden of unrestricted and uncontrolled selling prices. It would, therefore, appear that unless the executive is armed with the power of controlling the fair selling prices so that no additional burden may be imposed on the consumer, the steel company will prove a veritable leach nourished and protected by the general tax-payer and consumer. Lastly, a word on the fair selling prices fixed by the Tariff Board. The fair selling price is made up of the works costs, overhead charges and manufacturer's profits. These are the factors which determine the fair selling prices in the case of normal industries, but, for an abnormal industry like the Tata Iron Steel Company, which has enjoyed and is to enjoy the unrestricted generosity of the Government of India in the shape of bounties, protective duties and sundry other advantages, two more factors have been found to be necessary in the determination of the Company's fair selling prices and these are (1) freight disadvantage, and (2) selling expenses. In respect of the latter, the Tariff Board has allowed a uniform rate of 2½ per cent. of the fair selling price *ex-works*. How far this allowance is justifiable, Honourable Members may judge for themselves. This allowance amounts to ten lakhs every year.

In so far as the Company's claim relates to relief against freight disadvantage in the very face of the decided advantage it possesses of lower freight rates for its wagon loads of huge consignments, the Tariff Board in paragraph 21 of their report while fully conceding that the relief afforded to the steel industry against freight disadvantage has been responsible for sharp competition with the up-country mills and for their cutting down their prices below the true commercial level, a circumstance which brings into bold relief a sum of Rs. 178 lakhs, that is to say, Rs. 29 lakhs per annum unaccounted for during the last production period in their profit and loss statement, the Tariff Board have in Table XVIII suggested freight allowances varying from rupee one to

rupees nine per ton on different classes of their products. How far, if at all, such an allowance can enter into the determination of fair selling prices is a matter which I once again leave to this House to judge. In the calculation of the works costs, the Tariff Board have ignored the fact that in the coming years, there is a strong likelihood of further reduction in works costs on account of the improved plant, larger output and the substitution of foreign by Indian labour. I venture to submit that these factors will entail a reasonable deduction of at least 15 per cent. from the labour costs, but strangely enough, this has been altogether lost sight of by the Tariff Board.

While speaking on the labour employed in the steel works, it is perhaps necessary that I should acquaint the House with what I may call grossly inefficient management on the part of those responsible in employing 6,350 labourers in excess of the number required to produce a particular output, a fact which the Tariff Board strongly condemned in their 1926 report but of which they again, strangely enough, took no account whatever in arriving at the labour costs, though the steel company at once realised its grand mistake and reduced the number of labourers by that figure. But it must, in this connection, be remembered that, but for the fact that other iron and steel industries in the country had found it possible to produce results far more economically than the Tatas, this circumstance may have escaped entirely unnoticed. The Tariff Board, therefore, is to be pitied that, beyond the figures furnished to it by the Iron and Steel Company it has no other competitive data to go upon to arrive at a correct estimate of the works costs, nor has it at its disposal any such data from foreign producers of steel as may enable it to do so. With regard to overhead charges, which consist of depreciation, interest on working capital and expenses of Head Office and Managing Agents' commission, I am afraid the Tariff Board has wrongly calculated the annual allowance for depreciation and the replacement value of the plant. It is obvious that the value of the plant goes down from year to year, and if, as has been calculated by the Tariff Board, the depreciation in the current year is 78 lakhs, the replacement value of the plant will, to that extent, decrease in the next year and so on in each succeeding year, and, at the same time, the allowance for depreciation will be a figure which will go on varying from year to year. The Tariff Board however have estimated the replacement value of the plant at a constant figure, *viz.*, 10½ crores and the allowance for depreciation at the perpetual flat rate of 6½ per cent. In this connection, it may be remarked that several Companies, such as the Tata Construction Company and the Indian Standard Wagon Company, owing to the fall in prices, have considerably reduced the nominal value of their capital. Mr. President, I have often heard it said that the Tatas financial condition is such that for a long number of years they have been unable to distribute any dividend to their shareholders. May I, in answer, point out that during the ten years from 1912-13 to 1921-22, the dividends actually distributed in particular years, if evenly distributed over that period, offer a percentage of no less than 11.2 to the holder of ordinary shares and about 12 per cent. on deferred shares.

**Mr. B. Das** (Orissa Division : Non-Muhammadan) : I hope they will consult you how to distribute the dividends.

**Mr. Muhammad Muzzam Sahib Bahadur** : Further, in their Report of 1926, the Tariff Board say, on page 16 :

“ The Tata Iron and Steel Company has received during the last three years assistance sufficient to enable it to meet the works costs and interest on debenture and loan charges, to pay full dividends on its first preference shares and a partial dividend on its second preference shares and to set aside a substantial sum for depreciation. That the protection actually received by the Company has enabled it to survive a most difficult transitional period, not merely without losses, but in a state of improved and growing efficiency cannot, we think, be questioned.”

In 1925-26, the total amount paid by way of dividends was 35.1 lakhs. In 1926-27, it was 63.4 lakhs. Again, during the six years from 1927-28 to 1932-33, the Company raised no fresh capital, but was able to distribute 138 lakhs in dividends and to set aside as depreciation sums amounting to no less than four crores. Of this sum, three crores and two lakhs were spent on capital improvements or replacements of plant and the Tariff Board at page 12 of their latest report remark :

“ So far as we have been able to ascertain from a study of balance sheets from France, America and England, the Company has been peculiarly fortunate in being able to set aside so large a sum for depreciation.”

In a word, Sir, the embarrassment complained of seems to me to be the result of their own inefficiencies, such as *ill-judged rail contracts* which cost to the Tata industry a loss of no less than Rs. 57 on every ton and which assumed the appalling figure of 142 lakhs. This was in the two years 1921 and 1922. Then, during the last period of protection, the strike occasioned by their mis-management caused the Company a loss of about two crores—a circumstance for which it can blame no one but itself. And lastly, as pointed out by me, the employment of extravagant labour for successive years meant to the Company a loss of several lakhs of rupees which might well have been saved and distributed by way of dividends to the shareholders. Then, Sir, I would briefly refer to my Minute of Dissent in which I have raised the broad question that it is the primary duty of the Tata Iron Industry, as the mother industry, to act as a feeder to the re-rolling mills by supplying their requirements of billets. Sir, my Honourable friend, the Commerce Member, in his speech on the 31st July, 1934, said :

“ If the Tata Iron and Steel Company desire to be regarded as a great national industry and as a great national asset, if they desire this country to make substantial sacrifices over a substantial period of time to set them securely on their feet, then, I say, it is up to them to realize and to implement their obligations to the smaller ancillary industries of the country.”

Sir, if protection is to be granted to this industry for another period of seven years—and protection to the extent to which it is sought to be granted—then, I say, there must be some machinery which will compel this mother industry to supply the requirements of the re-rolling mills. (Applause.)

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The Chair would like to ask Honourable Members to be as brief as possible, because it is necessary that the debate on the Steel Bill should be concluded before Lunch.

**Mr. B. Das** : Sir, I rise to read the funeral oration over the steel industry and all industries in India. Sir, with regard to the fiscal convention policy which was adopted so far, the Grand Moghul of Whitehall has willed that there should be no more any fiscal convention in

India. There should be merely some amount of protection to certain Indian industries, and the Government of India, being mere servants of the Secretary of State, have carried out that command of Whitehall, and even at times, as we experienced in the matter of the 1930 Cotton Textile Bill, they also went a little further than what the Secretary of State commanded them to do. (Sir, to the point that was raised by my Leader, Mr. K. C. Neogy, as to whether the proviso to sub-clause (4) of clause 2 of the Bill will not work against the interests of the consumers, the Honourable the Commerce Member made a halting reply and he said something to the effect that—"why should we give a worse treatment to the United Kingdom than we give to other foreign countries?"). But the point is that when the United Kingdom dumps steel goods at uneconomic prices on India, where is the scheme of protection? The Honourable the Leader of the House has vouchsafed no reply to that point. Of course one can understand the difficulties of the Honourable the Commerce Member: he had to bow to the Whitehall Moghul and there is no other alternative! Then, Sir, with regard to this idea which is so much trotted out—the consumers' interests—the Honourable the Leader of the Opposition moved an amendment, but there we were defeated, and we could not provide a clause safeguarding the point; we have come to know how the Government change the basis of their tariff system because we know that they, at the command of the Great Moghul of Whitehall, are going behind us, and any criticism or control from this side of the House is of no avail, and is, therefore, resented. (Applause.)

Sir, this Bill is a Bill for Imperial Preference or for giving preference to the United Kingdom. The other day I spoke about the principle of Imperial Preference that has found place throughout this Bill. To add to the trouble there is that vicious excise duty which will further undermine the progress of the steel industry in India. I would like to draw the attention of the House and of the Treasury Benches to a Reuter's telegram about India's trade with Belgium. The *Hindustan Times* made the following head-lines: "How India will pay for preference to Britain. Sequel to New Steel Duties. Belgian markets may be lost to this country." The Reuter's statement says:

"It is pointed out that the special Steel Agreement concluded after the Ottawa Agreement practically excluded Belgium from the market for galvanised sheets. The new tariffs increase the preference enjoyed by Great Britain as regards certain steel products, for example, girders and sheets over one-eighth inch in thickness, while maintaining the existing preference for galvanised and corrugated sheets.

It is further pointed out that Belgium has an adverse balance of trade with India amounting to over Rs. 14 million according to trade returns for 1931-32, Belgian imports from India amounting to Rs. 44½ million, while exports were only Rs. 30 millions. Industrial circles are reported to be considering the desirability of purchasing supplies of raw cotton, oil seeds, hemp oil-cakes, jute, rice, zinc ore, etc., which have hitherto been obtained from India from countries treating Belgium more equitably."

This is a Reuter's message and as Reuter is known to be the official news-vendor of the British Government, it must be more than true. Therefore, though I am not discussing here the results of the Ottawa Report, this bit of news has not only alarmed me, but the whole country and the commercial community throughout India that India would lose trade with Belgium worth 44½ millions of rupees simply because Britain has forced Imperial Preference through this Steel Bill. This Imperial

[Mr. B. Das.]

Preference idea has not worked at all. I was rather pleasantly surprised because I hold similar views as contained in the State telegram from Australia. It is a telegram from London about Australia. It says :

“ Commenting on the dispute between Lancashire and Australia in regard to the new Australian cotton duties, the *Melbourne Age*, the chief Australian Protectionist organ, says that Australians are entitled to feel amazement at the resentment roused in other countries by their efforts to stabilize their country's industry, which is vital to their industrial life and their national defence.”

I wish my Honourable friend, Mr. Mody, when he rises to speak, uses similar words. Further the paper observes :

“ Britain has not allowed the Ottawa Agreement to hamper her in her trade bargains with foreigners, while suggesting serious readjustments to the Dominions. Both in Britain and in the Dominions the Ottawa Agreement has been acting as a constant irritant and the Agreement is increasingly being recognised as an egregious blunder.”

Sir, I am also of the opinion that the Ottawa Agreement with India has worked as an egregious blunder with the result that it has perverted the principle of this Steel Protection Bill. Only the other day I was speaking, and I wish to make it clear again that I do recognise that today the world has come to a position when nations throughout the world must control their trade and commerce by means of trade agreements. Unfortunately, India's trade being overshadowed by the idea of Imperial Preference is being controlled by the United Kingdom. I do make a suggestion that if England wants quota of trade in all schemes of protection and if she wants an Indo-British Trade Agreement with India, let it be examined in all its aspects. The Honourable the Commerce Member said the other day that he was not going to consult directly the commercial bodies about this Indo-British trade agreement, but he had no doubt that he would be in a position to know the views of the commercial community in this matter. Probably, my Honourable friend, the Commerce Member, wants the back-door negotiations through my Honourable friend, Mr. Mody, or through the representatives of the European Group here, or through some other invisible channel. But I would ask him to be fair to the country at large. Let the Government of India issue a communique to the country saying that they are negotiating such and such trade conventions basing the same under the principles of the Ottawa Agreement. Let them also say that they do desire to bring in the protected industries under that Agreement as already conceded through Indo-Japanese Agreement. And let the Government after issuing that communique ask commercial bodies to let them know their views in the matter. Sir, I would be very reluctant to support such Agreements, but when the protected industries are forcibly brought under the Ottawa preferential system, then it is better to let the whole India know what the results of all these negotiations are going to be. If we are going to lose our trade with European countries, as we will lose trade worth Rs. 44 millions with Belgium and we may also lose greater sums with Germany and other countries, then let us face the whole thing. Then, if the Government of India cannot have the courage to speak out to the British Government, there is the League of Nations. Let us get an economic expert from the League of Nations. Let him arbitrate and find out what will be the trade facilities that India will give to England and what England will give to India. Sir, it is

better to face it fairly and squarely than to face it through the back-door.

Probably my Honourable friend, Mr. Mody, and the owners of the Tata Steel Company are jubilant that they have got something, but five years hence they will sing their own funeral dirge and then they will say: "We wish there was no protection". I do not wish to criticise certain remarks that were made against me by Mr. Anklesaria or the astounding remarks that we heard today from Mr. Muazzam Sahib that the Tatas ordinary shareholders would get or would have got eleven per cent. Sir, Mr. Anklesaria told us the other day that they would have got 46 per cent. I am always very much frightened about the fate of Dr. Dalal's widows at Bombay. I know how the widows of the Parsee community have invested all their savings in the Tatas Steel concern as they had great faith in Jamshedji Tata. I know that the fate of these widows are hanging on the descendants of Jamshedji. These widows, who invested their mite in the Tata Steel Industry, have got no dividend on their ordinary shares for the last five or six years. My surmise is that they will not get any dividend for years to come. They could have got a dividend had there been a real scheme of protection but this is no scheme of protection.

I have written in my Minute of Dissent that there is every possibility of Great Britain dumping steel into India. They will have simply to change their bill of lading, they will bring steel from Belgium and Germany and they will dump it on India and it will pass as British steel and India will have to pay through its nose while the Indian steel concern will continue its chequered career. I do not know what will be my last word on this Bill. On principle I am opposed to it. I would be no party to the excise duty on a protected industry so viciously brought out under the disguise of a protection Bill. The Government ought to have waited till the next Budget Session to consider whether such an excise duty is necessary and is equitable on the steel industry. As this excise duty has been levied, and, further, as no safeguard in the interest of the consumer has been permitted by Government to be introduced by us in the body of the Bill, and, further, as the Bill savours of protection to British steel, my own view is that my vote will be against it if anybody challenges a division.

**Mr. H. P. Mody** (Bombay Millowners' Association : Indian Commerce) : Sir, when I spoke on the motion for reference to a Select Committee I pointed out the various unsatisfactory features of the Bill, some of which I regarded as in the nature of a violation of fundamental principles. I am very glad to be able today to strike a less controversial note. Governments, as we all know, like ordinary mortals suffer from many frailties. They become obstinate at times and arrogate to themselves an omniscience and wisdom which really only belong to the Gods. But when the error of their ways is pointed out to them gently and persistently, they become tolerably reasonable, and that is what has happened in the present case. I congratulate my Honourable friends on the Opposite Benches on the spirit of accommodation they have shown, and on the attitude they have adopted towards the Opposition's criticisms on the original Bill. Sir, we all know of twins—accidents will happen in the best of regulated families—but the Bill before us has the unique distinction of having twin fathers. One of them, Sir, was new to the business and had to be shown how to rear up the infant in the

[Mr. H. P. Mody.]

first critical stages of its existence. (Laughter.) I must say that he has shown himself as very adaptable, and, when I congratulate my Honourable friends opposite, I specially congratulate my Honourable friend, the Finance Member, on the wisdom he has shown in respect of several of our most important contentions. I am sure that his first real 'debut' before the House has been very greatly improved by the consideration he has extended to the Opposition.

Sir, the only fly in the ointment is the excise duty. My Honourable friend, Mr. Gaya Prasad Singh, the other day charged the industry with not having objected to the excise. He charged us with surrender of our objections, because we were getting some concessions. That is not so. I always try and take severely practical views. I do not dash my head against a brick wall (Hear, hear); it may be heroic to do so but I would rather preserve my head. The Irishman put it in his own inimitable way when he said, it was better to be a coward for five minutes than to be a dead man all your life. (Laughter.) Sir, I am not a coward. I am not running away from the fight, I am beating a strategic retreat with all my weapons of offence and defence intact and I promise my Honourable friend opposite that I shall return again and again to the attack, but at my own time and when I find the opportunity more favourable.

I recognise that at this stage of the discussion there is very little to be said, and I am not going to detain the House with any lengthy disquisition on the need for protection for the steel industry, and on the gains which such protection would bring to the country and the industry. I want very briefly to refer to some of the points which have been raised in the course of the discussion. My Honourable friend, Dr. Ziauddin Ahmad, talked of invisible profits. My Honourable friend lives in a mathematical world of his own, and whether it is a Tariff Bill or a Navy Discipline Bill, he can always be depended upon to produce a balance sheet. His balance sheet is altogether wrong. I am afraid he has not understood the scheme outlined in the report. It is just possible that as he had read all the previous seven reports he had forgotten to read the present one. (Laughter.) My Honourable friend, Mr. Muazzam Sahib, raised the question of the dividends paid by the Tatas. I do not know where he got his figures from. The other day, my Honourable friend, Mr. Anklesaria, talked of 1,200 per cent. That sounds somewhat improbable! However, the actual facts are that in the last six years no dividend has been paid on the ordinary and deferred shares, and for the whole period of six years which are covered by the protection which is now to be supplanted by this measure, the return made by the Steel Company to its shareholders on the capital invested in the industry is just 1.83 per cent. on the average. I do not know where the 12 per cent. and 1,200 per cent. come from. My Honourable friend, Mr. Pandya, has been very inquisitive about our next balance sheet. I do not know why he should be so curious about this matter. I can say without revealing any secret that we *may* be able to pay a dividend this year as my friends will see when in its own good time the balance sheet will come out!

**Mr. Vidya Sagar Pandya (Madras : Indian Commerce) :** It is already five months.

**An Honourable Member :** What about ordinary shares ?

**Mr. H. P. Mody :** I might say that there is little possibility of our being able to pay the ordinary shareholders for some time to come.

**An Honourable Member :** What are they putting in the depreciation fund ?

**Mr. H. P. Mody :** The amount that should be properly debited to the depreciation fund in any well-managed concern, and which Government have always insisted upon. I remember, some years ago, when the Company wanted to pay a dividend,—I was not connected with it and so I cannot speak from my own personal knowledge,—Government insisted upon a proper provision for depreciation.

**Mr. Vidya Sagar Pandya :** Any arrears of interest on preference shares ?

**Mr. H. P. Mody :** Yes, there are arrears of as much as Rs. 63 per share on the second preference shares. I advise my Honourable friends to live in hope.

There was another point raised, Sir, and that was by the Leader of the European Group. He wanted to know from me what our attitude was towards the coke industry. Well, Sir, greatly as I sympathise with the point of view of those who have asked my Honourable friend to raise the point, and much, as I appreciate the attitude which he and his friends on the European Benches have adopted towards this Bill, I am afraid I am not in a position to give an answer which they will regard as satisfactory. Sir, scientific developments must take place, and they must displace old methods ; the Tariff Board themselves have commented upon the fact that we are going to have more coke ovens of an improved type, and they have taken that into their calculation of the fair selling prices. In those circumstances it is quite impossible for the Company to continue to buy coke, when it will be in a position, more economically and more efficiently, to manufacture the product on its own, and also to utilise the gases which would be released from such manufacture.

Now, Sir, another point which has been raised and which demands notice is with reference to the question of differential and preferential duties. So far as differential duties are concerned, the case is very simple. Differential duties are essentially based on the interests of the consumer, and, so long as they are genuinely based on that consideration no one can possibly object to them, even though in the result a particular country may stand to benefit considerably. It is when we come to the question of preferential duties that we enter the region of controversy, where it is possible for various points of view to be taken. During the last few weeks, since this Bill was published, I have been sarcastically asked in various quarters how I have liked this latest development of the Ottawa spirit and the spirit of the Indo-Lancashire Pact. Sir, my answer is very plain. I stand exactly where I have stood for the last few years. I feel that in view of the fact that Great Britain and India are the largest customers of each other, and in view of the intimate connection which exists between the two countries, a closer Indo-British co-operation is essential in the interests of both. But there are certain fundamental conditions which have to be satisfied. The parties must be

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at arms' length, they must be absolutely in a position of independence ; the parties must be in a position to safeguard their own interests ; and they must be prepared to show a spirit of accommodation. It is when these conditions are satisfied that I stand for preferential arrangements, whether you call them Imperial Preference or anything else you like. My Honourable friend, Mr. Gaya Prasad Singh, the other day took up an absolutely correct position. He said it was not a question of sentiment with him, it was a question of hard business. I take up the same position. It may be that from my predilections I import a little sentiment into the matter, but if I have anything to do with such an arrangement, I will look first and foremost to the interests of our country, just as my Honourable friend, Mr. Gaya Prasad Singh, and others would be expected to do. It is precisely because I take up this stand that I protested vehemently against the proposal of the Tariff Board, which was embodied in the Bill, to do away with the revenue duties on certain types of British manufacture. I held that that was going far beyond not only the requirements of the case, but the spirit of the arrangements which have prevailed in the last few years ; and it is a matter of peculiar satisfaction to me today to be able to strike a different note altogether, and to recognise that with the removal of our objections, the Bill has become much more acceptable.

Sir, before I conclude, I plead for a more whole-hearted recognition of the needs of national industries like steel, cotton and others ; I plead for a more informed interest and for a changed outlook. What is the scheme of discriminating protection which the Legislature and the country have adopted ? The scheme is based upon several conditions, the foremost of which is that the industry which is to be protected must have certain natural advantages, and must be conducted with a certain measure of efficiency. When that happens, naturally the burden on the consumer, which in the first few years may be considerable, is gradually being lightened and ultimately done away with ; in other words, the industry must be in a position in normal circumstances and faced with normal competition to be able to manufacture just as efficiently and perhaps just as cheaply as any other country. When that happens, Sir, there can be no question of the interests of the consumer. A great deal of loose talk has been heard in the last few years about these interests, generally on the part of people who move about in Rolls-Royces and look very prosperous. Well, Sir, the poor consumer has not got a square deal, because most of the arguments which I have heard about him have been wholly irrelevant. And, Sir, to those who talk of the consumer's interests and of the necessity of modifying or doing away with all protection, I would point out the example of Great Britain, the stronghold of free trade up to within the last few years. What did Great Britain do only very recently with regard to one of its basic industries which was the pioneer of heavy industries throughout the world, namely, the United Kingdom steel industry ? Here is an order issued in 1932 :

" We are satisfied that the maintenance of a prosperous iron and steel industry, in the highest degree of efficiency, is essential to the economic progress of this country, whilst from the point of view of national security it must still be regarded as vital. . . . We accept, therefore, the preliminary proposition that this industry must be adequately protected and protected at once."

That, Sir, is what Great Britain has been doing. We in India, who are still in the infancy of our industrial development, need to do a great deal more, at least in the first few years ; and it is only in proportion as we show our determination to help industrial development in this country that we shall be able to hold our position in the world. Sir, I do not want to harp upon this point. I have had various opportunities of expounding it and probably I shall have a few more. All that I wish to say in conclusion is that it has been a most gratifying experience to me that for the first time there has been a Tariff Bill which has not evoked any adverse criticism, that there has been so much sympathy shown towards a national industry, and so much good will exhibited by every section of the House. Sir, it is very gratifying, I am sure, to the steel company that it should have earned so much sympathy at the hands of every Member of this House ; I can only say that I hope it will continue to serve, more and more efficiently and more and more zealously, if possible, the true interests of the country. (Applause.)

**Mr. A. H. Ghuznavi** (Dacca *cum* Mymensingh : Muhammadan Rural) : Mr. President, the Tata Iron and Steel Company is the embodiment of Indian business foresight and business enterprise. It is a living memorial to one of India's greatest sons. I am, therefore, very glad that this great national asset is to be fostered by granting protection for a further period of seven years. But I must say that I shall be false to my honest convictions if I did not mention certain difficulties and misgivings which I feel on this occasion.

In the course of my speech during the discussion on the motion to refer to the Select Committee the Textile Protection Bill, I stated in March last that no scheme of tariffs should, in my humble opinion, involve any relaxation of the policy of protection introduced for the purpose of fostering that industry. It should not also provoke international ill-will ; but, on the other hand, it should promote friendly economic understandings. I feel that this Bill is unsatisfactory in both these respects. When protection was originally granted, we felt that Tatas would prosper and new Iron and Steel Works would come into existence and that India would be more or less self-contained as regards her iron and steel requirements. We did not want either the British or the continental steel to come to our rescue and that Tatas would supply only a portion of the Indian requirements. We, therefore, feel that the relaxation of protection in favour of England as embodied in this Bill was uncalled for at this present juncture. Coal is another national asset and is of vital concern and interest in the manufacture of steel and pig iron in India : we are, therefore, concerned with their manufacture in India and not in their import from abroad inasmuch as Tatas alone consume 1½ million tons of coal annually. Belgium is already feeling alarmed at the new preferential duties embodied in this Bill. It is pointed out that the special steel agreement concluded after the Ottawa Agreement practically excluded Belgium from the Indian market for galvanised sheets. Now, it is contended that this new tariff will increase the preference already enjoyed by Great Britain as regards steel products, while maintaining the existing preference for the sheets. Industrial circles in Belgium are reported to be considering the desirability of purchasing

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from other countries their supplies of raw cotton, oil seeds, hemp, oil-cakes, rice, zinc ore, etc., which have hitherto been obtained from India. It is also pointed out that Belgium has an adverse balance of trade with India, amounting to over 14 millions of rupees for which the British preference is said to be responsible. The Fiscal Commission report pronounced definitely against disturbances of commercial conditions of this character. It is stated on page 50 :

“ Our conclusions therefore are that in the interests of the consumers generally and particularly the masses of the people, in the interests of agriculture, in the interests of steady industrial progress and for the maintenance of a favourable balance of trade, the policy of protection which we recommend should be applied with discrimination so as to make the inevitable burden on the community as light as is consistent with the due development of industries and to avoid an abrupt disturbance of industrial and commercial conditions.”

Give by all means preference to the British steel. Give it preference in accordance with the Ottawa Agreement and for the benefit of India ; but do not engender commercial hostilities by the exclusion of all other steel. Our foreign trade should not be allowed to be restricted by retaliation and boycott from other countries, as England cannot possibly take all that India will be in a position to export. Some of us have supported the excise duty. We had to support it, because we were told that, unless we supported this excise duty, Government would not be prepared to give this protection which was necessary in the interests of this national industry. We had, therefore, to support it as the lesser of the two evils ; but it has unduly burdened the consumers. What is the use of a promise that it will be taken away at the earliest possible moment ? We have these promises year in and year out ; what was the promise made when the jute tax was imposed during the war ? Has that been taken away even now ? It is still in the budget : we find it going on ; even after the war was over in 1918, we find it still in the budget of 1934. Therefore, instead of the Government saying : “ We shall take it off as soon as possible, a definite promise should have been made that in the course of two or three years or one year—just as it suits the Government—this excise duty will be taken away, and we shall find means to balance our budget by finding revenue from other sources. That has not been said. But here is a promise that they will, at the earliest opportunity, take it away ! I also appeal to the Tatas about the galvanised sheets. I appeal to them to reduce their price as far as possible, because it is a thing which is required by the poor masses for making their huts, not only in Bengal, but in Bihar and other Provinces as well. Another unfortunate omission which I find is about the curtailment of the period of the burden of this protection. The Fiscal Commission at page 49 of their Report definitely lay down :

“ The duration of the burden will also be extended if protection operates to prolong inefficient methods of production.”

I think that they should be given a fixed period in which they should stand on their legs in order that they will no longer require any more protection. That has not been done in this Bill.

Mr. President, there is another danger, the danger of a combination of manufacturers. By combining with other Indian manufacturers,

prices of steel have been raised to the detriment of the consumers, and the Fiscal Commission say on this point at page 47 of their Report :

“ Another undesirable feature which the history of protectionist countries discloses is the tendency towards combinations of manufacturers for the purpose of exploiting the domestic consumer.”

There is, again, the danger of political corruption. May I refer, with your permission, once more to the Report of the Fiscal Commission where they say :

“ Moreover, we think that the system which we propose, whereby the enquiry into the conditions of each industry will be conducted by an impartial body with the utmost publicity, and the conclusions arrived at and the reasons for them will be known to the public when the case of the industry comes before the Legislature, will reduce the opportunities for political corruption to a minimum.”

What is the position that we find? The Tariff Board reports to the Government and the Report is kept by the Government for months and months and years. It does not see the light of day, and what we see is that the Government consider the Report and come before the House with a Bill and then present us with the Tariff Board's Report. That was not the intention, that was not what the Fiscal Commission desired. The Fiscal Commission wanted that the Tariff Board's Report should be published much before the Bill is introduced in this House for public criticism. The Government should take note of the public criticism of the Tariff Board's report, and sufficient time should be given to the public to go into the Report and point out the defects of the Report and place them before the Government before they come in with a Bill on the Report of the Tariff Board. What did we see during the last Delhi Session? The Tariff Board's Report on cotton textiles was in the hands of the Government for more than 18 months, and it was presented to the House with the Textile (Protection) Bill. Even then the evidence was not forthcoming. We did not know whether the conclusions of the Tariff Board were justified or not as the evidence was neither published nor given to us for our consideration to enable us to judge whether the Tariff Board's Report was well-founded or not.

Sir, I, along with my Honourable friends, again offer the firm of Tata's our heartiest good wishes and may the great industry which they have established in India prosper and may it also be the forerunner in India of similar industries to come, so that India may be free from all foreign importations of steel. Sir, I support the Bill.

**Dr. Zisuddin Ahmad** (United Provinces Southern Divisions : Muhammadan Rural) : Sir, we are just on the eve of closing this drama. Mr. Vidya Sagar Pandya pointed out the other day, *miyan bibi hon jab razi, to phir kya karsake Qazi*, and he called me the Qazi. He knows that the object of the Qazi is only to write the protocol, and I am simply just to certify what actually happens in this particular drama.

Yesterday, when I moved my last amendment, the Honourable the Leader of the House pointed out that, out of respect to the unanimous demand of the Leaders of all the Parties, he extended the operation of this Act from September to November. I thank him for the great respect he has shown to the Leaders, but, unfortunately, this is the only occasion during the last four years that such respect was shown. May I ask him, as the Leader of the House, whether he will show the same respect in connection with the amendment of Sir Abdur Rahim on the Army Bill, or will

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he not? I am sure that he will not. I am not going to take up much of the time of the House in arguments as I should like to finish my speech within 20 minutes. I would just like to enumerate my objections without giving reasons, for the reasons have already been given during the second reading of the Bill. The first is that the Government have not placed before us the balance sheet of the Tatas, the evidence before the Tariff Board, or the representations that had been made to the Government, and I doubt very much whether the balance sheet was examined either by the Government or by the Tariff Board. The second is that the Government is rushing through the Bill with precipitous haste. No publicity was given to the Tariff Board's Report and the Provincial Governments were not asked to collect opinions as to the effect of the protection on consumers and small industries, and this is contrary to the recommendations of the Fiscal Commission at page 56. My third complaint is that the six per cent. interest allowed on working capital is rather too high. The Tariff Board in 1930, when the Government was floating their loans at 6½ per cent. recommended only five per cent., but now, in the year of grace 1934, when the Government is floating their loans at three per cent., the rate has been raised from five to six by the Tariff Board. We have thus given them 4½ lakhs extra. My fourth complaint is, and in this case the commercial world will be shocked to hear, that the Government and the Tariff Board have recommended a new form of incidence of profit for the Tatas. The profit is not calculated on the working cost, as usually is the case, but on the capital value of the concern, and they have allowed profit at eight per cent. I thought that a profit of ten per cent. on working cost should have been ample. The profit of eight per cent. capital works out over 40 per cent. on the working cost, and I want to know whether it is justice or it is loot?

Fifthly, depreciation is calculated at too high a figure.

Again, it is mentioned on page 12 of the Report, that during the last six years, out of 400 lakhs given for the depreciation fund, 302 were spent on capital improvement. Now, this capital expenditure and capital improvement will add to the capitalized value of the concern and on the occasion of the next protection we will have to give eight per cent. profit on this new investment. It will be a profit on the profit, which is really a confirmed profit. Then, in calculating the fair selling price, the Tariff Board has also added the freight from Tatanagar to the port, which I have objected, as it is contrary to the recommendation of the Fiscal Commission on page 58, paragraph 105.

The Tariff Board has also added beside this an allowance under the name of sale commission at 2½ per cent. Sir, I have repeatedly said that the sale policy of Tata Steel Company is exceedingly objectionable, not only from the point of view of the consumers but from the point of view of smaller industries and no attempt has been made to control the selling price and the selling system. Here, I just enter slightly into communalism. A Pathan was talking to a Parsi disuading him from joining the Army. He said: "It involved great risk of life. Leave the Army to us and we will defend India and we are really the fittest persons to do it". The Parsi agreed, but he retorted immediately: "In the case of steel, leave the manufacture and distribution to us and you act the part of con-

sumers only. Let us have a division of labour, you do the consuming part and we will do the manufacturing and distributing part."

We accepted the recommendation of the Tariff Board *in toto* except in so far that wherever it was demanded we increased the quantum of protection, as a matter of compromise or as a matter of expediency I have simply to write the 'protocol'. This is a point I do not like to discuss but the fact remains that the quantum of protection was increased by the Select Committee and Government too readily accepted it.

The Tariff Board failed to understand and the Government have followed them—wherever the revenue duty is levied, it increases the quantum of protection and on page 54 they say clearly that no protection was needed, but when they came to the appendix they actually recommended that revenue duty should be added to it. Both the Tariff Board and the Government have failed to understand this particular question. We have seen it in the case of sugar that we did not put down the additional revenue duty but we counterbalanced by levying an excise duty. My friend, Seth Abdoola Haroon, though he may be heavier than Mr. Mody in weight, but has not got the same influence in protecting his sugar as Mr. Mody has got in protecting his steel.

The fair selling price which the Tariff Board has recommended was fixed by a number of considerations but the fair selling price will not in practice be the *de facto* price. This is a point which we emphasized. Mr. Pandya moved an amendment but it was ruled out of order, on the ground that this Bill was not the proper place to fix the price, but I hope that the Government would take the matter up and bring forward, either by executive or by legislative action, measures to enforce that the fair selling price should be the *de facto* price and there should not be a difference between the *de facto* price and the selling price. I appeal once more. This is the last occasion and we are finishing the drama quickly. Steel and all these things will be sold at the price at which the foreign articles will be imported in Bombay after paying the duty, and if you take the difference between the fair selling price, as calculated by the Tariff Board and the price at which the foreign article will be imported in Bombay, then take the difference between the two and multiply by the quantity which the Tata is going to sell, and then you will obtain additional profit of 91 lakhs 60 thousand, and this profit I call the invisible profit, because Government have not taken any action to compel Tata to sell the things at the fair selling price. They will sell at the higher price and difference between the higher price and the fair selling price multiplied by the quantity will be an invisible profit which works out to 91,60,000. In addition to this, there are two other profits which I call the latent profits, and the fourth is, what is called *lubhaw*, that is the extra that we get when we buy any article, something more for grinding the teeth or something over and above. This *lubhaw* is another 18 lakhs. That is in connection with pig iron. The profit of Tatas on pig iron alone will be 18 lakhs. This is a profit which has not been put down anywhere. This is what I call *lubhaw* or fee for grinding the teeth.

As the pig iron was not discussed in detail in the second reading, I just take a few minutes to mention it. I shall be within my time. In 1929 and 1930, we exported 568,000 tons of pig iron and in 1933-34, we exported 377,000. Our capacity to produce pig iron is 15 lakhs a year,

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and the total consumption in India is 650 lakhs, that is less than half. We will have to export the rest. We are, in fact, the dumping country. We dump pig iron on other countries according to the definition of dumping mentioned by the Fiscal Commission on page 77, and dumping means selling at a cheaper rate outside India than the rate at which we sell in the Indian market. The amount of dumping is measured by the difference between export and home prices. And here we find that the manufacturers sell pig iron to outside countries by Rs. 11 per ton cheaper than their sale price in India. The manufacturing cost of the pig iron, according to the report published by Tata themselves, is Rs. 18 per ton and they are selling it to foreign countries at Rs. 38-4-0 per ton and the internal price is Rs. 49-4-0 per ton. The Tariff Board report on pig iron recommended, four years ago, that the duty on pig iron ought to be removed and they very clearly said that if that duty is removed, then the price of pig iron in the market will come down by Rs. five per ton (page 7, Tariff Report on Pig Iron). The Report says :

“ We have been informed that if the duty on pig iron is removed the price of pig iron sold in the bazaar will be reduced by Rs. 5.”

Now, the amount of revenue from import duty derived from pig iron is very very small. Taking the figures of the last three years, the revenue is only Rs. 35,000 per annum. That is the whole of the revenue from pig iron, but the cost of the consumers in India will amount to Rs. 32,50,000 which I obtain by multiplying the quantity consumed in India by Rs. 5. I call this “ bad economy ”. If the Government, for the sake of their Rs. 35,000, are prepared to put a burden on the consumer to the extent of 32½ lakhs, then I call it really bad economy and the time has really now come when we ought to remove this particular duty.

Now, I come to the profit of Tatas. They export 145,000 tons, and their Indian sale is 30 lakhs, which, when worked out, comes to over 18 lakhs, and this I call the *lubhaw*. The overhead charges and profits have already been calculated on other articles. Then with regard to the price of galvanized sheets, I said the last time that we can easily afford to sell it at Rs. 150 a ton, but I think a price of Rs. 160 per ton is plenty enough and, I think, we ought to take some steps so that the galvanized sheets ought not to be sold at a price higher than Rs. 160 per ton.

Now, I come to the two points of my Honourable friend, Mr. Mody. I entirely agree with him that there should be some kind of co-operation between India and England, but unfortunately, though he advocated co-operation, he did not show any kind of co-operation when we came to the discussion of this particular Bill and he insisted that there should be a duty of ten per cent. *ad valorem* on British goods, when this duty was not needed for protective purposes. I ask—is it co-operation or non-co-operation ?

I do not object to discriminating protection. But what I do insist upon is—have differential protection but not to such an extent as to stop all trade with foreign countries. The quantum of discrimination is expressed in astronomical figures which are given in this Bill. The protection is exorbitant, and, I am afraid, it would result in the derangement of our trade with foreign countries.

The next thing is that the period of protection is too long. Instead of seven years, it ought to have been five years. I have given my reasons in the second reading of the Bill. Sir, we have been requesting all the time that whenever any protective measure is passed, the Government should set up a machinery to examine the accounts and the balance sheets of all the Companies to whom protection was given. Now this thing has not been done. There is an additional disadvantage in this case that in other articles there may be internal competition which would keep the price down but in this case there is no internal competition and the Tatas can dictate their prices. Therefore, in the interests of the consumer, Government, I hope, will take some action, so that this particular thing will be attended to.

Sir, now I come to their profit account. I don't say profit, and also accounts, because the column for loss does not exist.

PROFITS.

*Visible.*

Rs. in Lakhs.

1. Saving from interest on working capital estimated at 11 lakhs at 6 p. c. Real rate at 4 p. c. (page 43, Report) .. .. .	4
2. Manufacture profits (page 43) .. .. .	100

*Invisible.*

3. Multiply quantities (page 45) by difference between fair selling <i>f. o. r.</i> Tatanagar (page 45) and duty paid price landed at port (page 54) quantum and duty is given in the Bill .. .. .	91
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*Lubhaw.*

4. Pig iron .. .. .	18
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*Latent.*

5. Profits which no outsider can find out. It includes profit from a number of smaller things manufactured by Company, differential prices when foreign stock may not be available, etc. .. .. .	13
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Total

225

I expected a speech from Mr. Mody in the earlier stages, it might have solved some of the difficulties, but he preferred to have his earlier speeches behind the curtain and preferred to have his last speech at a time when we cannot derive any benefit from his speeches. He leaves the world to draw their own inferences. Sir, the last thing I should say is that I am afraid the drama that we have played this week will be re-played again in 1941 and the protection that we are giving now, I am afraid, will remain perpetual. The same factors with greater force will operate again.

Sir, before I sit down, I will only say that the Tata Company would put a tablet in gold engraving—"to commemorate the generous gift of sixteen crores from the Honourable Sir Joseph Bore, K.C.S.I., K.C.I.E., the greatest patron of the Tata Company". (Hear, hear.) Sir, in another small village, which is known as Murdanagar, there will be small tablet: "Here lies buried the hopes of Indian consumers and of the small industries in iron and steel as the result of the action of our own countrymen. God save us from our friends!" (Loud Applause.)

**Mr. Sitakanta Mahapatra** (Orissa Division : Non-Muhammadan) : Sir, it is extremely regrettable that Government could not see their way to reduce the rate of excise duty per ton of steel even by eight annas. It seems, the whole idea, Sir, is not only to recoup the loss of revenue due to the lowering of the duties, but also to make as much money as possible in order to do away with the five per cent. salary reduction. Spokesmen on behalf of the Tatas have boasted time and again that the Jamshedpur Institute has been thoroughly indianised. The Tariff Board also agreed with this contention. I admit, Sir, that a large number of foreign employes have been replaced by Indians. But that is not Indianisation in full. As I once stated in this House, a great Japanese commercial magnate once said :

"The secret of success in Japan's industrial regeneration lies in the fact that in a concern in Japan the highest-paid employee never receives more than four times the lowest-paid worker."

But what do we find in Tatas ? While one Indian gets Rs. 8,000 a month, another gets eight annas a day ! This is not Indianization in its true sense. The real spirit of Indianization should take account of pay, pension and other conditions of living adaptable to Indian life and Indian environments.

Sir, I will now come to the grievances of Oriyas in Jamshedpur. The condition of Oriyas in Jamshedpur is worse than that of Indians in the Army in India. They are treated like helots and bondsmen in their own soil.

**Mr. Vidya Sagar Pandya** : On a point of order, Sir. Since my amendment was ruled out of order, could this subject about the Oriyas be brought in ?

**Mr. Sitakanta Mahapatra** : In spite of the fact that the house of Tatas have enriched themselves with the hidden wealth of our country, our men are only hewers of wood and drawers of water in Jamshedpur ! I shall read a small passage from a pamphlet recently distributed by a Muhammadan gentleman from Lahore as to what non-Oriyas feel about us :

"It is now to be seen that this Singhbhum district which in reality is an Oriya tract, and the mines of the Steel Company are also located within different Oriya States, but no or few Oriyas are there in the services of the Steel Company. Their absence is a glaring instance of injustice done to the sons of the soil."

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : Tatanagar is not in Orissa—it is in Chota Nagpur.

**Mr. Sitakanta Mahapatra** :

"It is true that the present generation of Oriyas is not enlightened enough to work the gift of God that nature has given to them, by themselves. But the cold fact that the mineral wealth of a Province, when once taken out from it, is gone for ever, has also to be faced. So, why not leave it where it is, till the Oriyas will be able to work it themselves. In every nationalistic book it is pointed out with great eclat that foreigners should not be allowed to exploit the mineral wealth of India, but should leave it where the nature has put it till the sons of the soil will be able to develop it for themselves, and this is economically very true as well. But why not begin charity at home ? Why not let the Oriyas have a hand in the working of the Steel Company ? It may or may not be true that 'the developers of yesterday are the exploiters of today', but the Tata Company at least can encourage the Oriyas to learn how to do the developing, before only blaming the foreigners and the Europeans for doing what they themselves are doing."

Sir, this is what the non-Oriyas speak about us. But I had a talk with the authorities of the Tatas, and I have acquainted them with the grievances of Oriyas at Jamshedpur. I fervently hope that they will henceforth have a soft corner for the sons of the soil in their hearts and our grievances will be removed.

Sir, I take this opportunity to offer my sincere congratulations to the Honourable Sir Joseph Bore on the eve of the passage of a Bill that will give much relief to consumers. Sir, I have done.

**Mr. T. N. Ramakrishna Reddi** (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I cannot join with Mr. Mody in congratulating the Honourable the Commerce Member for getting through this Bill in this House without any amendments whatsoever. My Honourable friend, Mr. Mody, could find only a fly in the ointment, that fly being the excise duty. My Honourable friend is doing more than injustice to himself by comparing the protection given to an ointment. It would have been more appropriate if he had said that he has been given honey with only one fly in it. Sir, it is quite natural that he should feel elated, because he has got a substantial measure of protection for the Tatas iron and steel products in this country as against the continent. On the other hand, we on this side discern a number of flies in the honey, that honey being the protection duty that is given to the Tatas with preferences to British articles. Sir, we find that substantial preferences are given to the British goods as against the Continental goods, and also a large measure of protection has been granted to the Tatas as against the Continental goods. It has been repeatedly said by the Honourable the Commerce Member that they have been guided by the fair selling price arrived at by the Tariff Board. I agree with my Honourable friends, Mr. Ghuznavi and Dr. Ziauddin, when they say that the evidence tendered before the Tariff Board has not been placed before us to judge how the Tariff Board were able to arrive at fair selling prices. On the other hand, we have been told by Dr. Ziauddin Ahmad and Muazzam Sahib that the Tariff Board, in arriving at this fair selling price, has given liberal allowances to the Tatas in the matter of giving 2½ per cent. as sale's commission and allowing large margin for freight disadvantages. Thus, they have raised the fair selling price with the result that the margin of protection against the Continental goods has been much higher. It would thus be impossible for the Continental goods to come into this country after paying high protective duties. Sir, if we had not to depend upon other countries for the disposal of our agricultural products, it would have been a different matter. We cannot sever our connection with other countries because India is an agricultural country and she has to depend upon various countries for getting good prices for her agricultural products. By reason of these protective duties against continental imports we are estranging their sympathies and their feelings against us and it is but natural that they would try to retaliate against us and would try to purchase agricultural products, if it is possible, from other countries which are dealing with them on more favourable terms. Sir, our connections with other countries are not insignificant and we cannot depend upon one country, namely, the United Kingdom, for the disposal of our products. I find that the average percentage of our exports up to 1930-31 to various countries was as follows : United Kingdom 22.7 per cent., United States of America 11.5 per cent., Japan 9.7 per cent., Germany 9.3 per cent., France 5.1 per

[Mr. T. N. Ramakrishna Reddi.]

cent. and so on. Thus, it will be seen that we are sending to United States and Japan as much of our products as we are sending to the United Kingdom, and, therefore, it will be disastrous for India if we estranged the sympathies of these foreign countries. Sir, we have already seen how the high tariff duties on textiles have affected Japan and how Japan had retaliated by boycotting Indian cotton ; so much so, that we had to enter into trade agreements with Japan in order to sell a fair quota of our raw cotton to that country. It is true that under the Ottawa Agreement we have entered into preferential agreements with the United Kingdom in the case of a number of goods. But there is the justification that India has got as a *quid pro quo* preferences with regard to some of her agricultural products. But how these Ottawa Agreements have worked are still a matter for consideration by this House. We have got the report of Dr. Meek on the working of these Agreements. We find from that report that there has not been any great development in our agricultural production as a result of these Agreements. I can here quote the opinion of the Bombay Chamber of Commerce which we received here only today saying that it is not beneficial in the interests of India. This is what they say :

“ In entering into this agreement India has risked a good deal of her foreign custom and it is apprehended that by the continuance of this Agreement a great deal of harm may be done to India's trade with foreign countries.”

**The Honourable Sir Frank Noyce** (Member for Industries and Labour) : May I ask if that is the opinion of the Bombay Chamber of Commerce ?

**Sir Cowasji Jehangir** (Bombay City : Non-Muhammadian Urban) : It is the opinion of the Indian Merchants' Chamber.

**Mr. T. N. Ramakrishna Reddi** : I am sorry for the mistake. It is the opinion of the Indian Merchants' Chamber. In addition to preferences given to British goods under the Ottawa Agreement, if we give preference with regard to steel goods to the United Kingdom, then it will certainly tell upon our foreign trade. I do not want to quote how the Belgian Chamber of Commerce have viewed it as my Honourable friend, Mr. Das, has already quoted it *in extenso*. The Belgian Government are trying to get their requirements of raw goods from other countries which have been treating them with better consideration. From the Tariff Board report we find that the National Federation of Iron and Steel Manufacturers are desirous of entering into an agreement with the Indian Government so that they might divide the Indian market between the United Kingdom and India. This is what they say :

“ While the Federation recognises that the Indian industry should have the first claim on the Indian market to the extent of the whole of its output, they propose that the balance of the Indian market for both tested and untested steel should be supplied by the steel industry in the United Kingdom at prices corresponding to the fair selling prices fixed for the Indian industry.”

Sir, I feel a grave suspicion that the Government of India might enter into such relationship with the United Kingdom because the Tariff Board have stated on page 70 :

“ The stability of British steel prices in India during the past few years as compared with Continental prices strengthens the suggestion that there is greater certainty of stability of prices being maintained by agreement with the steel industry in the United Kingdom than with that of other countries.”

On the assurance of the Tariff Board, the Indian Government might enter into a preferential agreement with the United Kingdom. Sir, I give the Government a note of warning that if such a contingency occurs, if we exclude the foreign countries' trade with India, then it will spell great disaster to the interests of India. The Tariff Board has also suggested that we should enter into trade agreement with other countries. We have already frittered away our bargaining power on almost all the articles and no more bargaining power is left to us. The foreign countries are also not very anxious to enter into trade agreement with India, because, at any moment India might give notice of termination of such agreements if they do not work favourably, not to India, but to the United Kingdom, that is, if, as a result of such agreements, the United Kingdom goods are excluded from the Indian market. Hence I warn that Government should not enter into any more trade relations with the United Kingdom and give more preferences than we have already given. Sufficient unto the day is the evil thereof.

**The Honourable Sir Joseph Bhore** (Member for Commerce and Railways) : Sir, I am conscious of many shortcomings and one of which I am most conscious, is my incapacity to repeat over and over again what I have once said, in spite of the fact that I have been a humble disciple sitting at the feet of my Honourable friend, Dr. Ziauddin Ahmad, for so many years. Debates on the third reading are, as a rule, merely a repetition and a rehash of what has gone before, and I venture to submit that the present debate is no exception to the general rule. I venture to suggest that nothing has emerged during this last stage of the Bill to call for any special comment from me, nothing indeed which is new in itself or which involves a new outlook upon matters which may not in themselves be new. My Honourable friend, Mr. Vidya Sagar Pandya, at the commencement of a somewhat lengthy speech, made it quite clear that while his body was here, his mind was in his constituency.

**Mr. Vidya Sagar Pandya** : I am not standing for election.

**The Honourable Sir Joseph Bhore** : That, Sir, explains the speech which my Honourable friend made.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran : Non-Muhamadan) : He says he is not standing at all.

**The Honourable Sir Joseph Bhore** : Having regard to this very honest, if somewhat pathetic, confession, I do not think it will be fair for me to be hard upon him, but I would draw the attention of the House to something very significant in what he said. After spending something like half an hour in eulogising my Honourable friend, Mr. Das, on his Minute of Dissent and then commending to the House the abstruse calculations of my Honourable friend, Dr. Ziauddin Ahmad, he suddenly said : " I am prepared to accept the fair selling prices found by the Tariff Board ".

**Mr. Vidya Sagar Pandya** : But not more.

**The Honourable Sir Joseph Bhore** : When you accept that, you remove all possibility of any serious criticism. I say serious criticism and by serious criticism I mean criticism which is a challenge of the facts and figures upon which the whole scheme of protection has been built. I say that that scheme, speaking generally, is almost inevitable with the data

[Sir Joseph Bhole.]

before us and it is proof against anything but the wildest generalisations and the most vacuous charges, generalisations such as my Honourable friend, Mr. Das, has indulged in. These generalisations may be all very well when you are fighting an election campaign on political grounds. They ill befit those who profess to be considering a serious tariff problem connected with protection to a great industry in this country.

**Mr. B. Das :** The Indo-British Trade Agreement is vital to us. It is not an electioneering stunt.

**The Honourable Sir Joseph Bhole :** One of my Honourable friends opposite made a statement, the other day, which interested me very greatly. It came, if I remember rightly, from the front bench of the Opposition. The gentleman who was responsible for the expression of this view said that he would prefer to see the same duty imposed on all imports from outside and a special additional duty to counteract any attempt at dumping by Continental competitors. Personally, I do not see any great difference between this procedure and the line adopted by the Tariff Board, so far as the ultimate results are concerned. They both depend upon a recognition of the fact that there must be a special rate of duty against uneconomical competitors, and, secondly, that a dead level of duties is, in existing circumstances, impracticable. Now, Sir, I have nothing further to add to what I have already said in regard to the proviso to which my Honourable friends, Mr. Neogy and Mr. B. Das, took exception, but let me repeat my arguments. I said that this proviso has been in existence for seven years. It was accepted by an extremely critical Assembly and it is extremely unlikely that there will be any necessity to invoke its provisions in actual practice while its elimination at this stage would be interpreted as a totally unnecessary and uncalled for attack upon the United Kingdom. Then, Sir, a certain amount of perturbation has been expressed at the possible consequences of the effect of the duties embodied in this Bill upon our Continental trade. In connection with that let me make two points. The first and the outstanding point is this that with the exception of one or two individual items, we are at the present moment suggesting an all round reduction of duties. I have referred on a previous occasion to that reduction, but lest Honourable Members have not realised the full extent of those reductions, let me give to them a few typical instances. On Continental untested bars the reduction will approximately be from Rs. 46½ to Rs. 39, on Continental plates from Rs. 45 to 25, on Continental black sheets from Rs. 73½ to Rs. 32 and on Continental galvanized sheets from Rs. 83 to Rs. 40. This is a very important point to bear in mind. The other point on which I would like to lay emphasis is one on which I have already laid some stress in one of the speeches that I have made in connection with the Iron and Steel Bill. As it is a subject which does arouse a certain amount of apprehension in the minds of certain Honourable Members in this House, let me repeat what I have said. I said that I frankly admit the necessity for seeing that the Continental importer is not unduly or improperly penalised. I am not one with those who point out the danger inherent in an unfair handicap on Continental products, but I would draw attention to the pregnant observations of the Tariff Board on the question of Continental competition. When Continental

price becomes stable and economic there is nothing to prevent us utilising our powers under clause 2 to bring the duties into line with such modifications of prices.

Sir, we have now come to the end of our labours. There is, I venture to think, little difference of opinion here in regard to the necessity for protection; I venture to think there is no serious difference in regard to the amount of protection. There may be small divergences among some of us in regard to certain individual items, but I venture to think that it is the view of the House as a whole that the scheme of protection embodied in this measure is a fair compromise and holds the balance fairly, as I have said, between the industry and the consumer. I trust, Sir, that the House will join with me in the hope that on the expiry of the period for which we are now granting protection, the Tata Iron and Steel Company will have established itself firmly on the only foundation upon which it can establish itself firmly, namely, the foundation of efficiency. And I do venture to express the further hope that it will look to its duty and not so much to its dividends and that it will treat national claims and national interests in a spirit of fairness and not in a spirit of personal and selfish gain. Sir, I ask the House to pass this Bill without division. (Applause.)

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

“ That the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, as amended by the Select Committee, be passed.”

The motion was adopted.

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### THE INDIAN TARIFF BILL.

**The Honourable Sir Nripendra Sircar** (Law Member) : Sir, I move for leave to introduce a Bill to consolidate the law relating to customs duties. In one sentence I may inform the House that it really puts together the different duties which have now got to be found in various amending Acts, as for extension, and so on.

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

“ That leave be granted to introduce a Bill to consolidate the law relating to customs duties.”

The motion was adopted.

**The Honourable Sir Nripendra Sircar** : Sir, I introduce the Bill.

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

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

## DEMANDS FOR SUPPLEMENTARY GRANTS.

### RAILWAYS.

#### NEW CONSTRUCTION.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will take up the supplementary demands in respect of Railways first.

**Mr. P. R. Rau** (Financial Commissioner, Railways) : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of ‘ New Construction ’.”

It is somewhat unusual for us to place supplementary demand for new railway construction in the autumn Session of this House. The reasons for it were explained, however, in the Honourable the Railway Member's Budget speech. At the time the Budget was prepared, none of the projects, which we had under consideration, had been fully examined. The Honourable the Railway Member said in his Budget speech :

“ If we find that these projects are likely to be remunerative under present conditions of cheap money and low prices of material and desire to start construction during the next working season, we shall take steps to place our proposals before the Standing Finance Committee for Railways and ask the Assembly for the requisite additional grant.”

The demand that I am now placing before the House is for the construction of a line in Sind in the area opened up by the Lloyd Barrage. It has been found after examination that on a conservative estimate the line will bring us a return of six per cent. on the capital outlay. The Standing Finance Committee for Railways has approved of these proposals and as it is desired that this line should be constructed and opened before the crops are ready next season, the matter is of urgency, and, therefore, we have considered it necessary to ask the House to vote the requisite funds to enable us to start construction at once. I move that this supplementary sum be granted.

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

“ That a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of ‘ New Construction ’.”

There are two amendments, one of Mr. Maswood Ahmad and the other of Seth Haji Abdoola Haroon, to reduce it by Rs. 100. The Chair would say that token cuts for discussion of policy cannot be permitted on Supplementary Demands for Grants.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : I wish, Sir, to say that I do not want to move my motion. I want to oppose the whole demand.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The Honourable Member can speak on it.

**Mr. M. Maswood Ahmad** : First of all, Sir, I wish to draw your attention to the fact that the papers were supplied to us very late

only yesterday we got the papers in connection with these supplementary grants, and, I think, we on this side of the House have a legitimate grievance in this connection that papers are supplied to us so late. If you will see the press marks and other records, you will find that these papers were ready long before ; but I cannot understand why Government decided to supply these papers to us so late.

Now, to come to the merits of the case : in the very beginning, I want to make it clear that I am opposed to this demand totally. In my opinion, this demand is not justified at present. The expenditure which Government intend incurring for this project is entirely unnecessary. You will see, Sir, that this is a project to connect Jhudo and Pithoro—I am sorry if I do not pronounce these words correctly, because I am not well acquainted with Sindhi words. They say in the memorandum :

“ The construction of the Jhudo-Pithoro Railway is, therefore, proposed. This line will pass through the Talukas of Samaro, Umarnkot and Digri in the district of Thar Parkar in Sind.”

If you will see the map and time table, you will find that there is already a metre gauge line from Mirpur Khas to Jhudo : so that area has already got a line on the map. Further, you will find that this proposed metre gauge line is to open up the area between Umarnkot and Digri also. I find on the map a station called Digri already existing. So there is absolutely no necessity for having this new line and for spending such a large amount. The area of Digri has already got a station and a railway line passes through it. Further, if we see what the distance is between Mirpur Khas and Pithoro, we find that the distance between these two places is only 22 miles. So the proposed line will make the system there a triangular one ; Jhudo will be the apex of the triangle ; Mirpur Khas will be one corner and Pithoro will be another corner, and the distance between these two corners or of the base will be only 22 miles. The distance between these lines will diminish gradually till it will become zero at Jhudo. So, spending such a large amount of money on this project, I do not understand how Government can be justified. Further, you will see that the arguments are totally inadequate. They say :

“ The gross-earnings of the new branch five years after opening are estimated at 2.76 lakhs ; and additional earnings to the Jodhpur-Hyderabad Railway (British section), after allowing for loss to existing lines by short circuiting and reductions in the rate structure on the Mirpur Khas-Jhudo Branch necessitated by this construction, are expected to amount to 46 lakhs....”

**Mr. P. E. Rau :** 46 lakhs.

**Mr. M. Maswood Ahmad :** Yes, 46 lakhs or Rs. 46,000.

“ The total additional working expenses to the Jodhpur-Hyderabad Railway, calculated according to the present contract with the Jodhpur Durbar, are likely to amount to 2.31 lakhs. The net earnings will thus be .91 lakhs.”

Sir, if you will calculate this Rs. 46,000 and Rs. 91,000 and Rs. 2,31,000, I cannot understand how any mathematician can work it out to Rs. 2,76,000. I ask my Honourable friend, the Financial Commissioner, to add these three sums and make it Rs. 2,76,000. ....

**Mr. P. E. Rau :** Why should I add those sums ?

**Mr. M. Maswood Ahmad :** 46,000, 2,31,000 and 91,000—when added up, these come to 3,68,000.

[Mr. M. Maswood Ahmad.]

Then, Sir, they expect some more income on the section between Mirpur Khas and Hyderabad, and that it will be a gain to the North Western Railway. The general rule is that the goods go by the shortest route. I do not know as to why the goods will go to Pithoro first, and then from Pithoro to Mirpur Khas, and then from Mirpur Khas to Karachi, because there is already a line between Judho and Mirpur Khas, and there is no necessity for sending goods from Judho to Pithoro. Further, there is a discrepancy in the figures on pages 2 and 3, and I warn the Government that they will not make this amount of profit which they have calculated. Six per cent. profit will never be earned. You always find that the estimates are found to be incorrect and in some cases the actual cost has been three, four or ten times more than the original estimate. I am not going to quote instances, but they are well known to the Honourable Member in charge of the Railways and the Honourable the Financial Commissioner. They cannot show even one or two cases in which they have spent less than the estimates and they have got the estimated profit. In 99 cases out 100, they have always spent more money than their estimates, and they are losing. So many lines have been opened in this country. They gave us certain figures that there would be so much profit, but the result was that where they estimated six per cent. return, they have not got even two per cent. The reason is, they open lines in those areas where they do not require to be opened up, and neglect those areas which require to be opened up. It all depends upon the whims of the engineers. Whenever we suggest any project, they always say it is unworkable, there is this trouble, that trouble, and so on. But whenever any projects are brought up by the engineers themselves, the Government always accept them without question. When, on previous occasions, the engineers had estimated a return of seven per cent. and the actual yield was only two per cent. and in some cases there was a loss, did the Government ask the engineers as to why this result had been produced?

On page 3 of the report of the Standing Finance Committee for Railways, ten items are mentioned, but they have not provided for electric and telegraphic charges on this line. May I ask, are you going to open this line without having any telegraphic poles or without any telegraphic connection on this line? Certainly not. (Laughter.) Is it in your brain, or is it in confidential files, or what? (Laughter.) We only go by the memorandum supplied to us, and in this memorandum there is no provision for telegraphic and electric charges. (Hear, hear.) Again, you have not provided a single pie for rolling stock. You may say that you will use the rolling stock which you have already got, but you do not provide for the depreciation of the rolling stock which you will use on this line. This is the way in which the whole estimate is prepared.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran : Non-Muhammadan) : The Honourable Member, Mr. Rau, has not explained it even in his speech.

**Mr. M. Maswood Ahmad** : Now, you will see that this line is running not even parallel, but rather it goes from Judho to Pithoro.

**Seth Haji Abdoola Haroon** (Sind : Muhammadan Rural) : What about Umarkot?

**Mr. M. Maswood Ahmad :** I do not find any station, called Umar-kot, on this map, nor is it in the time table. If there is a private station of that name for my Honourable friend, Mr. Abdoola Haroon, I am not aware of that. (Laughter.)

**Seth Haji Abdoola Haroon :** I may tell my Honourable friend that Umarmkot is a great city where the great Akbar was born.

**Mr. M. Maswood Ahmad :** There are many such places where many big people were born. Instead of having a line from Judho to Pithoro, if we had one connecting Judho with Badin or some such place, there may be some sense, but the opening of this line is absolutely absurd. They are in need of a line connecting Karachi and Hyderabad with Bombay southwards, but it has not been done. There are many important projects in Bihar, like the Taregna-Bihar Line which will connect two light railways and the Patna-Gaya Branch on the East Indian Railway, but they are not being taken on hand. There is no straight route from Patna to Ranchi, the headquarters of the Local Government, and they are not making it possible for the people to go by the shorter route. Even the timing is not connected so that the Patna-Gaya-Gomoh-Barka-Khana-Muri route may be convenient to the public. An express train between Patna and Gaya is urgently required. There are many such schemes pending, but instead of spending the money in a right way, they want to waste the tax-payer's money in this way by starting these unremunerative projects. So, I oppose this supplementary grant, and I recommend that it should be rejected by the House. (Applause.)

**Seth Haji Abdoola Haroon :** Sir, I have heard the speech of my Honourable friend, Mr. Maswood Ahmad. I have supported him on many occasions, but I regret to say I am unable to support him now.

**Mr. Lalchand Navarai (Sind : Non-Muhammadan Rural) :** When he is wholly in the dark, how can you support him ?

**Seth Haji Abdoola Haroon :** I may tell my Honourable friend, Mr. Maswood Ahmad, that this project has been demanded by the people of Sind for a long time. Besides, my Honourable friend is mistaken about the Judho-Pithoro Railway. He thinks that a railway connection is already there, and, therefore, he asks, why they are building this new railway ? My friend has seen the map, but then I ask him whether he has considered Umarmkot also. Then he will revise his opinion. I cannot give a proper explanation of this thing, but, taking for instance, that Judho is where the Honourable the Railway Member is sitting and Pithoro is where I am, then Umarmkot is there (pointing at some distance). I hope my friend will understand it properly now. Unfortunately there is no plan here, but I trust my friend has read the memorandum by the Railway Board. There it is said :

" It had become apparent, as far back as 1925, that on completion of the Lloyd Barrage Project, the existing railway communications in Sind would be found inadequate to handle the increased volume of agricultural produce and that the provision of further railway communications in this part of the country would become a necessity."

My friend, Mr. Maswood Ahmad, does not know what has happened in Sind. Of course he can suggest Ranchi to Patna and many other lines, but at present the Government of India have made a loan to the Provincial Government of 25 crores of rupees to build the Sukkar Barrage and that Barrage has already been completed, and, in this tract

[Seth Haji Abdoola Haroon.]

of land, the produce such as wheat and cotton and many other things cannot be marketed. The Sind Administration Committee, which was appointed by the Government of India, strongly urge that this railway should be built and also other roads. These places are far away from the marketing centres. They are bringing their produce on camel backs at a cost of four to six annas per maund, from the field to the market. The wheat price is nearly Rs. 2 and it will be impossible to market them if four to six annas a maund is also to be paid. This suggestion is a good one from the financial point of view, and besides that the Bombay Government have spent large sums of money on the barrage and they can get it back immediately. If this railway is not built, then the barrage cannot do any sort of good to this area.

**Mr. M. Maswood Ahmad :** Are you aware what would be the distance between the two lines ? In some places it is less than two miles and in some places it is less than ten miles.

**Seth Haji Abdoola Haroon :** My Honourable friend does not know that after the barrage was built, all these lands are under cultivation, and unless there is a communication between Judho and Pithoro, it will be impossible to bring the produce. There is not a single road. Unless my friend comes there and sees with his own eyes, he will not be convinced. If my friend will come to all these places, I can show him those places and then he will be convinced.

**Mr. M. Maswood Ahmad :** Will you pay my expenses ?

**Seth Haji Abdoola Haroon :** If my friend will agree to come, I will gladly pay all the expenses.

**Mr. M. Maswood Ahmad :** Then many Members will oppose this construction.

**Seth Haji Abdoola Haroon :** I agree with my friend on the question of the Sind-Bombay connection.

**Mr. M. Maswood Ahmad :** Spend this money for this purpose.

**Seth Haji Abdoola Haroon :** Sir, there is a difference of opinion about the Sind-Bombay connection. The Indian side wants it badly and the European side do not consider that this will give any benefit. With these words, I support the motion, and I hope that my friend, after hearing what I have said, will withdraw his opposition.

**Mr. Lalchand Navalrai :** I do not propose to vex my friend, Mr. Maswood Ahmad, on this question, but I must tell him that he has spoken without his cards. If he will excuse my saying so, he has shown great ignorance of the part of the country in question. When he was in the enthusiasm for asking for railways in Bihar and other places, he was forgetting himself. I thought he had absolutely no justification for his remarks without having visited the spot or acquainting himself with the plans and estimates that have been prepared.

**Mr. M. Maswood Ahmad :** I have got a plan here.

**Mr. Lalchand Navalrai :** I understand that is not complete. If you had seen the plan that has been actually prepared for this purpose, you would not have spoken a word. With the establishment of a barrage in Sind, it cannot possibly be pleaded that

the barrage will be successful without roads and communications. Before the barrage was constructed, we had certain railways, but they were not intended for the purpose of helping the easy conveyance of agricultural produce. With the coming into existence of this barrage, barren tracts have also come under cultivation. To say now that no roads and communications are necessary is an absurd proposition. With regard to this Jhudo-Pithoro Railway which they are going to build, is it my friend's contention that the Railway Board are groping in the dark and they build any railway that is asked for? That is not so. A regular scheme has been laid down, and by that not only will there be this railway, but there will be a lot of other feeder railways; these have to be built if the barrage scheme is to be fructified; and so far as this proposed railway is concerned, the proposal has not only been put before this House by merely assuming that this railway is necessary, and, therefore, sanction should be given, but plans and estimates were prepared, and it was, I think, the wish of the people of the locality who wanted it; they were not blind, they know the locality, they knew how far the existing railways were helping them, and it was not that the local authorities, who joined hands with the public in having this railway created were not competent to express a considered opinion on that point. Then, when the question came up, a Committee was appointed in Sind under the Chairmanship of the Commissioner of Sind to consider these projects and they considered them as well as many others and they came to the conclusion that this railway should be constructed. Now, I ask—is it the case that all these considerations should be washed out? Well, Sir, my friend should know that we on this side personally know these places and we are of opinion that this railway is a very necessary one.

Now, the first point he took was that there is already a line from Mirpur Khas. Samaro is actually on the other side, completely on the other side, and Jhudo is in the other direction and Mirpur Khas on the third side. Now, I may tell my Honourable friend that the main railway is the Jodhpur-Bikaner Railway which starts from Hyderabad, passes Mirpur Khas and goes, I believe, from east to west in a direct line. Now, that line does not serve the purposes of the barrage system at all. There is another branch line from Mirpur Khas to Jhudo, I believe on the southern side which is working, but not to support the barrage, and it does not pass through the barrage area. The barrage area is on this opposite side. It is, therefore, very necessary that a railway should be constructed through the barrage area, so that there should be conveniences afforded to the people for taking their produce within easy distance to the railway stations. My friend said the distance between the two lines is 22 miles. May I tell him that at places it may be even little less; the answer of the railway is, as I know, that they can ordinarily build the line at a distance of fifteen miles, but, on account of this barrage, it becomes necessary even to construct the railway at a shorter distance, because the purpose now is a peculiar one. Now, I may inform the House that the people of Samaro Taluka do want this railway and they have been consulted with regard to this, though I would say they have one grievance, and I may draw the attention of the Honourable the Financial Commissioner to this question. It is that, the railway that is now going to be built does not pass from the town of Samaro, does not touch the town of Samaro, and also two other towns

[Mr. Lalchand Navalrai.]

beyond Samaro, whereas it is at present proposed to pass at about four or five miles away and the people of Samaro—because Samaro is a taluq station where there is a Magistrate, Government offices and there are commercial people—do want that there should be a station at Samaro itself, not four or five miles away, and they say that if the railway is going to be made at four or five miles away, then it will not be popular, because it is necessary that there should be ginning factories and other conveniences for the people of the barrage. If you are going to have a station in a barren place, these ginning factories will not be established there. Therefore, I am informing the House that this railway, if it does not touch Samaro, or the other village, will not be popular and profitable.

**Mr. P. R. Rau :** May I know what that other village is ?

**Mr. Lalchand Navalrai :** I forget what it is.

**Mr. P. R. Rau :** Is it Nabisar ?

**Mr. Lalchand Navalrai :** Yes. (Laughter.) I know I put this matter before the Chief Commissioner of Railways, and, therefore, my Honourable friend has been posted with all these facts and names. Sir, the people of Samaro and Nabisar are very anxious. They went on a deputation, but I am sorry that that deputation was not received by the Commissioner in Sind. I represented this matter to the Railway Board and the people of Samaro are even now ready to go on a deputation to the Railway Board, but I am giving some consolation in this way. I am told that this question is still under consideration and that the papers have been sent to the Bombay Government to consider this point, and I was also advised to send the memorial of these people to the Bombay Government and that point is being considered. Therefore, I hope the Railway Board will stick to their own policy. That policy is to make the railways touch the towns as much as possible, and if this town of Samaro is not touched, then there will be a great difficulty. With regard to this, I will also say that this line actually passes through the barrage area. The Railway Board has laid down the rule that an important town must be touched. So I submit that this point should be considered carefully by the railway authorities as well as by local authorities. I do not like to forget to say one thing, *viz.*, that Mr. Stubbs was specially appointed to go into this question, and he was also of the opinion that this railway should be made, but I have a feeling that the Agent of the Jodhpur-Bikaner Railway, who has been given the contract, or rather the Jodhpur Durbar which has been given the contract to build this railway, is inclined to stick to the point of not making a station at Samaro. I have explained personally to him that public opinion is very strong on that point, and I hope the Railway Board will consider this point and thus have stations at these places. Beyond that, I have nothing to say, and, with this reservation, I give my wholehearted support to this demand.

**Mr. B. V. Jadhav** (Bombay Central Division : Non-Muhammadan Rural) : Sir, two Members from Sind have given their votes ; they are entirely in favour of the construction of the railway. My Honourable friend, Mr. Maswood Ahmad, has opposed it. It is well known that my friend devotes a good deal of his time to the study of railway questions.

and his opposition need not be thoughtlessly brushed aside. He has pleaded for a railway in Bihar also while my friend, who just sat down, is pleading for more railways in Sind. As a matter of fact, Sind does require railways. The road material there is not plentiful and the construction of ordinary roads is very costly and it is more costly to keep those roads in repair. Therefore a railway line there is a necessity. There is no doubt about that. But the point raised by my Honourable friend Mr. Maswood Ahmad was that there is already a railway line between Mirpurkhas and Jhudo and this new branch is intended to connect Jhudo with Pithoro, which is nearly 22 miles from Mirpurkhas. So, Sir, if the new line is constructed, it will complete a triangle which will be very very narrow. At its base it will be about 22 miles and the distance between the two lines will gradually diminish until it becomes zero at Jhudo. So, on the face of it, the scheme requires more examination. There are other tracts within the Barrage area where railways are more urgently needed.

I would place another point of view before the House. There is at present a line between Jhudo and Mirpurkhas. That line is in the map and is known as Jodhpur-Bikaner railway. I am under the impression that it was constructed by the Jodhpur Darbar, but I am not quite certain about this.

**Mr. M. Maswood Ahmad :** It is a British section.

**Mr. B. V. Jadhav :** May I ask the Financial Commissioner, Railways, to correct me ?

**Mr. P. R. Rau :** The line between Mirpurkhas and Jhudo was originally constructed by a private company and was bought by Government two or three years ago.

**Mr. B. V. Jadhav :** So, now it is a British line, but was not first constructed by the Government.

**Mr. P. R. Rau :** No, it was not constructed by Government.

**Mr. B. V. Jadhav :** I want to know, if this line is so very paying and is likely to bring in about six per cent. within five years, why has not any company come forward to construct it and the Government have to put their hands in their pockets to find the money to construct it ? This sum of 15 lakhs is a thin end of the wedge. When the line is constructed, it will be found that the cost was much more, and when the line is worked, it will earn much less. That has been the experience all over the country. I know that a line near Bombay was constructed which was about five or six miles long at a cost of over a crore of rupees and the line ultimately had to be dismantled. I know, Sir, that the Sukkur-Barrage is going to give water to more acres of land in Sind than that Province obtained before, but that does not mean that lines will be required at such short distances as 20 or 22 miles from one another. There are so many other places where railway lines are more urgently needed than in this area.

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : What is the dividend earned by the present railway line ?

**Mr. B. V. Jadhav :** I do not know what dividend Government are getting on the Mirpurkhas-Jhudo line, and it is certain that the construction of this new line will divert some of the traffic from the existing

[Mr. B. V. Jadhav.]

branch, and, therefore, its earnings are likely to fall down. My impression is that this line is not making more than three or four per cent.

**Mr. M. Maswood Ahmad** : Rather less.

**Mr. P. E. Rau** : Has my Honourable friend any reasons for holding that impression ?

**Mr. B. V. Jadhav** : I am asking for facts from the Financial Commissioner for Railways.

**Mr. P. E. Rau** : When my Honourable friend says that it is not likely to earn more than three or four per cent., I assume that he has read the history of Indian Railways and has made himself familiar with the returns of the Railways.

**Mr. B. V. Jadhav** : I would be much obliged if the Financial Commissioner for Railways will give me the accurate figure.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Order, order. He will refer to it in the course of his speech.

**Mr. B. V. Jadhav** : At present the Financial Commissioner for Railways is not in a position to supply the figures. Then all I can say is that if he thinks that my impression is not well-founded, I am ready to withdraw it. But at present I do not know what the earnings of the Mirpurkhas-Jhudo line are and it is certain that when the new line is constructed, those earnings are likely to fall down.

**Seth Haji Abdoola Haroon** : I am a shareholder of that line, and last year we got 4½ per cent. I may inform my Honourable friend that since the completion of the Barrage, the income is going up every year.

**Mr. B. V. Jadhav** : I am very glad to hear that. I do want Sind to prosper, and, along with that, my Honourable friend, Seth Haji Abdoola Haroon.

**Mr. S. C. Mitra** : Seth Haji Abdoola Haroon says that it is a private company and the Government Member says that it is a Government line.

**Mr. B. V. Jadhav** : Government themselves will have to explain that. Sir, I do not know whether I should oppose or support this measure, but as I am not sure about the earnings, therefore, I cannot support it. It is quite useless to oppose, because the Government are bent upon making this line.

**Mr. Gaya Prasad Singh** : Sir, I do not want to make a speech, nor do I want to oppose this motion. I should like to have some information on one or two points which arise out of the proceedings of the Standing Finance Committee for Railways. I understand that this railway line is going to be constructed in order to facilitate the movement of agricultural produce which is likely to increase as a result of the completion of the Sukkur-Barrage scheme. This is all right, and I do not want to say anything about it. But there are one or two other points on which I should like to have some information. It is proposed under the present system to construct the line on metre gauge system and later on to convert it into a standard gauge. I read the following in the

proceedings of the Standing Finance Committee for Railways, dated the 13th August, 1934 :

“ The line is proposed to be built in the first instance on the metre gauge as the present traffic conditions will not justify its construction on the broad gauge. As, however, the volume of traffic is likely to increase very considerably in the future due to anticipated development of the country resulting from the intensive irrigation of Sind, the line is proposed to be so designed and constructed as to be capable of easy and cheap conversion to broad gauge when that becomes necessary.”

I should like to know whether my Honourable friend, the Financial Commissioner for Railways, has got any idea in his mind as to the cost which will be involved in converting this metre gauge line into a broad gauge line, as I find that there may be some difficulty, and the additional expenditure which will then be needed for the conversion of this line into a broad gauge line may stand at a very high figure. Therefore, I want to know whether it is not possible, if this project is at all necessary, to construct it on a broad gauge system. I want to know the cost of the whole scheme, so that, afterwards, it may not be necessary to scrape the whole line which is at present being built on metre gauge system, and to undertake further expenditure which might exceed any reasonable figure. The other point on which I would like to have some information is that this line is going to be constructed by the Jodhpur Darbar and to be worked also by that Darbar. I should like to know whether the other lines in that part of the country are worked by the Jodhpur Darbar or not, and then see whether those lines were originally constructed by the Jodhpur Darbar and are worked also by that Darbar or whether they were Government lines and were made over for working to the Jodhpur Darbar. I find that after all we have got a lot of railways being worked by States in Kathiawar. I do not want to make any invidious comparison between the lines worked in British India and the lines worked in those Indian States, but I should like to know what is the special point underlying this proposed railway to be constructed by and to be worked by the Jodhpur Darbar or whether it is possible to evolve any scheme by which this railway as well as other sections of railways which are being worked in that part of the country could be taken over by the State. As I am not familiar with that part of the country I want to have information on this point.

Mr. Muhammad Anwar-ul-Azim (Chittagong Division : Muhammadan Rural) : Sir, I shall not delay the House for more than a few minutes, because I feel that really these supplementary grants are becoming an order of the day which is not desirable. The reason why I stand in my seat is to protest, and that very emphatically, against the way in which the Government of India in the Railway Department have been treating the representations of people of the various parts of the country with scant courtesy. From a perusal of the proceedings of the Standing Finance Committee on Railways, you will find that the quorum was only obtained by the presence of four Members, and we here in this House, consisting of over 100 Members, are asked to give our verdict over this expenditure initially started with fifteen lakhs and later on which might go up to crores. I have personally no grouse on the points raised by my Honourable friend, Mr. Maswood Ahmad, but I should like very much to address the Railway Department on this very pertinent question of their railway building policy. As a matter of fact, if this was available in the beginning of February when the Railway

[Mr. Muhammad Anwar-ul-Azim.]

Budget was presented for the consideration of the Assembly, I am certain that Members of this House would have been in a better frame of mind and apply more time than they are able to do now. Some of my Honourable friends have taken objection to the points raised by my Honourable friend, Mr. Maswood Ahmad, but I think his objections are very pertinent, because if the Railway Board feels that a particular area has got to be covered by railway lines I am certain they ought to think of this proposition quietly and considerately and they must be able to allow some time to mature after their decision is shaped. What is the result of hasty railway legislation in this House. You have seen, Mr. President, in the course of last year that we had to pass some measures to help the railways to compete with people who run motor bus service along railway lines. That is not all. Sir, if you scan the other portions, you will find that the railways have come to this Assembly, more often than others, seeking our help and that help has been ungrudgingly given. But it seems to me that there ought to be some limit to this, because I feel that those parts of the country and those tracts of India which are closer to Delhi and Simla are better looked after than other hinterlands in distant places where equally the railways and the Government of India are receiving a large amount of revenue. For example, the part of the country I come from, namely South Eastern Bengal, which is passing through troublesome times. As a matter of fact, as a member of the Local Advisory Committee of the Assam Bengal Railway, I have represented to them whether it will not be a paying concern for them to extend the proposed line up to the borders of Burma, and the only reply that they gave was that the Railway Board was so adamant and that they were not paying any heed to their requests. May I not very pertinently ask the Government of India, when they are spending lakhs of rupees for the defence of Chittagong and the adjacent parts, whether they could not extend the Assam Bengal Railway to the borders of Burma and thus do away with the huge expenditure in the defence of those parts. I can assure you, Mr. President, from my personal experience of that part that once you build the railway line up to the borders of Burma to the Southern part of Chittagong, you will find that the disturbed conditions of those parts will be a thing of the past.

**Mr. A. H. Ghuznavi** (Dacca *cum* Mymensingh : Muhammadan Rural) : Will it put an end to terrorism ?

**Mr. Muhammad Anwar-ul-Azim** : My Honourable friend, Mr. Ghuznavi, has asked me whether, if the railway line is extended to the borders of Burma, terrorism would disappear.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : We are not discussing that subject now.

**Mr. Muhammad Anwar-ul-Azim** : Sir, my personal experience is this that if Government had the wisdom to follow that policy, I can assure my Honourable friend, Mr. Ghuznavi, and the House that we would have lived in much quieter atmosphere. Certain Honourable friends have taken objection as to why Mr. Maswood Ahmad raised all those objections. I am certain that the objections of Mr. Maswood Ahmad are justified on this ground, because as you know, Mr. President,

the Government went to the length of spending several lakhs of rupees in sending special officers for reconnoitring the country where the railway lines could be properly built. I am certain that if they followed the recommendations of Kirkness-Mitchell Committee properly they would not find themselves in this position of bringing this matter for the consideration of this House. At least we know this that the Government of India in consultation with the Punjab Government have been more or less, to put it mildly, gambling with certain Government revenues. What is the story of their loan to the Bahawalpur Darbar ? One would feel very shy to come to a decision as to be able to help in this matter because here who will be the agency, who will be the agency that would work for the Railway Board. It is the Jodhpur Darbar. We are not informed as to the position of that particular State and if their position is different from that of Bahawalpur. All these points are left to be surmised by the Members of the Assembly who are called upon to pass this sum and, I am certain, they can legitimately make these enquiries. They are responsible to the tax-payers. The Railway Board should have proper methods of opening their Railway lines, and not come to the Assembly for help at all times of the year.

**Mr. P. R. Rau :** Sir I was at a loss to understand the fury with which my Honourable friend Mr. Maswood Ahmad attacked this motion of mine till I remembered that unfortunately he failed to catch your eye, Sir, this morning when he wanted to speak on the Steel Protection Bill which was moved by the Honourable the Commerce Member. He suddenly remembered that the Honourable the Commerce Member, who is also the Member in charge of the Railways, was responsible for this motion also, and so he took this opportunity of exercising all his vengeance on him by opposing this motion. (Laughter.) Sir, my Honourable friend has raised various objections to this motion. The first is that he is very doubtful whether any line of railway is really required at all in that part of the country. I am afraid that he has taken this motion of mine to imply an unholy pact between me and my Honourable friend, Mr. Lalchand Navalrai, from Sind, and intended to give a sop to him or a bribe to prevent him from asking supplementary questions and he thought that I am proposing this railway line in his part of the country for this purpose.

**Mr. Lalchand Navalrai :** Bombay and Karachi railway lines should then be built very soon.

**Mr. P. R. Rau :** That was the only explanation I could give for his bringing in the question of railways in Bihar into the discussion because he is the only competitor to Mr. Lalchand Navalrai with regard to supplementary questions. (Laughter.) I need not, I think, labour the point that communications for the purpose of transporting the agricultural products that will come into existence by means of the Lloyd Barrage are essential and necessary. We carefully considered the question whether these communications could be more fitly provided by railways or by roads. As an Honourable Member has already pointed out, roads are a most expensive proposition in that part of the country on account of scarcity of road metal. It was, therefore, considered, and in this we had the unanimous recommendation of not only the railway authorities, but the authorities responsible for the civil government of Sind that a railway line in this area was absolutely essential.

[Mr. P. R. Rau.]

The next point which my Honourable friend raised was as regards the estimates of receipts and of the capital expenditure. In the first place he wanted me to add up all the figures given in a certain paragraph of the memorandum placed before the Standing Finance Committee. I do not know why he wanted me to add up all those figures. He must surely be aware that there are other arithmetical processes than that of addition. If he will not take my word for it, my Honourable friend sitting next to him will tell him that there is such a process as that of subtraction ; and instead of adding all the figures if he adds the figure of gross earnings of the new line which is 2.76 lakhs to the additional earnings to existing lines of .46 lakhs, he will get a total of 3.22 lakhs. Deducting from that the working expenses of 2.31 lakhs, he will get the net earnings of .91 lakhs. Secondly, he pointed out that there were certain discrepancies in the figures of the capital expenditure which we propose to incur on this line and, in particular, he referred to the heading " Electric Telegraphs " against which no amount was shown. Now, Sir, as regards this point, the position is that the Electric Telegraphs will be supplied by the Government Telegraph Department who will charge us rent for it. So it does not have any place in the capital cost of the line. Similarly, with regard to the rolling stock. The rolling stock is provided by the Jodhpur Durbar and the additional expenditure on that account is included in the working expenses of the line and not in the capital cost of construction. Similarly, my Honourable friend talked of depreciation. That also is an item of working expenses and is not included in the capital cost of the line.

Sir, I do not think I need take more time in dealing with the criticisms levelled by my Honourable friend from Bihar on this point. Mr. Lalchand Navalrai raised, I think, certain objections to the alignment of this line. His chief point was that the railway did not pass through the town of Samaro. As regards that, he had, I believe, an interview with the Chief Commissioner of Railways and Major Gordon, the Manager of the Jodhpur Railways ; and I understand from Major Gordon that the alignment proposed is so located as to give the greatest benefit to the agriculturists as a whole. The two villages Nabisar and Nankot lie on the fringe of the desert area, and it would be anything but economic to align the line so as to pass in close proximity to those villages. As regards Samaro, the point apparently is that if the line goes very near Samaro it will be within nine miles from the existing railway line. The alignment, I understand, has been approved by the civil authorities.....

**Mr. Lalchand Navalrai :** It is yet with the Bombay Government. The civil authorities have not approved of it.

**Mr. P. R. Rau :** I understand it was discussed by Major Gordon with the Chief Engineer and the Commissioner of Sind, and, to the best of their knowledge, it was approved by the civil authorities. And Major Gordon has also informed the Railway Board—I am quoting from his letter :

" The question of the relative position of the proposed line with the Samaro village was discussed by me for hours with a deputation from Samaro headed by a Sindi pleader. The pleader finally admitted to me that the proposal to align the proposed line so as to pass within close proximity to Samaro was economically unsound and unjustifiable."

Sir, my Honourable friend, Mr. Jadhav, thought that there are other tracts in the Barrage area where railways are more urgently needed, but he did not tell us where those tracts were. On that point I think the House will agree with me that we should be better advised to take the opinion of the two Members from Sind. He also asked the question that if the line is going to be profitable, why does not a private company construct it and why should Government take the trouble of constructing the line? Now, Sir, as the House is aware, the present policy of the Government of India is to discourage private enterprise in the matter of construction of railways, and, I believe, public opinion in the country is in favour even of the State taking over all those lines which are at present managed by private agency.

My Honourable friend from Bihar, Mr. Gaya Prasad Singh, asked me questions about the cost of conversion to broad gauge. I am sorry I have not the exact figures about the cost, but it cannot be very much, because it is only a question of widening the existing line and the bridges are to be so constructed as to allow of the widening of the line without much extra expenditure. In any case the question of conversion to broad gauge will not be considered unless it is financially justified. The other question he asked me was why it was worked by the Jodhpur Darbar. The answer to that is that the British section of this railway is only about 250 miles in length and it is most convenient for it to be managed by the Jodhpur Darbar which has a mileage of about 800 miles in close proximity to it. The only other agency by which this line can be worked is the North Western Railway. That is a broad gauge line for the greater part of its length and has not enough facilities for dealing with a short stretch of metre gauge line.

**Mr. Gaya Prasad Singh :** But does not the Eastern Bengal Railway consist of metre gauge as well as broad gauge and both of those systems are worked by the same agency?

**Mr. P. B. Rau :** The metre gauge system of the Eastern Bengal Railway is a bigger proposition. It is not a small line of 250 miles.

The only other point that I wish to take is with regard to the complaint made by Mr. Anwar-ul-Azim that this was not presented at the February Session. I have already explained why it was considered desirable to postpone consideration of any of these new lines till later in the year. In any case it has had this advantage that it has enabled the proposal for the construction of this line to be fully discussed in this House, whereas, if this had been taken up in February, it would not have had this full discussion.

**Mr. Muhammad Muazzam Sahib Bahadur (North Madras : Muhammadan) :** May I ask a question? Will the Financial Commissioner be pleased to tell me if the lines, which this proposed line is sought to connect, are broad gauge lines or metre gauge lines?

**Mr. P. B. Rau :** They are metre gauge lines.

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

“ That a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of ‘ New Construction ’.”

The motion was adopted.

## CIVIL.

## SALARIES AND OTHER EXPENSES IN CONNECTION WITH AGRICULTURE.

**The Honourable Sir James Grigg** (Finance Member) : Sir, I move :

“ That a supplementary sum not exceeding Rs. 1,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of the ‘ salaries and other expenses in connection with Agriculture ’.”

The supplementary demand is in respect of two schemes : the development of agricultural engineering and the agricultural propaganda in the Lloyd Barrage area in Sind. They have been explained in detail in the proceedings of the meeting of the Standing Finance Committee which was held on the 13th July, 1934. The rapid development of the Lloyd Barrage Area is a matter of considerable importance to the Government of India, since it is only through the success of that barrage scheme that Sind, after its separation from the Bombay Presidency, can become a financially self-supporting unit ; and until this occurs, its deficits will have, in one way or another, to be met either from Central or Federal revenues. The Government of India have, therefore, decided that all possible steps should be taken to accelerate the development of the barrage area as a revenue producing area during the period before the separate Province is created, in order that it may be able to repay, at the earliest possible moment, the advances from the Government of India from which the barrage and its canals have been constructed. I may just remind the House that the total amount borrowed from the Provincial Loans Fund is about Rs. 23 crores. The present budgetary position of the Government of Bombay does not permit them to provide the necessary money for accelerating the development of Sind ; and, I dare say, a good many of the Bombay Members would also take the view that they do not see why Bombay should spend money on developing Sind in view of the future events which have already cast their shadows before. In these circumstances, the Government of India have accepted in principle the proposal of the Government of Bombay that Central revenues should come to the assistance of Provincial revenues in financing schemes which are likely to hasten the development of Sind, but which are beyond the present resources of the Government of Bombay. The Government of Bombay, however, have undertaken to contribute to the cost of these schemes the amounts which they are actually spending at the present time. Sir, I move.

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

“ That a supplementary sum not exceeding Rs. 1,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of the ‘ salaries and other expenses in connection with Agriculture ’.”

**Mr. B. Das** (Orissa Division : Non-Muhammadan) : I do not want to make a speech : I merely want to ask a question.....

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The Honourable Member is requested to wait a minute : there appears to be a motion standing in the name of Mr. Maswood Ahmad.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : Yes, Sir. I beg to move :

“ That the supplementary demand for a sum of Rs. 1,52,000 in respect of the ‘ salaries and other expenses in connection with Agriculture ’ be reduced by Rs. 50,000.”

I want to say in this connection that I am very sorry that I have to move this cut on a demand which is to develop Sind, as has been said by the Honourable the Finance Member. I also want to say in the beginning that I whole-heartedly support the separation of Sind, and I whole-heartedly support the idea of developing Sind. But, at the same time, I think it is my duty to inform the House as to how Government want to waste money in the name of development of any area or in the name of agricultural engineering in Sind. I am one of those who always vote for the agriculturists : I myself am an agriculturist, and I want that Government should show real sympathy with the agriculturists. But I do not want that the Government should, in the name of agriculturists, or in the name of the separation of Sind, be allowed to waste money like this, as they propose to do.

I thought that Mr. P. R. Rau would, when replying to my first amendment, give an answer to my question as to why papers were supplied so late. He did not reply to that question. I again put to my Honourable friend, the Finance Member, the same question. The Standing Finance Committee sat on the 13th July and they decided all these questions : all these papers were before the Government on the 13th July : then all these papers were sent to the press and the press gave them the copies on the 13th August in the shape of this book.

[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).]

May I ask him why these copies have been supplied to us after a lapse of 12 days ? We got these papers only yesterday. How is it then possible for us to read about 76 pages of this Standing Finance Committee's proceedings and then about more than 100 pages of the report of the Public Accounts Committee ? If you will see the job number, etc., on page 76, you will find that these papers were printed and were in the hands of Government officials on the 13th August, 1934. But for 12 days these papers were kept in the safe, so that we may not see them and we may not be able to study all the figures and the facts. Further, if I wanted to consult certain books in the Library, how was it possible for me to consult those books in the Library as yesterday was a Sunday ? We got these papers on Sunday, and we could not consult any books in the Library ; we could not do anything in this connection ; and today we are asked to discuss these questions on the floor of the House....

**Mr. K. Sanjiva Row** (Government of India : Nominated Official) : May I interrupt the Honourable Member ? The pages which he should read in connection with this supplementary demand are only six and not seventy-six.

**Mr. M. Maswood Ahmad** : I said that all these things were supplied to us only yesterday and the total volume of these books in connection with the Standing Finance Committee and the Public Accounts Committee comes to about 200 pages ; and we have to go through them and discuss the Public Accounts Committee as well. How is it possible for

[Mr. M. Maswood Ahmad.]

any one in this world to go and read so many pages in 24 hours. Further, we could not consult any papers or books to see if the figures submitted to us are correct or incorrect. We have got no other alternative, therefore, but to rely upon what they have said, and so I will quote what they have said in these books.

This item which they demand is for Rs. 1,52,000. There are three projects : one project is for agricultural engineering ; the other item is to open a factory at Mirpurkhas ; and the third item is to have propaganda work in Sind. These are the three items for which Government demand this sum of Rs. 1,52,000.

If you will see, about Rs. 48,020 is demanded as non-recurring expenditure. The annual expenditure is Rs. 1,07,807 per annum, this is for agricultural engineering work. For the factory they want Rs. 4,189 for non-recurring and Rs. 7,558 for recurring expenditure. I shall deal with these two items first, and then I shall pass on to the third item. As regards the first item, they have given us a list of works, and I want to read that for the information of the House. For machinery and plant they want Rs. 20,655, for machinery tools Rs. 5,135, for workshop stores and building Rs. 13,385, office furniture and scientific instruments Rs. 2,449, tractor and implements Rs. 6,396. All these relate to non-recurring expenditure. Then the recurring expenditure items are given ; manufacturing workshop Rs. 58,832, working expenses of tractor Rs. 4,803, office contingencies Rs. 6,000, travelling allowance Rs. 5,700, pay of establishment Rs. 9,672, and pay of officers Rs. 22,800. What does this last item of Rs. 22,800 consist of ? It is for a European Agricultural Engineer. Though they have not mentioned it in the book, it is for a European Agricultural Engineer, and, I am sure, my Honourable friend cannot contradict me there. What is strange, Sir, is that Indian Agricultural Engineers were not available to the Government and they want a European Agricultural Engineer. They propose to spend Rs. 18,600, while the manufacturing workshop will entail a recurring expense of only Rs. 58,832. This is a clear example of top-heavy administration. The pay of the Agricultural Engineer is Rs. 1,250—20 annual—Rs. 1,500 per mensem, with an overseas allowance of Rs. 300 per mensem. Then you will find that though the initial pay of the Divisional Accountant is Rs. 100, he will get Rs. 200, and will not get the starting salary. The draftsman's pay will be the initial pay of Rs. 200. The storekeeper and establishment clerk will get Rs. 80 though his initial pay is Rs. 75, that is, he will be put in the middle grade. The typist will get Rs. 55 though his starting pay is Rs. 30. Similarly, inward, outward and record clerk will get Rs. 35 though the initial pay is Rs. 30. Again, the workshop accounts and general clerk and the Assistant Agricultural Engineer's clerk will be placed in the middle grade. These men will not begin with the initial salary, but they are being put in the middle grade. In this way, in my opinion, they are wasting Rs. 18,600 on the Agricultural Engineer. Why should they spend such a large amount on him when they are spending such a small amount on the workshop ? Is it not possible for the Agricultural Engineer in Bombay to supervise the work of the Assistant Agricultural Engineer in Sind ? Even if you want to waste your money, why not waste it on Indians (Hear, hear), and what is the use of having a European Agricultural Engineer ? Indians are poor and deserve some help from the Government, and so

an Indian can be appointed as Agricultural Engineer. So, Rs. 16,600 can be saved very easily. May I know from the Honourable Member if there is not an Agricultural Engineer for the Bombay Presidency, and is it not possible for him to supervise the work in Sind? If so, that amount is saved and also the expenditure on clerks, etc., for the Agricultural Engineer will be saved. In this way Rs. 26,000 can be saved.

Let me now come to the Mirpurkhas factory. It is said that if the purity of the seed is to be maintained, this factory is essential. Is this factory working in that area, or do they want to open a new factory?

**An Honourable Member :** It is already there.

**Mr. M. Maswood Ahmad :** I am coming to that. If they want to open a new factory, there is no provision for that. If they want to have the same factory which is working at present, then why do they require Rs. 4,189 for repairs and replacements and to bring it into a working condition? They want to develop the barrage area by having this staff, and what is the use of spending this amount on a factory as well? There is absolutely no necessity for working this factory by the Government and spending such an amount on this. This makes a sum of Rs. 30,000 a year. Let me come to the third item, which is, propaganda work. The total cost of this comes to Rs. 1,60,804. It is to be found at page 17 of the Standing Finance Committee's report. Instead of saying that the total cost will be Rs. 1,60,800, they themselves say the total cost is expected to be between Rs. 1,60,000 and Rs. 1,70,000. There they can easily save Rs. 10,000 according to their own figures. If you want to know what posts they propose to have, you will find details on page 17. They require two Deputy Agricultural Officers for propaganda work in a small province like Sind! What will be the duty of these men? Only propaganda work in the barrage area. (Laughter.) It is mentioned here, "Memorandum regarding the development and re-organisation of agricultural propaganda in Sind". The pay of the officers is Rs. 300 with an annual increment of Rs. 25, rising to Rs. 1,000 per month. The number of officers will not be one, but they require two, because there is a river which you cannot cross, and on the eastern side you must have one officer and on the western side another officer. (Laughter.) I am not saying these things from my imagination. It is said here that they require two officers, one on the eastern side and one on the western side. Perhaps there is no conveyance across the river in order that one officer may supervise the whole work in Sind. What is the area and the population of this place that you require such heavily paid officers? Why should they be satisfied with one Divisional Superintendent? I think they have forgotten. They require two, one for east and one for west. So, Sir, they are wasting money in this way. There are so many important things to be done and when there is a question of improvement of agriculture, they employ two or three European officers and this is their idea of improving agriculture. When we require some money for medical relief, they say "well, we will give you relief" and they appoint half a dozen I. M. S. European officers and this is the medical relief for India. What they mean is the employment of European officers only. I appeal to Members of the House who are the custodians of public money that they should not allow this wastage. The House is unanimous on this point. We want that agriculture in Sind should be developed, but in its true sense. I want to tell my friends, Mr. Haroon and Mr. Lalchand Navalrai, that this is not a gift to them. They have to pay this amount

[Mr. M. Maswood Ahmad.]

again—the money that will be wasted in these areas, and the burden of the taxes will be on their shoulders and on the shoulders of their constituency. (Hear, hear.) I am not telling this out of my own imagination. Government have also told you that this will be your fate. On page 12, you will find that special accounting arrangements will be made for maintaining a separate record of the receipts and expenditure, so that the exact sums involved will be known when the financial settlement with Sind is made. When you have to pay this money back to the Government, you must be cautious in accepting this wastage of money like this. You must be cautious when you are going to allow Rs. 18,000 for a European Officer and another sum for other officers. I have done my duty. I have placed my facts before you, and it is for you to decide this question on its merits. I am not against Sind, I am against the wastage of money which has been proposed by the Government. It is certain that we cannot win in this House, but certainly we are entitled to do our duty and to place the correct facts before the House and warn it of the consequences. Sir, I move that Rs. 50,000 should be reduced from this demand and I have explained my reasons.

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury) : Cut motion moved :

“ That the supplementary demand for a sum of Rs. 1,52,000 in respect of the ‘ salaries and other expenses in connection with Agriculture ’ be reduced by Rs. 50,000.”

**Raja Bahadur G. Krishnamachariar** (Tanjore *cum* Trichinopoly :

4 P.M.

Non-Muhammadan Rural) : I rise to support this amendment. I believe, at an earlier portion of the day,

Mr. Mody referred to my defence of the consumers and he said “ what do people who drive in Rolls-Royce cars know anything about the consumer ? ” I believe that is what he said. That is the information that was conveyed to me since I entered this House this afternoon. Unfortunately I was not here at the time.

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury) : Order, order. The motion we are discussing just now is that a sum of Rs. 50,000 be reduced from the supplementary demand.

**Raja Bahadur G. Krishnamachariar** : I am coming to that. I am developing it in a way in which you will find that I am speaking perfectly relevantly, although the objection to my defending the cause of the agriculturist is raised upon an absolutely irrelevant basis. I stand today to support this amendment because I am an agriculturist. I live on agriculture. From time immemorial, we have lived on agriculture, and were it not for the chance that I have been able to enter a profession, I would have been an agriculturist today.

**An Honourable Member** : And not in this House ?

**Raja Bahadur G. Krishnamachariar** : I do not know. A good many persons, who are not professional men, are still in the House. Only I wish that I should not have been made the butt of an attack from my friend, Mr. Mody. I do not want to repeat the arguments that have been brought forward by my friend, Mr. Maswood Ahmad, so forcibly. There is one point on which he did not lay stress, unless I did not hear him properly. That is this. What is this propaganda you are going to make ? May I know what it is ? Nobody knows anything about it. My

Honourable friend who made this motion did not tell us anything about the details of this supplementary demand. Consequently we are in the dark. On page 6, it is stated that the completion of the Sukkur Barrage is going to produce lots of agricultural produce and it is absolutely necessary that provision should be made for it. That is to say, they either produce these agricultural products or they don't. If they produce these products, then why do you want to make any propaganda? Are you going to tell them that they should plough in a certain manner? Are you going to tell them to use steel ploughs instead of the old fashioned wooden ploughs with a small piece of iron fixed to them? Are you going to tell them that they must use chemical manures and fertilisers instead of farmyard manure? Are you going to tell them how they should prepare their seed-bed and how they should transplant? Are you going to tell them about the monsoon and the state of the weather at the time when they come to harvest? The fact of the matter is that there are lots of gentlemen prepared here who are drawing a salary of Rs. 600 and upwards with a host of officers and subordinates under them. I do not know what they are going to do. When these officials come to the villages, it is a job to give supplies to them. Of course the Government say that the officials who take supplies have got to pay, but, Sir, I will be taking too much of the time of the House if I were to explain these little troubles that are endured by the villagers in respect of the visits, or shall I say, visitations of these officers who come for their propaganda.

**Mr. B. V. Jadhav** (Bombay Central Division : Non-Muhammadan Rural) : Special provision is made for the entertainment of officers in Sind by the exactions of *rasai* and *lappo*.

**Raja Bahadur G. Krishnamachariar** : "Exaction"—yes. I understand the word "exaction" to mean compelling a man to pay something against his will; that is, as I say, what happens and what will happen, unless my friend was thinking of something else—and he was a Government official, he knows it, I do not know anything about it. I was in the unfortunate position of a man who was under the heels of these people and my friend was in the position of one who took advantage of such things, and, therefore, he knows better.

**Mr. Lalchand Navalrai** (Sind : Non-Muhammadan Rural) : *Rasai* and *lappo* constitute bribery.

**Raja Bahadur G. Krishnamachariar** : Yes. I will come back to that question. There are so many things that have got to be done in connection with agriculture. Are you going to instruct them that they should deal in agriculture rather than in other professions? What is it that you are going to tell them? And why do you want an officer on Rs. 600 and another officer on Rs. 300? Sir, whatever these Agricultural Department people say that they are going to improve our agriculture, the last word on Indian agriculture has been said thousands of years ago. I say this without absolutely any fear of contradiction and my authority is the Report of the Royal Commission on Agriculture. If anybody had the patience to follow the examination of witnesses during the peregrinations of that Commission, especially important witnesses, and the cross-examination of Sir Ganga Ram, you will find ample material to justify the position I am taking that nearly everything that the Agricultural Department say that they have done for the purpose of improving agriculture was known to us, but why then did we not follow them?

[Raja Bahadur G. Krishnamachariar.]

Because, Sir, we have not got the money : and here we have Rs. 45,000 spent chiefly for the pay of officers who are going to tell me, " you should do this, and do that, in agriculture " , and thus carrying coals to Newcastle ! That clearly is not the proper thing to do, and, I think, in the Government placing this motion before us, this House has not been treated properly, because we are not given the full details, nor does this supplementary demand contain any information. Sir, I endorse the objections raised. It is impossible for any of us to master these and to address useful criticisms, but what we have been able to understand so far as that this item is certainly very objectionable, and while, I am not sure that Rs. 50,000 alone need be deducted and not more, I submit that at least Rs. 50,000 should be deducted and whatever you may say, I respectfully appeal to this House that that item of propaganda should be completely wiped out. That is my objection.

**Sir Cowasji Jehangir** (Bombay City : Non-Muhammadan Urban) : Mr. Deputy President, to the best of my recollection there was an occasion when the predecessor of my Honourable friend, the Finance Member, mentioned in this House the separation of Sind, and I think he more or less took it for granted that it was an accomplished fact. The result of this was that within a very short time questions were asked in the House of Commons as to why mere Member of the Government of India should dare to take for granted something which was being discussed by the Joint Select Committee and has to be decided by Parliament. That was an actual occurrence. Today we find that in a note, put up by the Finance Department and discussed by the Standing Finance Committee, the separation of Sind is taken to be an accomplished fact, and to such an extent, Mr. Deputy President, that we are having a debate in this Honourable House which, under ordinary circumstances, would have taken place in the Bombay Legislative Council ; and we are doing so in anticipation of the Legislative Council of Sind coming into existence. Sir, I hope, my Honourable friend, the Finance Member, will be a little luckier than his predecessor and will not be pulled up in the House of Commons for having dared to allude to something which we know is *going to be* an accomplished fact. Now, Sir, if this had been, as it ought to have been, discussed in the Bombay Legislative Council, there would have been at least twelve to fifteen representatives of Sind to express an authoritative opinion upon the merits of the question, but today we find one Honourable Member from Bihar and another Honourable Member from Madras criticizing a scheme intended for Sind, which ought to be discussed, accepted or rejected by Sindhis. I am not a Sindhi, but I am more connected with Sind, Sir, than either of my Honourable friends who have addressed this House ; and, when my Honourable friend behind me talks about the little Province of Sind, perhaps he has not realized the amount of land that has come under the plough due to the Sukkur Barrage, which had been virgin soil for as long as man can remember. Therefore, Sir, I do not think this House is in a position to criticize this scheme. It is merely the force of circumstances that has driven the Government of India to bring this matter before us. It ought never to have been here ; it ought to have been discussed in Bombay or by the future Legislative Council of Sind, and, therefore, to go on criticizing a scheme which we do not understand or are not capable of understanding in this House seems to be a mere waste of time. Sir, I can remember schemes put forward

years ago, when I had something to do with these schemes for the development of Sind, and I can remember criticisms levelled at those schemes by Honourable Members who knew something about them, by Honourable Members who lived on the soil, by Honourable Members who were vitally interested in those schemes—either interested in having them accepted or having them rejected. Now, Sir, I am not here to express any opinion on the merits of this scheme as it stands, and what I would suggest to this House today is to leave it entirely to the responsibility of the Government of India, who have fathered this responsibility and this scheme and let them do what they like. If there is anything fundamentally wrong about it, my Honourable friend, Seth Haji Abdoola Haroon, and my Honourable friend, Mr. Lalchand Navalrai, will have, as some one has reminded us, to pay the piper,—not this Honourable House ; it is they who are going to pay the piper. Sir, it is only the force of circumstances which compels us to read even these six pages ; we have no business to do it ; it ought never to have come up before us, and therefore let the responsibility be taken by the Government of Bombay and the Government of India who are vitally interested ; we are not paying for it. Sind will pay for this money. Let them decide. And this, after all, is a loan by the Government of India, is not this so ?

**The Honourable Sir James Grigg :** To be taken into account in the final financial settlement.

**Mr. Lalchand Navalrai :** Sir, this grant of Rs. 1,52,000 is required for developing the Sukkur Barrage. Now it cannot be denied that the barrage is a settled fact now, so far as it has been completed. It also cannot be denied that a loan of Rs. 23 crores has been taken by the Government of Bombay and they now want, as the memorandum shows, some more money as a loan for the development of this barrage. Now, Sir, the unfortunate thing that I see is this that certain reasons have been given in this memorandum which ought not to have been given and, if my Honourable friend, the Finance Member, excuses me, I submit that it is only because he is new to this subject and the whole question of the separation of Sind, which is a vexed question, has not been thoroughly mastered by him. Sir, I do join hands with the Honourable Sir Cowasji Jehangir that the question of the separation of Sind cannot possibly be raised at this stage in this House. The question of the separation of Sind.....

**Mr. Deputy President (Mr. Abdul Matin Chaudhury) :** We are not discussing the question of the separation of Sind. The question before the House is that the amount of Rs. 1,52,000 be voted by this House.

**Mr. Lalchand Navalrai :** May I ask the Chair that on the demand itself another opportunity will be given to us to speak, and we should restrict to the amendment to reduce the demand by 50,000 ?

**Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran : Non-Muhammadan) :** May I rise on a point of order ? Was not Mr. Maswood Ahmad allowed to say that he is quite in favour of separation of Sind. This question is also mentioned in the proposal placed before the Standing Finance Committee in this connection.

**Mr. Deputy President (Mr. Abdul Matin Chaudhury) :** Mr. Maswood Ahmad referred to it in a general way. But the question of the separation of Sind is not an issue before the House.

**Mr. Lalchand Navaroi :** I would only ask for a ruling from the Chair whether, on the demand itself, we are not in a position to speak on the question of the separation of Sind, because in the memorandum it is said that this money is being given by Government as a loan because Sind may be separated and it is in the interests of the welfare of that separated Sind that this loan is going to be given. I, therefore, submit that, although the question may not be touched in all its bearings and gone into at length, it can certainly be touched upon. I want to have the ruling from the Chair whether I am right or not ?

**Mr. Deputy President (Mr. Abdul Matin Chaudhury) :** The question about the separation of Sind is absolutely out of order on this discussion.

**Mr. Lalchand Navaroi :** Then, I would submit that the reasons which have been given for this loan should be absolutely deleted. Sir, if the question of the separation of Sind is not going to be allowed at this time to be discussed because of the giving of this loan, then I must say that this demand should be considered by the House only as a question of loan being given to the Bombay Government. It should not be considered that it is necessary to give this loan on the ground of the anticipated separation of Sind. After the ruling of the Chair, the question before the House is whether this amount of Rs. 1,52,000 should be given as a loan to the Bombay Government for improving the barrage. The question whether Sind is to be separated or not does not arise at this moment. I submit that I myself was of that opinion, namely, that the consideration of the question of the separation of Sind does not lie with this House. It has been said several times that the question of the separation of Sind has not yet been decided and it is the Parliament alone that can decide it. If the question of the Sind separation is going to be decided by Parliament, then the Finance Department has no right to say that in anticipation of the Sind separation this loan should be given. I, therefore, protest against the Finance Department having brought in the question of the separation of Sind. They might as well have said that the Government of India have loaned a sum of 23 crores of rupees to the Bombay Government and the question before the House is whether any more money should be given to that Government or not. If Sind had been separated, then the Government of India could have given the loan to Sind. But as long as Sind is in Bombay, the Government of India can give a loan only to the Bombay Government. No question arises at this moment.....

**Sir Cowasji Jehangir :** I rise to a point of order and a point of principle. Here is a demand made for a specific object. It is clearly stated and we know it is a fact that that object is within the purview of the Provincial Government. On account of certain circumstances explained in this note, the demand is made before this House. Are we, as a House, responsible for the merits of this scheme ?

**Mr. Gaya Prasad Singh :** Why not ?

**Sir Cowasji Jehangir :** If something goes wrong with the scheme—say, it turns out to be a failure,—will the Government Benches hold this House responsible for it ?

**Mr. Gaya Prasad Singh :** Certainly.

**Sir Cowasji Jehangir :** I want to raise this as a point of principle and also as a point of order, because, after all, in ordinary circumstances

this question would have been discussed by the Bombay Legislative Council. It is only in anticipation of the separation of Sind that it has come before this House. If Sind had been separated, it would have come before the Legislative Council of Sind. I contend, Sir, as a point of order, that we, as a House, are not responsible for the merits of this scheme. We are not seized of this scheme and we are not in a position to discuss it on its merits because there are only two representatives of Sind in this House. Under ordinary circumstances, if this question had been discussed where it ought to have been discussed, namely, the Bombay Legislative Council, there would have been at least 60 representatives of Sind to express their opinion on it. Under these circumstances, I contend that we, as a House, are not responsible for the merits of this scheme. We are merely responsible for allowing the Finance Department to finance this scheme in the place of the Bombay Government.

**Mr. M. Maswood Ahmad :** Can I also speak, Sir, on this point of order. My point is that this question has been brought before us and it has not been placed before the Bombay Council and there is no Legislative Council in Sind at present. Had there been a Council in Sind, the case would have been quite different. At present it is we who are discussing this question, and, therefore, we are responsible for it.

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

If we pass this motion, we are responsible for it. This is my submission in this connection.

**Sir Cowasji Jehangir :** Mr. President, in your absence I raised a point of order. As it is an important point of order, may I, with your permission, repeat it ?

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

**Sir Cowasji Jehangir :** The point of order is this. The Finance Department has asked for a grant of Rs. 1,52,000 to finance an agricultural scheme in Sind and the reasons were given not only in the Finance Member's speech but are also given in the note. The reason is that since Sind is going to be separated from the Presidency of Bombay, the Government of Bombay do not desire to take the responsibility of financing this scheme and have invited the Government of India to finance it in view of the future prospects of the separation of Sind. The Government of India have come before this House with a demand for this purpose. Under ordinary circumstances, this scheme and this demand would have been placed before the Bombay Legislative Council as dozens of such demands have been so placed in the past. It would have been discussed in the Legislative Council of Bombay and would have been either accepted or rejected there. But on account of the circumstances I have just explained, the demand is made before this House. I contend, Sir, that this House not having a sufficient number of Members of Sind here, as in Bombay, is not responsible for the merits of this scheme. Under the Government of India Act this demand ought to have been made before the Legislative Council of Bombay, where Sind is properly represented. It is merely due to an understanding between the two Governments that this demand is made here, and, therefore, I contend that we are not responsible for the success or failure of this scheme. I, therefore, want a ruling and

[Sir Cowasji Jehangir.]

an assurance both from the Government of India and from you, Sir, that we are not responsible for it.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : How does it form a subject matter of ruling by the Chair ?

**Sir Cowasji Jehangir** : Under the Government of India Act all matters pertaining to the Presidency of Bombay have to be decided by the Legislative Council of Bombay and cannot come before this House.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The Honourable Member must point out some section of the Government of India Act or of the Devolution Rules by which this House is not competent to discuss a motion of this nature.

**Sir Cowasji Jehangir** : I do not say it is not competent. The Government of India having the power of direction and control can take upon itself any responsibility and finance anything that concerns the Presidency of Bombay, but I contend that in ordinary circumstances this demand would have been made before the Bombay Legislative Council where Sind is adequately represented. Due to an arrangement come to between the Government of Bombay and the Government of India in anticipation of the separation of Sind, they make the demand before us. I contend that, in these circumstances, this House is not responsible for the scheme on its merits. I submit that we are not capable of discussing the scheme on its merits and I want an assurance from the Government or a ruling from the Chair that we shall not be responsible for this scheme.

**Mr. M. Maswood Ahmad** : In reply to that point of order I will say that this scheme has not been placed before the Bombay Legislative Council. This scheme has not been discussed anywhere. This scheme which could have been prepared by the Bombay Government or by any Government is before us and placed by the Government of India before us and we could have sanctioned this sum for the particular scheme. So, I submit, we are entitled to discuss this scheme on its merits as well and we are responsible for that. This is my point that this scheme not having been discussed anywhere, we can discuss it.

**Mr. Lalchand Navalrai** : Sir, I want to place a fact before this House. When I was speaking on this motion a point of order was raised by me and that has connection with the present point of order. I want to place that before you before you may give your ruling on this point. I said that the motive for giving this loan to the Bombay Government is the anticipation of separation of Sind and I began speaking that the question of separation of Sind is not a settled fact.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Does the Chair understand the Honourable Member to raise the point of order on which a ruling has already been given ?

**Mr. Lalchand Navalrai** : The ruling has been given and I accepted the same. But this point of order arises from that and so I am placing that fact before you. By the previous ruling I was not allowed to speak on the question of separation of Sind. Then this point of order has been raised that the separation question is before the Parliament

and so the Bombay Government should consider this scheme of development.

**The Honourable Sir James Grigg** : Sir, perhaps it might have been better in order to present this proposal in an accurate light if the question of the separation of Sind had been referred to merely as a possibility. What is quite clear is this. A large sum of money has been spent on the Lloyd Barrage in Sind. That scheme will not become remunerative until agriculture in Sind has been developed a great deal more than it has been at present, and, therefore, the scheme will not pay interest on the capital it has cost. This is a project for making the scheme more remunerative by the development of agriculture in that area. The Bombay Government think that they may very well in a short time have no interest in Sind at all, and, therefore, they are not going to spend any more money than they are spending at present. Therefore the choice before the Government of India was to let agriculture not be developed or themselves to pay or to ask the House to approve the payment through the machinery of the Imperial Council of Agricultural Research money for the development of agriculture in that area. For all this discussion about the separation of Sind, I admit, we may have some responsibility owing to a certain vagueness of expression. It is the mere possibility of separation of Sind that has led the Bombay Government to refuse to spend any more money on it and the question of the actual separation of Sind is not in issue at all.

**Bhai Parma Nand (Ambala Division : Non-Muhammadian)** : Sir, Government want this grant on the clear assumption that Sind is going to be separated.

**The Honourable Sir James Grigg** : I have just explained that it is not on that clear assumption. It is on the assumption that there is a possibility of Sind being separated. I have already explained away those words.

**Mr. Lalchand Navalrai** : Then why don't you delete those words from the memorandum ?

**The Honourable Sir James Grigg** : Certainly not. They have been explained.

**Bhai Parma Nand** : I want to say, Sir, that the question of separation of Sind is not a settled point at all. The Secretary of State has no doubt said that it was a settled fact, but, after that, the Joint Parliamentary Committee appointed a special sub-committee for the purpose of examining Sind witnesses whether Sind should be separated or not. When the main question of the Communal Award was brought before the Joint Parliamentary Committee, the Lord Chairman decided that this question was still open and it would be settled by an Act of Parliament. Therefore, I submit that at this time it is not for this Government to assume that Sind is going to be separated but it is on this account that they want this grant from this House. If the Government want this grant in the anticipation of separation of Sind, we should not sanction this grant at all. We have no authority to settle that question, and we are not in any way authorised to sanction this grant as the reason on which the Government have demanded this grant is absolutely wrong and if they want for any other reason, then the Government should delete this portion in the memorandum, namely, that it is wanted in anticipation of the separation of Sind.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : No question connected with the separation of Sind would be in order. It is one thing to say whether Government would be competent to bring before this House a proposal for expenditure, and it is quite another thing to say whether it is proper for them to bring such a proposal. It may be improper under certain circumstances for the Government of India to bring proposals for expenditure of a certain nature, but it may be quite competent for them to do so under the power vested in this Legislature by the Government of India Act. What the Chair has to consider is, not whether Government were well advised in undertaking this responsibility and not pass it on to the Bombay Government. What the Chair has to consider is, whether, under the provisions of the Government of India Act, this demand for a supplementary grant can be sanctioned by this House. So far as the Chair can see, nobody has pointed out to it any provision of the Government of India Act which precludes the incurring of such expenditure by the Government of India.

**Sir Cowasji Jehangir** : May I submit, Mr. President, that there is a section of the Act which says that any expenditure on a matter which is within the purview of a Provincial Government should be borne by the Provincial Government.

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

**Sir Cowasji Jehangir** : I cannot lay my hand on it now. There is a section between 72-A and 73 which precludes the Government of India from sanctioning expenditure which falls within the purview of Provincial Governments. But I am not able to place my hands on the section immediately.

**Mr. G. H. Spence** (Secretary, Legislative Department) : There is no such section.

**Sir Cowasji Jehangir** : Does the Honourable Member contend that any expenditure, which it is legally incumbent upon a Provincial Government to incur, can be incurred by the Central Government and a demand for it can be brought forward before this House ?

**Mr. G. H. Spence** : I expressed no opinion on that point. I merely stated for the Honourable Member's information that the section which he was trying to find does not exist.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The Chair will give an analogy. The earthquake in Bihar was the concern of the Bihar Government, but this Assembly sanctioned expenditure for the relief of the Bihar earthquake. The Chair is not able to lay its finger on any section of the Government of India Act which precludes the Government of India from incurring an expenditure of this nature or which precludes this Legislature from sanctioning this proposal. I am certain that there is no section of the Government of India Act which precludes it, and this demand is in order. But the passing of this demand will not in any way commit this House either to the separation of Sind or otherwise. That question is entirely separate. Mr. Lalchand Navalrai may continue his speech.

**Mr. Lalchand Navalrai** : Sir, to continue the debate, now I find that the question is simpler. The issue before the House now, after

this discussion and your ruling, is whether the Government of India should give a loan of Rs. 1,52,000 to the Bombay Government.

**Seth Haji Abdoola Haroon** (Sind : Muhammadan Rural) : Is this a question of loan ?

**Mr. President** (The Honourable Sir Shanmukham Chetty) : It is put down here as expenditure.

**Mr. Lalchand Navalrai** : There is already a loan of 23 crores of rupees which the Bombay Government have got from the Government of India. So far as the barrage is concerned it has been completed and it is really necessary that the barrage should not be left alone at this stage without any further improvement or development being made. I am, therefore, of opinion that money should be given as a loan to the Bombay Government for this purpose, but how much the amount should be is the question.

**The Honourable Sir James Grigg** : Sir, may I remind the Honourable Member that you can bring a horse to the water but you cannot make him drink ? The Bombay Government will not take a loan.

**Mr. Lalchand Navalrai** : Then to whom is this loan being given ? Is this loan being given to me ? The memorandum does not say that it is a grant. On the other hand it states.....

**The Honourable Sir James Grigg** : May I again point out that the question of loan or gift is left purposely vague :

" It is proposed to finance the balance.....out of Central funds. Special accounting arrangements will be made for maintaining a separate record of the receipts and expenditure, so that the exact sums involved will be known when the financial settlement with Sind is made."

I take it that that leaves it open to the Government of India to treat it finally as a gift or as a loan in accordance with the actual conditions at the time of the final settlement, if and when it is made.

**Mr. Lalchand Navalrai** : Sir, then the point is this that, because the accounts are being kept separately, therefore it should be considered that those 23 crores of rupees that have been given as a loan are also a free grant. I shall be very happy to see that the Government of India makes that free grant to Sind. If that is a loan then there is no other question but to give other loans. Then it would amount to this, that this House is going a step further than even the question whether Sind is going to be separated or not. They are giving a subvention, because it has been said here, in the memorandum, that until Sind is separated, its deficits shall have, in one way or another, to be made good by subvention from Central or Federal revenues. Then, this Government is running too fast. The question of separation is not decided, and it is yet before Parliament, but the question of subvention is going to be decided here. Subvention is a vicious subject. I do not know why we are going to make a free grant of this money to Sind ? Therefore, I submit that the only way in which it can be given is by way of a loan. It cannot be a free grant. Under what head will it come as a free grant ?

**Captain Sher Muhammad Khan Gakhar** (Nominated Non-official) : You are very ungrateful. You are given a grant and you do not want it.

**Mr. Lalchand Navalrai :** I do not want these paltry sums. If it is a gift let all the 23 crores go as a gift and we shall be quite happy. So far as my position at present is concerned, I should like the House to consider this point that this is a loan and cannot be a free grant. Even in the demand it is not shown as a free grant. There is no ambiguity at all. The Barrage has been built on loans given by this Government, and the Bombay Government are unwilling to do it because they have no money with them. That is what the memorandum says. The Bombay Government have nowhere said, nor does this memorandum say, that they are not going to incur this expenditure because Sind is going to be separated. On the contrary, so far as I know, the Bombay Government, from beginning to end, have been in favour of non-separation of Sind and they have got this loan from Government and built the Barrage. It is they that want to reap the fruits. Therefore, I submit that this cannot be considered in any other light but as a loan. From that point of view my position with regard to this demand is this. I do recognise that the Sind Barrage does require money for furthering the ends and objects of that Barrage, and money is needed ; but how much is the question. Now, if the Bombay Government have not got funds, then only a loan can be taken. The Central Government can give this money only after considering the estimates. It is like this : the Bombay Government having got no money say that this big project might suffer for want of some development : and for that purpose they want to have workshops, propaganda, etc.....

**Raja Bahadur G. Krishnamachariar :** Did the Bombay Government want this money ?

**Mr. Lalchand Navalrai :** We do not know, but the point is that it has been conceded in this memorandum that that Government is not able to incur this expenditure.

**Raja Bahadur G. Krishnamachariar :** Then, who wants it ?

**Mr. Lalchand Navalrai :** We do not know who wants it : but certainly the Barrage wants it. If it is said that the Bombay Government has not asked for this loan, then no question arises of giving it. Then who makes this demand ? Is this a demand by the Finance Member here for money to be spent on the Barrage ? Who will spend the money ? Will it be spent through the Bombay Government or not ? (*Cries of "No."*) Then, how ? "No" cannot be accepted : it is through the Bombay Government that the money.....

**The Honourable Sir James Grigg :** The Honourable Member comes from Sind and surely he is not unaware that Sind has a separate Agricultural Department.

**Mr. Lalchand Navalrai :** Sind has a separate agricultural department under the Bombay Government. My Honourable friend should know that in Sind we simply have a Commissioner and we have not got a separate government there : we do not have a separate agricultural department and everything is being done through the Bombay Government ; we are not yet separated ; and even the appointment of a single peon will be subjected to the budgetary provision of the Bombay Government. Therefore, I agree with my Honourable friend in his amendment for reduction of the demand. If this is not a loan to be given to the Bombay Government and it is simply going to be

given without any rhyme or reason, then I say that the House should reject this demand totally. But if it is going to be a loan, then I agree with the amendment to reduce it by Rs. 50,000 : and my reasons are these. My Honourable friend has shown in detail that the proposed expenditure can be economised, and I agree there. I see there are to be two European officers on very high pay. Is there a dearth of Indian engineers for this purpose ? There are many in the Bombay Presidency—and there are some even now engaged on agricultural works in Sind who can occupy these posts. Therefore, I agree that the demand should be reduced by Rs. 50,000. But, I must say, I request the House to reject this demand wholly if the Government is not in a definite position to say anything and if it says this demand should be granted in that vague manner.

**Seth Haji Abdoola Haroon :** Sir, I had no intention to take part in this debate ; but, unfortunately, question after question has been raised and I consider it my duty to my Province to say something. Misunderstanding has been created in one way or another. In my opinion the question is very simple. The Government of India have come forward with this proposal to spend Rs. 1,52,000 on propaganda work, engineering works and so on. My Honourable friend, Sir Cowasji, pointed out that this question must be put before the Bombay Council where Sind members might discuss the matter. He is quite right. Nobody can deny that. But what is the present position ? It is this : the Government of India have lent the Bombay Government 20 crores, which, with interest up-to-date, comes to 26 crores. On account of political disturbances as to whether Sind should be separated or not, the Bombay Government have washed their hands of the thing. Nobody is saying clearly whether Sind should be separated.....

**Mr. Gaya Prasad Singh :** Why should they wash their hands of Sind ?

**Seth Haji Abdoola Haroon :** Because of political disturbances : there are arguments from one side and another and nobody knows what will happen : the Parliamentary Committee have to decide : and when they will decide nobody knows : the Secretary of State has announced, that Sind would be separated, at the Third Round Table Conference. Today the Government of India is in the position of a moneylender, or Marwari. As my Honourable friend, Mr. Lalchand Navalrai, knows very well, in Sind, when the moneylender advances some money to the cultivator and one or two crops fail, he always tries to help the cultivator by giving something more, so that he might re-establish himself and bring in his crops and repay the debt.....

**Mr. Lalchand Navalrai :** It is the co-operative banks who do it now.

**Seth Haji Abdoola Haroon :** The Government of India is in the same position. They have advanced 20 crores and with interest it comes to 26 crores. The memorandum says that the Government of Bombay do not want to spend a pie. Not only that, but I want to draw attention of the House to para. 79 of the Sind Administration Report from which the House can understand how the Bombay Government is treating Sind. They say :

“ We are surprised, however, to find that in 1932-33, the very first year of the working of the Barrage canals, although there was, contrary to anticipation,

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a net surplus of Rs. 19,86,000 over working expenses, the surplus is allowed to merge in the general revenues of the Government of Bombay instead of being utilised towards part payment of the unpaid interest, on capital. Here, again, we see a charge made against the Capital (Loan) Account of the Barrage by utilising in relief of general revenues a sum to which those revenues have no claim, whilst a liability of the Capital Accounts awaits to be honoured."

Then, in 1933-34 the income from the barrage was included by the Bombay Government in the general revenues, that is, an amount of Rs. 27.27 lakhs which was the revised estimate. Again, the budget estimate of Rs. 21.87 lakhs for 1934-35 they have included in their general revenues.

**Sir Cowasji Jehangir** : May I ask the Honourable Member who paid the interest on the Rs. 26 crores ? The Government of Bombay paid.

5 P.M.

**Seth Haji Abdoola Haroon** : The Government of Bombay had paid only Rs. 10 lakhs.

**Mr. B. V. Jadhav** : Rs. 10 lakhs are a free grant.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Order, order.

**Seth Haji Abdoola Haroon** : The report says :

"The revenue accounts of the Government of Bombay for 1932-33 closed with a surplus balance of Rs. 26.21 lakhs and the revenue surpluses estimated for 1933-34 and 1934-35 amount respectively to Rs. 70,000 and Rs. 3.9 lakhs only. It is obvious, therefore, that the Barrage revenue are playing a great part in avoiding the revenue deficits of the Government of Bombay and in balancing its budget. We cannot, however, see how the audit authorities and the Public Accounts Committee will accept this book-keeping, involving as it does the utilisation, for avoidance of fresh non-productive debt, of earnings derived from earlier productive debt, without first meeting the legitimate accruing liability of the latter debt."

From this report you can see the attitude of the Bombay Government towards Sind. Today the Government of India also see that if they do not spend this money and improve the Barrage area, it will be difficult for them to get back their debts. I agree with my Honourable friend, Sir Cowasji Jehangir, that this question ought to have been discussed by the Bombay Council, but, unfortunately, the Bombay Government are not taking any interest in Sind. Therefore, I support this demand, but will at the same time make a suggestion to the Government that after this demand is passed they should send it to the Commissioner of Sind and ask him to take the opinion of either the Members of Council or those in whom they have confidence and put before them the scheme. If they agree, let this money be spent.....

**Mr. K. C. Neogy** (Dacca Division : Non-Muhammadan Rural) : Can the Government of India deal directly with the Commissioner of Sind ?

**Seth Haji Abdoola Haroon** : Through the Bombay Government.

**Mr. B. V. Jadhav** : May I ask the Honourable Member.....

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Order, order. In view of the great confusion caused, I think it is the duty of the Chair to explain to the House the issue involved in this vote. In considering this demand for a supplementary grant, the House should take into consideration the existence of the Bombay Government, and

not of Sind as a separate province. The Government of India have advanced over Rs. 23 crores to the Bombay Government for the construction of the Lloyd Barrage. In so far as the Government of India have made this advance, it is the case of the Government that it is in their interest to see that the agricultural development of the Barrage area is hastened (Hear, hear), so that the huge advance which has been made by them may thereby be protected. The Government of Bombay, under whose jurisdiction the Barrage is situated, feel that on account of the stringency of the provincial finances they are not in a position to undertake any schemes of agricultural development in the Barrage area, and, therefore, the Government of India want to come to the rescue of the Bombay Government, and they themselves offer to take the responsibility of spending this Rs. 1,52,000 on the agricultural development of the Barrage area so that that development might be hastened. The Government desire to provide a sort of insurance premium to prevent any serious loss that might accrue. That is the case of the Government of India. But the Government of India at the same time hope that they would keep this Rs. 1,52,000 in a separate account, so that, if and when Sind is separated into a separate Province and the relative financial liabilities of the Government of India, the Bombay Government and the new Sind Government come to be determined, the question will ultimately be decided as to whether the responsibility for this Rs. 1,52,000 will be borne by the Government of India, or by the Government of Bombay, or by the new Government of Sind. So far as the House is at present concerned, this item of Rs. 1,52,000 is an item of expenditure and not an item of loan. If it is the intention of the Government that this House should treat this as an item of loan they should have provided it, not under the item of agricultural expenditure, but under the item of loans and advances to Provincial Governments. What the House has to make up its mind about is this, whether in the interests of protecting the advance which the Government of India have made to the Provincial Government it will be justifiable and wise on the part of this House to undertake the responsibility for the expenditure of this Rs. 1,52,000 so that the advance of Rs. 23 crores may be protected. (Applause.)

**Seth Haji Abdoola Haroon :** The Chair has very clearly explained the position. I want to tell my friend, Mr. Lalchand Navalrai, that he should not think that this amount of Rs. 1,52,000 will be debited to Sind account, because we know that the works are still going on, and I think this year also we have to borrow about Rs. 75 lakhs through the Bombay Government for Barrage capital expenditure. If the Government of India think they are giving this amount as a loan, then they must ask the Bombay Government that they should spend from the loan account and it is not necessary to spend from the revenue account. But, of course, we are keeping an account. If we are prosperous, if we are rich, then we can with folded hands give that money back to the Government of India, but otherwise, you must consider this as a gift just as Bihar got Rs. 129 lakhs. With these remarks I support this demand, and, at the same time, suggest to the Government that through the Bombay Government or by some other means they should get the opinions of Members of the Council and the public on the scheme, whether it should be spent as it is or whether it should be curtailed here and

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there as my Honourable friend, Mr. Lalchand Navalrai, suggested. With these remarks, I support the demand.

**Mr. B. V. Jadhav :** As certain aspersions have been made about the conduct of the Bombay Government I shall have to take up some time of this House. In the beginning I have to say I am neither for nor against the separation of Sind. In the Committee of the Round Table Conference that was appointed and where this question was discussed, I did not take any partisan attitude there, but I confined myself to justifying the conduct of the Bombay Government which was challenged by some of the Sind members. I am very sorry to say that certain aspersions are made against the conduct of the Bombay Government towards Sind. Allow me to state before this House that since the conquest of Sind in the early.....

**Mr. President** (The Honourable Sir Shanmukham Chetty) : What is the Honourable Member driving at ?

**Mr. B. V. Jadhav :** That the Bombay Government has not been treating Sind very badly. If the accounts of the last 10 years or 20 years are examined, it will be found that Sind has always been a deficit Province and the Bombay Presidency proper has been spending lakhs of rupees over the administration of Sind from the revenues collected elsewhere. So, as a matter of fact, this question of separation of Sind has, I may say, come as a great relief to the revenues of Bombay and the people of the Bombay Presidency proper are rather glad about its separation. During this time of financial stringency the Bombay Government cannot afford to spend any big amounts for the agricultural development of Sind, as Sind is going to be separated and Bombay itself is very short of funds themselves. It has been pointed out by the Honourable the Finance Member that Sind has got a separate Agricultural Department. Yes, it has ; because it was thought necessary that agriculture of Sind should properly develop, and, therefore, the Government of Bombay, even in their hard times of financial stringency, provided large amounts of money for the development of agriculture in Sind and when this was done the question of the separation of Sind had never occurred, and, therefore, the Bombay Government thought it their duty to provide funds for the normal development of agriculture in that Province. But when Sind demanded separation and the Round Table Conference recommended separation, the position was entirely changed. The Bombay Government now cannot afford to spend huge amounts of money for the agricultural development of Sind, and, therefore, as you have pointed out just now, it is now to the interest of the Government of India to provide additional funds. Now, I may point out that although about 23 crores of rupees have been lent to the Government of Bombay for the construction of the barrage, when Sind will become a separate Province, whether it is a possibility or a probability or anything of that sort, then this debt of 23 crores on account of the barrage will automatically be taken away from the shoulders of the Bombay Government and it will have to be borne by the Government of India. Whether that debt is ultimately borne by the Province of Sind is a problem to be decided after long long years, because as I have pointed out Sind is a

deficit Province and it will be many many years before Sind Administration becomes self-supporting. Until that time, I do not think there will be any question of repaying the loan.

Now, as regards the present demand of one lakh and 52 thousand, I have to point out that there are two items, one is the item of the Agricultural Engineering department, and the other item is agricultural development and propaganda and the second item is a demand of one lakh and 60,000. So it amounts to three lakhs. And this House has to remember that this amount of three lakhs is to be an annual grant and it is not a non-recurring item. This amount will have to be found every year and as the time scale operates the amount will increase year by year and not decrease. So this House will have to find this amount every year. Another item is the grant for starting the Agricultural Engineering Department. The provision has been made on a scale which is almost equal to that of a major Province. Sind is a small Province, and, as I have pointed out, it is not a self-supporting Province, and, therefore, the Agricultural Engineering Department there ought not to be started on such a lavish scale. There is to be not only the Agricultural Engineer but there is to be an Assistant Agricultural Engineer. The whole Province of Bombay including Sind has got an Agricultural Engineer and one Assistant Agricultural Engineer and that suffices for the whole of Bombay including Sind. Now, it is proposed that the Province of Sind should not only have an Agricultural Engineer but also an Assistant Engineer. I think that is a very lavish scale and ought to be curtailed. Then an overseas pay of Rs. 300 per mensem is provided there. It clearly means that the Government of India now intend to import an officer from England. There was a good deal of discussion the other day when a post was advertised in England and not in India and I think Government have given an assurance that such a thing will not take place hereafter. I may point out that we have got very bad experience of agricultural engineers imported from England. One was imported in the Province of Bombay and I was given to understand that there was some underhand influence exercised at the time of his appointment. I am not going to describe that incident. But I have to state that during the tenure of office of this highly paid and efficient officer, the annual reports of the Agricultural Department stated every year that he was engaged in improving the seed drill. That was going on for years and that seed drill has not yet been adopted by the Government of Bombay or by any other part of the country. The Department of Agriculture has done much in the Bombay Presidency and I am very proud of it. The Director, the Deputy Directors, the Superintendents and others have worked very zealously and effected many improvements; but I am very sorry to say that much credit cannot be laid at the doors of the Agricultural Engineering Department. I am afraid that this history may be repeated in Sind. Now, provision has been made for manufacturing agricultural implements. The iron plough has made its entrance into Sind and more and more people are taking to that plough. Improvement is going on because these ploughs are made by local manufacturers. Now, with the appointment of the Agricultural Engineer, Government are proposing

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to start a factory for making agricultural implements. The Standing Finance Committee have recommended : The Committee approved the proposal on the understanding that the agricultural workshop, which it was proposed to establish, would be used purely for the purposes of experiment and demonstration and that there was no intention of developing them on a commercial scale. That was the recommendation of the Committee and I do not see any reduction in the grant asked as a result of the acceptance of this recommendation. It is said that this sum of 58,832, being the working expenditure of the workshop, will be covered by sale proceeds of the implements manufactured. Government thus expect that over Rs. 50,000 worth of implements will be manufactured in their workshop and they will be sold to the agriculturists. I am asking the Government whether they intend to be monopolists in this line. If they manufacture implements on such a big scale, then perhaps they will have to prohibit other manufacturers from entering the field. I may point out that a monopoly is a very bad thing, especially a Government monopoly. The Government of Bombay proper have never entered into a monopoly scheme. There are big manufacturers of agricultural implements and they are supplying all the needs of the peoples in the Bombay Presidency and outside. If Government will simply confine themselves to experiment and demonstration, it will suffice. It will encourage private enterprise and the implements made by private enterprise can, by competition, be sold much cheaper and they will be greatly improved. But if a monopoly is established, that will be saying good-bye to all improvement and to cheapening the products. I shall say a few words about the Mirpurkhas ginning factory. This factory was formerly owned by an English Company ; the latter did not make much profit out of it and Government came to their rescue and purchased it. It has been a white elephant on their hands ever since.

**Mr. Lalchand Navarai :** Now they are having lands.

**Mr. B. V. Jadhav :** The factory itself is located about three miles from Mirpurkhas. The site is good, there is nothing to say against it, but then it cannot be worked economically because it is a small one, it is not a big ginning factory, and the best thing I think would be to dispose it of to the highest bidder. Government now propose to work it as a ginning factory and the reason they have given is that they want to secure the purity of the cotton seed. Sind is a cotton area and at Mirpurkhas there is a seed farm, a very big one, and I think that is very efficiently run. So they want to preserve the purity of the seed. But this excuse is not a very sound convincing one. Pure seed farms are to be found all over the Bombay Presidency. My experience is confined only to that Presidency, so I shall not say anything about the seed farms in other parts of the country. All these seed farms in Bombay have not got ginneries attached to them. These seed farms send their cotton to the nearest ginnery, get the cotton ginned and preserve their seed and propagate that species of cotton. So, for the preservation of the purity of seed, the running of a special Government-owned ginning factory is not at all necessary. As I have pointed out, it is a white elephant. The

expenditure is very heavy. It would be much cheaper to get the work done through private ginners. The purity of seed can be maintained and is maintained, all over the Bombay Presidency, and therefore, it can be maintained at Mirpurkhas also. I may point out that there are seed farms elsewhere, even in Sind, and there the purity of seed is maintained even though the cotton is ginned in gins of private owners. The maintenance of this factory at Mirpurkhas is not at all necessary and the expenditure on this ginnery ought to be deducted. The Government of Bombay is not in a position to finance all these schemes. The Government of India is coming to the rescue of Sind or rather, I shall say, to the rescue of the agriculture of Sind. Some of the items are necessary no doubt, but the expenditure on this lavish scale is not necessary. These are very hard times both for the Government of Bombay and for the Government of India, and I think only as much should be done as is actually necessary and everything extra or superfluous ought to be severely cut out. The Agricultural Engineer need not be such a very high-paid officer. The assistant engineer at Poona in Bombay will do quite well for such a small Province like Sind. Government ought to be very careful to see that sufficient work is done by the Agricultural Engineer to justify the appointment. It is not enough for him to show in his report that so many tractors were working in so many taluqas or districts and so much agricultural land was tilled by tractors and that this make of tractor is better than that make of tractor, and all such things. There are private companies which are spending a good deal of money in advertising their own tractors and in showing to the public which tractor gives better work and which does not. I know for certain that even the oil companies of Burma have been spending thousands of rupees for making the tractor popular and in this way encourage the advancement of agriculture there. Government themselves need not make an intensive propaganda for popularising tractors. Government need not also establish an implement workshop of their own and turn out ploughs and other agricultural implements for sale in the Province. That ought to be left to private capitalists and private manufacturers. Then there is no necessity for the Mirpurkhas ginnery. Government need not spend a huge amount of money over its working. Then as regards the demand for propaganda, which is not before this House, and I think that demand might be moved later.....

**Mr. M. Maswood Ahmad :** It includes Rs. 1,52,000.

**Mr. B. V. Jadhav :** In the case of propaganda, I have to urge that the grant need not be on such a very lavish scale ; as my Honourable friend has pointed out, the establishment is too heavy and ought to be curtailed. We have to cut our coat according to the cloth and we ought not to go in for very lavish expenditure. Sir, Sind agriculture was previously managed by one Deputy Director. Now the latter has become the Director himself and in order to justify this change of title and status two Deputy Directors are provided under him. I think it would be much better if only one is retained ; and if half the Province is managed by the Director himself ; and if the other, the eastern or western portion is handed over to the Deputy Director. This arrangement has in fact been followed in other Departments ; for in-

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stance, in the Income-tax Department, where there is an I. T. O. and also an Assistant I. T. O., the whole district is divided between them and they work independently, and so, in this way, there is no necessity for the Director to have two Deputy Directors. Now in such a small Province like Sind one Deputy Director will do and in this way a substantial part of the establishment can be reduced and in this way expenditure ought to be cut out.

The present demand is a grant to be made by this House for the development of agriculture in Sind and it ought to be as economically administered as possible. This grant is not a non-recurring grant; it is a recurring grant and until the separation of Sind is complete, this will have to be paid, and, I think, it will have to go on almost for ever. The Government of India will have to make up the deficit which the Sind Province has to face as soon as it is separated. At present Sind is a burden upon the revenues of Bombay which will be transferred to the broad shoulders of the Government of India and all the additional expenditure, on account of overhead charges, will have to be provided by the same Government. The Legislative Council, the Secretariat, and so on will cost a great deal and this sum of Rs. 1,70,000, whatever it is, will have to be added to the above mentioned expenditure as this is a new item altogether. It was not taken into consideration by the report of the Committee that was just referred to by my Honourable friend from Sind, and, therefore, this House has to think twice before it sanctions this amount. It requires a good deal of reduction before it is sanctioned. I do not think the whole of this amount is necessary. It is an expenditure on a very lavish scale and the Honourable the Finance Member and his Secretary ought to devote much attention to it and see how much of it can be cut out.

**Mr. Gaya Prasad Singh :** Sir, this proposal was placed before the Standing Finance Committee in its meeting held on the 13th July, 1934. Many of the Members of the Standing Finance Committee thought that the sum was a loan and not a free gift. Our impression might have been erroneous, but there was ample justification for it in so far as my Honourable friend, the Finance Member, in his speech which he has made just now, explained that the proposal was left "purposely vague". Now, Sir, colour is lent to this on account of an entry which has been made in the papers as they were placed before the Standing Finance Committee, and is now before this House. We find it is mentioned here :

"Special accounting arrangements will be made for maintaining a separate record of the receipts and expenditure so that the exact sums involved will be known when the final settlement with Sind is made."

Now, Sir, we took this proposal as a loan which was being advanced to the Bombay Government. I now understand that the Bombay Government are unwilling to take the loan. As my Honourable friend, the Finance Member himself, has said, you can take the horse to the water but you cannot make him drink, namely, since the Bombay Government are unwilling to take the loan you cannot force them to take it. I now understand that in the circumstances the Government of India want to treat it as a free gift. Now, Sir, the question of the separation of Sind is not to be taken into account in this debate because we do not know what is in store so far as that point is concerned, and we have no right to assume

anything. But taking this sum of money as a loan which is to be advanced for accelerating the completion of the Barrage Scheme, I should like to know who is the party who is going to take the loan. The Bombay Government are unwilling to take the loan and the Sind Government has not yet come into existence.

**An Honourable Member :** This is not a loan.

**Mr. Gaya Prasad Singh :** If it is not a loan, then it is a free gift. It is a free gift to whom ? I should like to know whether the Bombay Government have asked for a free grant in order to finance this scheme ? So far as I could see, the Bombay Government have not asked for any free grant. My Honourable friend, Seth Haji Abdoola Haroon, has said that the Government have given a free grant of money for the Bihar earthquake. I hope he does not mean to convey that the separation of Sind is a calamity of such a magnitude as the earthquake in Bihar. However, the development of agriculture is a matter which is a Provincial subject. It is not a Central subject. There are schemes for the development of agriculture which are awaiting solution in many of the Provinces under the Ministry of local self-government. Why should this part of the country be treated with special attention so far as the development of agricultural resources are concerned ? It might be said in answer to this that since the Government.....

**The Honourable Sir James Grigg :** Because the Government of India have already wasted 20 crores on it.

**Mr. Gaya Prasad Singh :** I was just going to anticipate the answer of my Honourable friend, the Finance Member. It might be stated in reply that the Government of India have sunk a sum of over 20 crores of rupees. But may I know at whose instance this huge sum of money has been sunk in the Sukkur-Barrage Scheme ? Was this money given out as a loan to the Bombay Government in order to utilise it towards the development of the Sukkur-Barrage Scheme, or the whole of the Sukkur-Barrage Scheme is a scheme which has been financed entirely by the Government of India and will be maintained as an Imperial concern ? Now, on the separation of Sind, if it becomes an accomplished fact, probably the Sukkur-Barrage will go to the Sind Government. I do not understand the position of Government with regard to the loan which they have advanced. They have advanced loans to many States, such as, Bahawalpore and other States. I should like to know what is it that they have got in contemplation in order to secure the re-payment of the loan, both the principal as well as the interest ? If this amount of over 20 crores of rupees has been given to the Bombay Government, the Bombay Government, I presume, would be responsible for it, and it is for that Government to see that so long as Sind remains part of that Presidency, it should be treated exactly in the same manner as any other portion of that territory.

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions : Non-Muhamadan Rural) : It is the Bombay Government which gets the benefit and we only pay.

**Mr. Gaya Prasad Singh :** Sir, I should also like to know if we undertake the financing of this scheme and if the scheme ultimately becomes self-supporting and commercially a very paying proposition, who is going to reap the advantage of the scheme ? Will it be the Government of Bombay or the Government of Sind, which is still in the

[Mr. Gaya Prasad Singh.]

womb of futurity, or the Government of India which finances the scheme? These are points which should be threshed out very clearly and placed before the House before this House can be asked to record its vote in favour of this proposal. My Honourable friend, Sir Cowasji Jehangir, in dealing with the point of order, which was raised a few minutes back, stated that this proposal might have been put up before the Bombay Government. I do not know how this could have been done, because the proposal refers to a proposal which the Government of India want to place before this House in order to give a free grant of a certain sum of money to a party which is unwilling to take it as a loan, I mean the Government of Bombay, and without the assent of this House this money could not be availed of by the Government of Bombay. Now, Sir, there have been schemes placed before this House for the development of agriculture. The proposals in the present scheme, as I myself see it, relate to the employment of some Agricultural Engineer, and so on. I confess I have not looked very closely into this proposal, and being of an unsuspecting nature I took the proposal at its face value. My Honourable friend, Mr. Jadhav, who has got local knowledge of the scheme and of that part of the country and who was a Minister in charge of the Department of Agriculture, has spoken with authority on this matter. With regard to the ginning institute, I understand from his speech that at first it belonged to a European concern and as they could not carry on with it, it is now going to be shoved on to the shoulders of the Government of India who are going to take it up as a separate scheme by itself. I do not know what my Honourable friend, the Finance Member, has got to say on this point, but I should like the Government of India to define their position exactly with regard to this proposal. They must say clearly whether it is a loan which is being advanced to the Bombay Government or whether it is a mere free gift. My Honourable friend, the Finance Member, must modify the attitude which he indicated in his speech just now and stated that this question has been left purposely vague. Sir, this proposal should not be left purposely vague. If it is a loan which is going to be advanced to the Government of Bombay, we must have all the papers before us and we must have the assurance of the Bombay Government that they want this money as a loan for the development of the Sukkur-Barrage Scheme. If it is going to be a free gift, I do not understand how, in anticipation of an event which is still in the womb of futurity, you are going to give a free gift of one lakh and 60 thousand rupees for the development of an area which is still within the jurisdiction of the Government of Bombay. Sir, there are many parts of the country which stand in need of agricultural development, for instance, Assam and parts of Bihar and Orissa or other areas for the matter of that. Are the Government of India prepared to finance schemes of such nature with regard to those areas? There are in the air several proposals for bringing into existence territories as separate administrative units. For instance, Sind itself is one. Why should we in anticipation of that event commit ourselves to a proposal for giving a free grant to Sind? This may be the beginning of a series of other proposals and the House is not in a position to commit itself to it at present. There are other schemes for the separation of other territories, for instance, there is a demand for the separation of Orissa, and there is also a demand for the separation of the Andhra Province and so on. Is this House going

to commit itself, here and now, to the position that it will be spending large sums of the tax-payers' money, collected from every part of India, on these schemes? Of course I am not going to say anything about the merits of the schemes, and certainly it is far from my intention to raise any communal issue over Sind as some of my Honourable friends may have in view. It is a point of principle that I raise now, whether at this stage the Government of India will be well advised in launching on a scheme for financially supporting those territories or areas which have not yet come into existence as separate administrative units? Therefore, I would suggest—of course if this proposal is put before the House, constituted as it is at present, the Government may be quite sure that it will be carried by a majority—but I would ask the Government to seriously consider the constitutional implications of this proposal, namely, whether at this stage they should launch on a scheme of financially assisting such projects. With regard to that loan the only answer which the Honourable the Finance Member has given is that the Government of India have advanced a loan of over 20 crores of rupees. I should like to know who has guaranteed the loan which they have given? Did the Government of India approach this House for sanction for the advance of this 20 crores? These are points which should be considered carefully, and if the money had been advanced as loan to the Government of Bombay, I think the Government of Bombay, being in a financially sound position to repay the loan with interest in course of time, should be asked to do so, and they should not be allowed to wriggle out of that position.

**Mr. B. Das :** The Government of Bombay have thus repudiated the Sukkur Barrage loan.

**Mr. Gaya Prasad Singh :** I do not know about that. Whatever that may be, I should like to know the position of the Sukkur Barrage Scheme *vis-a-vis* the Government of Bombay and the Government of India, whether the scheme is going to be a provincial concern or taken over by the Government of India? So, Sir, so long as these questions remain unsolved, I think it is premature for the Government of India to bring this proposal before the House. I would suggest to the Honourable the Finance Member—of course with the standing battalions behind the back of the Government, they are not likely to accept my suggestion that they should withdraw this proposal or at least keep it pending for some time, and then come forward with a well-defined and well-thought out plan to meet all the objections and the defects to which pointed expression has been given during the debate this afternoon. (Hear, hear.)

**Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) :** Sir, I wanted to keep my fast for at least 24 hours, but I draw the attention only to one point, and I will detain the House only for a few minutes. I submit that the Standing Finance Committee unanimously recommended to this Assembly that this expenditure may be sanctioned. I voted for this motion and took the full responsibility when I did so. Before I voted, I satisfied myself from examining the experts who appeared before the Committee that this money was needed. The question whether Sind should be separated or not and what are the responsibilities of the Government of India or of the Bombay Government, are questions which are irrelevant to this motion. The only point on which we examined the witness was this, whether this expenditure would lead to increase of revenue from the Sukkur Barrage, in whose

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success we are vitally interested. We were assured by the expert that we could raise the income substantially, and, therefore, we had no alternative in the Standing Finance Committee but to sanction this expenditure. I am rather surprised that my Honourable friend, Mr. Gaya Prasad Singh, who could have very well raised all his points with great advantage to his colleagues in the Standing Finance Committee, did not do so and has chosen to raise all those points in the Assembly. If we prefer to discuss this question in the Assembly and not in the Standing Finance Committee, then I see no justification for the existence of the Standing Finance Committee at all. We have experts before us in the Committee and we can examine them. We, at least, the Members of the Standing Finance Committee, should be satisfied before we recommend a proposal or write a Minute of Dissent opposing the demand. This item was put down in the list of demands. There could not be the slightest doubt in the mind of any person who knows the constitution that this is a demand and not a loan. It was never brought forward as a loan in the Standing Finance Committee.

**Mr. Gaya Prasad Singh :** Then, why did the Honourable the Finance Member say that it has been left purposely vague ?

**Dr. Ziauddin Ahmad :** This fact was known to me and I read the particular note before I voted for the same. I understood it perfectly well before I voted. The idea was this, that if a scheme would pay sufficiently well, then we may try to realise this amount as well. If it did not pay, then probably we will lose and it may be taken as expenditure. As my Honourable friend, Seth Haji Abdoola Haroon, would say we advance the money in order to realise our old loan.

**The Honourable Sir James Grigg :** Sir, my Honourable friend, Dr. Ziauddin Ahmad, has anticipated at least one of the things I was going to say. My Honourable friend, Mr. Gaya Prasad Singh, would have the House believe that during the discussion in the Standing Finance Committee he was in a state of complete darkness as to what the proposals really were. My recollection of what happened at the Standing Finance Committee was that about nine-tenths of the examination of the Agricultural Expert of the Government of India, who was very fully cross-examined, was conducted by Mr. Gaya Prasad Singh. Both the riders attached to the recommendations of the Standing Finance Committee were due to Mr. Gaya Prasad Singh. He really cannot come to this House and get away with it by saying, "it is perfectly true that I did not carry out my duties as a Member of the Standing Finance Committee, but I plead that I was bamboozled and misled and kept in ignorance". Sir, may I endeavour to bring this House back to a realization of the proper proportions of this matter. The loan in respect of the Lloyd Barrage Scheme amounts to about 23 crores and interest on that loan is somewhere in the neighbourhood of one crore and we are discussing an expenditure of about 1½ lakhs. In the singularly felicitous description of our proposals, for which, if I may say so, you, Sir, are responsible, as an insurance premium, I cannot think that anybody can regard an insurance premium of rather less than 1½ per cent. as wicked, wantonly, extravagant, wasteful and all those other beautiful epithets that have been applied to it. We are really losing our sense of proportion in this matter.

**Mr. K. C. Neogy** : And is the insurance premium to be paid by the creditor ?

**The Honourable Sir James Grigg** : If the creditor is himself going to be the gainer, it would be very wise to pay the premium.

**Mr. K. C. Neogy** : Is not the security of the Bombay Government sufficient for our purposes ?

**The Honourable Sir James Grigg** : The Bombay Government is not paying the interest in full now.

**Mr. K. C. Neogy** : Take all measures that you can to enforce payment.

**The Honourable Sir James Grigg** : Most of the questions that have been discussed, Sir, are really irrelevant. This is a very small proposal. As I have said before, in relation to the amount of annual interest at stake, it is between 1 and 1½ per cent. These proposals were carefully considered by the Agricultural Adviser to the Government of India who is of opinion, not only that they are not wasteful, but that they are absolutely necessary. I am not an Agricultural Expert and I am absolutely incapable of answering the various technical agricultural questions which have been asked. But, as I say, the Agricultural Expert of the Government of India is satisfied that this expenditure is necessary.

One final word in regard to the exact status of this expenditure. For the time being we may regard it as a final charge upon the Government of India, but the amount of expenditure is being recorded and it will be taken into account and that decision will be either confirmed or modified if and when a final settlement in regard to the separation of Sind and Bombay is arrived at.

Sir, we have now been discussing this matter for over two hours. I think the House is now ready to come to a decision and I move that the question be now put.

(At this stage Mr. B. Das and some other Members rose to speak.)

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Is the Chair to keep the debate open until every speaker has spoken ? Closure has been asked for more than once.

**Mr. S. C. Mitra** : Of course, Sir, if you think that sufficient discussion has taken place we cannot say anything. But the Finance Member has made the astounding proposition that it is on the amount that this House has to decide and not on the principle. We come to this House sometimes even for a rupee if it is above the amount sanctioned in the budget and it is absurd and most fallacious.....

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Order, order. If it is contended that the Finance Member has made some new point which requires an answer, the Chair has no objection to allow one speaker, Mr. Neogy, to reply. In that case, the Chair has to allow the Finance Member again to reply if he wants.

**Mr. K. C. Neogy** : Sir, I want the Honourable the Finance Member to realise that there are questions apart from purely agricultural ones which are involved in this particular demand for grant. I do not want to go into the various issues that have been so ably dealt with, particularly

[Mr. K. C. Neogy.]

by my Honourable friend, Mr. Gaya-Prasad Singh. But I should like to understand the constitutional implications of the statements made by my Honourable friend, the Finance Member. We advanced a loan, I take it, to the Government of Bombay for the purpose of the construction of the Barrage, and we look to the Government of Bombay as being responsible for the repayment of the loan together with interest. I think there is sufficient provision in the Government of India Act and the Devolution Rules. . . . .

**Seth Haji Abdoola Haroon :** This loan was given to the Bombay Government. The scheme was prepared by the Bombay Government in which Mr. Jadhav was present and then this project was sanctioned by the Government of India and the Secretary of State. So the Bombay Government is not the only responsible party.

**Mr. K. C. Neogy :** I am glad my Honourable friend has raised that point. I am concerned only with the constitutional question involved in this issue, and if my Honourable friend were to look at Devolution Rule 24, he will find this :

“ The capital sums spent by the Governor General in Council upon the construction in the various Provinces of productive and protective irrigation works and of such other works financed from loan funds, as may from time to time be handed over to the management of Local Governments, shall be treated as advances made to the Local Governments from the revenues of India. Such advances shall carry interest at the following rates,” etc., etc.

So that it is wholly beside the point to say that it was the Government of India that sanctioned the scheme. The Government of India has got to sanction the scheme. It does not at all matter which Government sanctions the scheme, whether it is the Bombay Government or whether it is the Government of India. So long as the amount spent upon this Barrage was provided by virtue of Devolution Rule 24, so long the Government of Bombay has got to be responsible for the repayment of the loan with full interest. It is not open to my Honourable friend to come to this House and say, “ Well, the Bombay Government finds it difficult to pay the interest, and, therefore, we have got to incur this additional expenditure in order to enable the Bombay Government to repay this loan ”. That is constitutionally an unsound proposition which we cannot allow to go unchallenged. The Honourable Member has himself very candidly said that he is not sure whether it is an advance, or a loan or a gift. I should like some one on the opposite side to point out anything in the Government of India Act or the Devolution Rules which can justify a demand of this character which my Honourable friend is not in a position to specifically characterise either as a loan or as a subvention. My Honourable friend must make up his mind as to whether it is going to be a free gift or a loan. There is no third proposition contemplated in the Government of India Act or the Devolution Rules. Now, Sir, my Honourable friend said that this amount was to be spent, if I heard him correctly, through the agency of the Council of Central Agricultural Research.

**The Honourable Sir James Grigg :** I am sorry I made a mistake about that and I meant to correct that in my last remarks. The instrument

of payment will be the Bombay Government. I am sorry I made that mistake.

**Mr. K. C. Neogy** : I am glad my Honourable friend has made that correction. That saves me from making some remarks on this point as I intended to do. But I should like to know from my Honourable friend what the constitutional position of the Minister in charge of the transferred department will be with regard to the establishment and the department which is sought to be created with the help of this subvention. Everybody knows, Sir, that the expenditure for the purposes of the Provincial Administration, whether reserved or transferred, is primarily a charge on the revenues of the Province itself. Now, here, in this instance, it must not be forgotten that we are dealing with a transferred department in charge of a responsible Minister. My Honourable friend will, I hope, concede the point that whoever finds the money controls the policy. In this instance, it is the Government of India which are finding the money and the money is going to be made over to the responsible Minister in the Province. I should like to know in what manner the Government of India are going to share the responsibility of the Minister in charge of the transferred department in regard to the administration of the department which is going to be set up with the help of this subvention, shall I say? And if there is to be any division of responsibility between the Government of India on the one hand and the Minister in charge of the transferred department on the other, I should like my Honourable friend to point out any provision in the Government of India Act or the Devolution Rules to justify such a position. (*An Honourable Member* : "You cannot do it.") You cannot do it.

Now, Sir, I have no desire to go into the merits of the question. I am not at all concerned, as I said when I began, with all those points which have been very ably dealt with by my Honourable friend, Mr. Gaya Prasad Singh. My Honourable friend, the Finance Member, should realise that he has suggested a constitutional innovation of a serious character and we on this side of the House cannot allow this innovation to be made with our concurrence.

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

"That the supplementary demand for a sum of Rs. 1,52,000 in respect of the 'salaries and other expenses in connection with Agriculture' be reduced by Rs. 50,000."

The Assembly divided :

AYES—17.

Ba Maung, U  
Daa, Mr. B.  
Dutt, Mr. Anand Nath.  
Gunjal, Mr. N. B.  
Jadhav, Mr. B. V.  
Jog, Mr. S. G.  
Krishnamachariar, Raja Bahadur, G.  
Lalchand Navarai, Mr.  
Mahapatra, Mr. Sitakanta.

Maswood Ahmad, Mr. M.  
Mitra, Mr. S. C.  
Neogy, Mr. K. C.  
Parma Nand, Bhai.  
Patil, Rao Bahadur B. L.  
Reddi, Mr. P. G.  
Reddi, Mr. T. N. Ramakrishna.  
Sen, Mr. S. C.

## NOES—46.

Abdoola Haroon, Seth Haji.  
 Abdul Aziz, Khan Bahadur Mian.  
 Ali, Mr. Hamid A.  
 Allah Buksh Khan Tiwana, Khan Bahadur Malik.  
 Anklesaria, Mr. N. N.  
 Anwar-ul-Azini, Mr. Muhammad.  
 Bajpai, Mr. G. S.  
 Bhadrapur, Rao Bahadur Krishna Raddi B.  
 Bhoré, The Honourable Sir Joseph.  
 Buss, Mr. L. C.  
 Chatarji, Mr. J. M.  
 Dalal, Dr. R. D.  
 Duguid, Mr. A.  
 Ghuznavi, Mr. A. H.  
 Grantham, Mr. S. G.  
 Grigg, The Honourable Sir James.  
 Hockenull, Mr. F. W.  
 Jawahar Singh, Sardar Bahadur Sardar Sir.  
 Kamaluddin Ahmad, Shams-ul-Ulema Mr.  
 Lal Chand, Hony. Captain Rao Bahadur Chaudhri.  
 Lumby, Lieut.-Colonel A. F. B.  
 Metcalfe, Mr. H. A. F.

Morgan, Mr. G.  
 Muazzam Sahib Bahadur, Mr. Muhammad.  
 Mujumdar, Sardar G. N.  
 Mukhorjee, Rai Bahadur Sir Satya Charan.  
 Noyce, The Honourable Sir Frank.  
 Perry, Mr. E. W.  
 Rajah, Raja Sir Vasudeva.  
 Rajah, Rao Bahadur M. C.  
 Ramakrishna, Mr. V.  
 Ranga Iyer, Mr. C. S.  
 Rau, Mr. P. E.  
 Row, Mr. K. Sanjiva.  
 Scott, Mr. J. Ramsay.  
 Scott, Mr. W. L.  
 Shafee Daoodi, Maulvi Muhammad.  
 Sher Muhammad Khan Gakhar, Captain.  
 Singh, Mr. Pradyumna Prashad.  
 Sircar, The Honourable Sir Nripendra.  
 Spence, Mr. G. H.  
 Studd, Mr. E.  
 Trivedi, Mr. C. M.  
 Zakaullah Khan, Khan Bahadur Abu Abdullah Muhammad.  
 Ziauddin Ahmad, Dr.  
 Zyn-ud-din, Khan Bahadur Mir.

The motion was negatived.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Does Mr. Maswood Ahmad want to move the next amendment ?

**Mr. M. Maswood Ahmad** : Yes, Sir.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : But the Honourable Member cannot cover the whole ground.

**Mr. M. Maswood Ahmad** : No, not the whole ground. Sir, I move :  
 "That the demand for a supplementary sum not exceeding Rs. 1,52,000 in respect of the 'salaries and other expenses in connection with Agriculture' be reduced by Rs. 3,600."

I find in the report of the Standing Finance Committee that Rs. 300 per mensem has been provided on page 14 for the overseas allowance of the Agricultural Engineer. I say that in these days when the question of Indianisation is very prominent and Government also, on several occasions, have said themselves that they favour Indianisation, they should not have provided this Rs. 300 for giving an overseas allowance to the Agricultural Engineer. India is an agricultural country whereas England is not. An Agricultural Engineer who will come from overseas will certainly not have the experience required here at all ; and for this reason especially I want that this allowance should be omitted. Perhaps in the Standing Finance Committee a promise might have been given that this post will be advertised in India and an Indian will be appointed ; but I want that we should be sure on this question by omitting this item of overseas allowance. This is a pure and simple question of Indianisation and nothing else, and if the Government oppose my motion it means that they intend really to have a European Agricultural Engineer which we cannot allow at all. With these words I move that this overseas allowance of Rs. 300 a month should be omitted.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Cut motion moved :

“ That the demand for a supplementary sum not exceeding Rs. 1,52,000 in respect of the ‘ salaries and other expenses in connection with Agriculture ’ be reduced by Rs. 3,600.”

**Mr. B. Das** : I wish to support this amendment on the ground that I do not wish to take any responsibility for the appointment of the Engineer or the Agricultural Adviser. As has been pointed out, I am quite prepared to make a free gift to the Bombay Government even of Rs. ten lakhs a year without bearing the responsibility that this House agreed to the management of a mortgaged concern in the Sukkur Barrage scheme and when the scheme will not be able to pay interest on capital invested, then the Sind Government or the Bombay Government will come forward to the Finance Member and tell him that he was managing and so the Central Government will pay.....

**Mr. President** (The Honourable Sir Shanmukham Chetty) : Order, order. The Honourable Member can only discuss the point whether Rs. 300 overseas allowance should be retained or not.

**Mr. B. Das** : Then I have nothing more to say.

**The Honourable Sir James Grigg** : Sir, although Honourable Members opposite may not regard it as a satisfactory position, the position is that this particular officer will be recruited by the Government of Bombay, and for my part I have no desire to fetter their discretion in the matter. I imagine that they will recruit the officer after advertisement, and it is to be hoped that they may find it possible to recruit the officer in India. Certainly they cannot but be aware of the desire of the Assembly which is going to make itself responsible for this expenditure that they should recruit the officer in this country. All I can do is to promise that the feeling of the House that they should do their utmost to recruit an Indian shall be conveyed to the Government of Bombay.

**Mr. B. Das** : Why should you not give an order when we foot the bill.

**Mr. B. V. Jadhav** : On a point of information, Sir. May I know whether the appointment will be made by the Government of Bombay or by the Government of India ?

**The Honourable Sir James Grigg** : The actual appointment will be made by the Government of Bombay.

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

“ That the demand for a supplementary sum not exceeding Rs. 1,52,000 in respect of the ‘ salaries and other expenses in connection with Agriculture ’ be reduced by Rs. 3,600.”

The Assembly divided.

AYES—16.

Ba Maung, U  
Das, Mr. B.  
Dutt, Mr. Amar Nath  
Gunjal, Mr. N. R.  
Jadhav, Mr. B. V.  
Lalchand Nayalrai, Mr.  
Maswood Ahmad, Mr. M.  
Mitra, Mr. S. C.

Neogy, Mr. K. C.  
Patil, Rao Bahadur B. I.  
Reddi, Mr. P. G.  
Reddi, Mr. T. N. Ramakrishna.  
Sen, Mr. S. C.  
Singh, Mr. Gaya Prasad.  
Upreti, Sahab Bahadur, Mr.  
Ziauddin Ahmad, Dr.

## NOES—43.

Abdoola Haroon, Seth Haji.  
 Abdul Aziz, Khan Bahadur Mian.  
 Ali, Mr. Hamid A.  
 Allah Baksh Khan Tiwana, Khan Bahadur Malik.  
 Anklesaria, Mr. N. N.  
 Bajpai, Mr. G. S.  
 Bhadrapur, Rao Bahadur Krishna Raddi B.  
 Bhoré, The Honourable Sir Joseph.  
 Buss, Mr. L. C.  
 Chatarji, Mr. J. M.  
 Dalal, Dr. R. D.  
 Duguid, Mr. A.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel Sir Henry.  
 Grantham, Mr. S. G.  
 Grigg, The Honourable Sir James.  
 Hockenhill, Mr. F. W.  
 Jawahar Singh, Sardar Bahadur Sardar Sir.  
 Kamaluddin Ahmad, Shams-ul-Ulema Mr.  
 Lal Chand, Hony. Captain Rao Bahadur Chandhri.  
 Lumby, Lieut.-Colonel A. F. R.

Metcalfé, Mr. H. A. F.  
 Morgan, Mr. G.  
 Muazzam Sahib Bahadur, Mr. Muhammad.  
 Mujumdar, Sardar G. N.  
 Mukherjee, Rai Bahadur Sir Satya Charan.  
 Noyce, The Honourable Sir Frank.  
 Perry, Mr. E. W.  
 Rajah, Raja Sir Vasudeva.  
 Rajah, Rao Bahadur M. C.  
 Ramakrishna, Mr. V.  
 Ranga Iyer, Mr. C. S.  
 Rau, Mr. P. E.  
 Row, Mr. K. Sanjiva.  
 Scott, Mr. J. Ramsay.  
 Scott, Mr. W. L.  
 Singh, Mr. Pradyumna Prashad.  
 Sircar, The Honourable Sir Nripendra.  
 Spence, Mr. G. H.  
 Studd, Mr. E.  
 Trivedi, Mr. C. M.  
 Zakaullah Khan, Khan Bahadur Abu Abdullah Muhammad.  
 Zyn-ud-din, Khan Bahadur Mir.

The motion was negatived.

**Mr. President** (The Honourable Sir Shanmukham Chetty) : The next four motions are intended to be token cuts, and they are, therefore, out of order. One is for reduction of Rs. 100, another of Rs. ten, another of Rs. ten and another of Rs. five ; the Chair thinks they are intended to be token motions.

The question is :

“ That a supplementary sum not exceeding Rs. 1,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of the ‘ salaries and other expenses in connection with Agriculture ’.”

The Assembly divided.

## AYES—46.

Abdoola Haroon, Seth Haji.  
 Abdul Aziz, Khan Bahadur Mian.  
 Ali, Mr. Hamid A.  
 Allah Baksh Khan Tiwana, Khan Bahadur Malik.  
 Anklesaria, Mr. N. N.  
 Bajpai, Mr. G. S.  
 Bhadrapur, Rao Bahadur Krishna Raddi B.  
 Bhoré, The Honourable Sir Joseph.  
 Buss, Mr. L. C.  
 Chatarji, Mr. J. M.  
 Dalal, Dr. R. D.  
 Duguid, Mr. A.  
 Ghuznavi, Mr. A. H.  
 Grantham, Mr. S. G.  
 Grigg, The Honourable Sir James.  
 Hockenhill, Mr. F. W.

Jawahar Singh, Sardar Bahadur Sardar Sir.  
 Kamaluddin Ahmad, Shams-ul-Ulema Mr.  
 Lal Chand, Hony. Captain Rao Bahadur Chandhri.  
 Lumby, Lieut.-Colonel A. F. R.  
 Maswood Ahmad, Mr. M.  
 Metcalfé, Mr. H. A. F.  
 Morgan, Mr. G.  
 Mujumdar, Sardar G. N.  
 Mukherjee, Rai Bahadur Sir Satya Charan.  
 Noyce, The Honourable Sir Frank.  
 Perry, Mr. E. W.  
 Rajah, Raja Sir Vasudeva.  
 Rajah, Rao Bahadur M. C.  
 Ramakrishna, Mr. V.

Ranga Iyer, Mr. C. S.	Spence, Mr. G. H.
Rau, Mr. P. B.	Studd, Mr. E.
Row, Mr. K. Sanjiva.	Trivedi, Mr. C. M.
Scott, Mr. J. Ramsay.	Uppi Saheb Bahadur, Mr.
Scott, Mr. W. L.	Zakaullah Khan, Khan Bahadur Abu
Shafee Daoodi, Maulvi Muhammad.	Abdullah Muhammad.
Sher Muhammad Khan Gakhar, Captain.	Ziauddin Ahmad, Dr.
Singh, Mr. Pradyumna Prashad.	Zyn-ud-din, Khan Bahadur Mir.
Sircar, The Honourable Sir Nripendra.	

## NOES—14.

Ba Maung, U	Mitra, Mr. S. C.
Das, Mr. B.	Neogy, Mr. K. C.
Dutt, Mr. Amar Nath.	Patil, Rao Bahadur B. L.
Gunjal, Mr. N. R.	Reddi, Mr. P. G.
Jadhav, Mr. B. V.	Reddi, Mr. T. N. Ramakrishna.
Lalchand Navalrai, Mr.	Sen, Mr. S. C.
Mahapatra, Mr. Sitakanta.	Singh, Mr. Gaya Prasad.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 28th August, 1934.