

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 1st AUGUST, 1934

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OFFICIAL REPORT



CONTENTS.

Questions and Answers.

Election of a Member on the Fuel Oil Committee.

The Indian Iron and Steel Duties Bill—Discussion on the motion to refer to Select Committee not concluded.

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LEGISLATIVE ASSEMBLY.

Wednesday, 1st August, 1934.

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

QUESTIONS AND ANSWERS.

Mr. President (The Honourable Sir Shanmukham Chetty) : Questions relating to the Home Department that were left over day before yesterday may now be asked. Mr. Lalchand Navalrai. Question No. 244.

HOME DEPARTMENT RESOLUTION REGARDING COMMUNAL REPRESENTATION IN SERVICES.

244. ***Mr. Lalchand Navalrai** : (a) Has the attention of Government been drawn to the editorial comment published in the *Tribune*, dated the 9th July, 1934, in the editorial, on the Resolution recently issued by the Home Department of the Government of India in respect of communal representation in the services ?

(b) How do Government justify their action in issuing the Resolution ? Is it not a fact that the Joint Parliamentary Committee is seized of the subject and their report is not yet out ?

(c) Why have the Government of India issued at this stage such a Resolution ? Are Government aware that the majority community is not satisfied with the Communal Award ?

(d) Do Government recognize that efficiency is the only sound principle for recruitment and promotion in the services ? If so, why do they depart from this principle and not leave the recruitment question to be met with only by open public service competition, free from any communal tinge ?

(e) What minimum qualifications do Government propose to fix for admission into the public services, as indicated in the Resolution, for giving services in the proposed ratio on the communal basis ?

(f) Will the qualifications be uniform for both the majority and minority entrants ? If not, why not ?

The Honourable Sir Henry Craik : (a) Yes.

(b) and (c). As explained in the Resolution itself, a review of the results of the policy followed since 1925, in regard to recruitment, was made in accordance with undertakings given in the Assembly. The question is one of administration and the rules were issued by the Government of India with the approval of the Secretary of State as soon

as a decision was reached. With reference to the last part of question (c) Government have observed that some members of the majority community are not satisfied with the Communal Award.

(d) It has long been established policy to prevent the preponderance of any particular community in the public services. The adoption of the Honourable Member's suggestion would not be consistent with this policy. Nor can I accept the implication that efficiency must suffer if recruitment is not made by competitive examination alone. I would also mention that the recent orders apply only to direct recruitment and not to promotions, which will continue to be made on merits as at present.

(e) The same minimum qualification cannot be prescribed for all services. The minimum is fixed in view of the requirements of each case, but there is no intention of revising it so as to endanger efficiency in any case.

(f) The minimum qualifications prescribed for admission to the services will be the same for all the communities.

Mr. Lalchand Navalrai : May I ask the Honourable Member who will fix these minimum qualifications—the Public Service Commission or the Government ?

The Honourable Sir Henry Craik : I imagine that they will be fixed by the Department which is recruiting in each case probably with the advice of the Public Service Commission.

Mr. Lalchand Navalrai : May I also know from the Honourable Member how is this reserved percentage for Muhamamadans going to be divided amongst the Muhammadans of the different Provinces, *e.g.*, Bengal, Punjab, Madras, Bombay and others ?

The Honourable Sir Henry Craik : I am answering a question later on today which deals with that point.

Mr. Lalchand Navalrai : May I know which is that question ?

The Honourable Sir Henry Craik : It comes later on today.

Mr. Lalchand Navalrai : May I ask another question,—and if the Honourable Member is not prepared to give a reply now, he may give it hereafter. May I know if the same rule will apply in the case of the Hindus of the different Provinces for the residue services left for them to be divided amongst them ?

The Honourable Sir Henry Craik : I did not quite follow the Honourable Member. But it has never been the policy of the Government, so far as I am aware, to lay down that each Province shall receive a certain percentage of appointments in the Central Services. The percentages have always been fixed by communities and not by Provinces.

Mr. Lalchand Navalrai : May I, therefore, know from the Honourable Member if he knows that now there is a competition amongst the Muhammadans also, because they too have got graduates, and will the Honourable Member say if there will be a division amongst the various Provinces according to the ratio of population, or will the Muhammadans of any Province be taken up ?

The Honourable Sir Henry Craik : That point is dealt with in a question that is coming up later on today.

Maulvi Muhammad Shafee Daoodi : Are Government aware that instead of there being a division amongst the Mussalmans of India, they are united in expressing their dissatisfaction at the ratio of 25 per cent. that is proposed in the Resolution ?

The Honourable Sir Henry Craik : I myself arrived in India too late to see the Press comments, but I understand that the comments in the Muslim papers were generally favourable.

Mr. Gaya Prasad Singh : Is it not very ungrateful on the part of Muhammadans not to be satisfied with this ?

Mr. Lalchand Navalrai : May I know from the Honourable Member that, as this is a division of services, will it form part of the new Constitution or not ? And, if it is so, was the Secretary of State or the Joint Parliamentary Committee consulted on this point, and if there is any correspondence, will it be laid on the table ?

The Honourable Sir Henry Craik : As I stated in my reply to part (b) of the question, the rules were issued by the Government of India with the approval of the Secretary of State, and I think I noticed in the newspapers yesterday that the Secretary of State stated in the House of Commons that this matter had been brought to the notice of the Joint Select Committee.

Mr. Lalchand Navalrai : Am I, then, right in understanding that after the Government of India made their determination to issue this Resolution, the Joint Parliamentary Committee and the Secretary of State were informed of it and their approval obtained ? That is what I want to know.

The Honourable Sir Henry Craik : The Secretary of State was informed before the Resolution was published. As regards the Joint Select Committee, I am not in a position to reply, but, as I said, I think I saw in the newspapers yesterday that the Secretary of State had stated in his reply to a question in the House of Commons that he had kept the Joint Select Committee acquainted with what was being done. At what stage exactly he informed them, I am not clear.

Mr. M. Maswood Ahmad : Will Government be pleased to state what will be the test for efficiency for the officers at the time of promotion ? The Honourable Member has just now said that only efficiency will be the criterion for promotion.

Mr. Gaya Prasad Singh : Sycophancy will be the criterion in a case like that.

The Honourable Sir Henry Craik : The minimum qualification will necessarily vary for different services, and I cannot give one comprehensive answer to that question. But I presume that in most cases it would either be a University degree or a technical qualification of some kind.

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

ALLOCATION OF SEATS IN THE LEGISLATIVE ASSEMBLY FOR THE NORTH-WEST FRONTIER PROVINCE.

245. **Mr. M. Maswood Ahmad** : (a) Is it a fact that every Governor's province, except the North-West Frontier Province, is entitled to send elected representatives to this House ?

(b) If so, will Government please state why the North-West Frontier Province is deprived of the privilege of sending any representative to this House ?

(c) Do Government propose to take early steps for the allocation of seats in this House for the North-West Frontier Province in the general elections to be held this year ? If not, what are their reasons for doing so ?

The Honourable Sir Henry Craik : (a) Yes.

(b) and (c). The North-West Frontier Province, at the time of its conversion into a Governor's province, was represented in this House by a nominated seat. It has now been decided to convert that seat into an elected seat at the forthcoming election and the necessary amendment to the Electoral Rules was published in the Gazette of India Extraordinary, dated the 31st July, 1934.

Mr. M. Maswood Ahmad : How many seats will be given to the North-West Frontier Province ?

The Honourable Sir Henry Craik : One, as at present.

Mr. M. Maswood Ahmad : Is it a fact that it was recommended by some Committee that three seats would be given to the North-West Frontier Province ?

The Honourable Sir Henry Craik : Unless the Honourable Member can specify the Committee which made that recommendation, I cannot either affirm or deny that statement.

Mr. Latchman Navals : Will that seat be a joint seat both for the Hindus and the Muhammadans of the North-West Frontier Province, or will it be only for Muhammadans ?

The Honourable Sir Henry Craik : It will be a joint seat.

Mr. M. Maswood Ahmad : Will Government be pleased to state whether the seat will be filled by joint electorate or by separate electorate ?

The Honourable Sir Henry Craik : By joint electorate.

Mr. Gaya Prasad Singh : As it is a fact that the Hindus are in a microscopic minority in the North-West Frontier Province, may I ask what steps are being taken by the Government to ensure that they get an adequate share of representation in the electorate ?

The Honourable Sir Henry Craik : I really cannot see what steps are possible to have a proper representation of a microscopic minority in an electorate for a single seat.

Mr. Gaya Prasad Singh : In view of the fact that other minorities have been given weightage and special representation, do Government propose to take any steps to redress the grievances of the Hindus in the North-West Frontier Province who happen to be in a minority ?

The Honourable Sir Henry Craik : I think that hardly arises out of the original question.

Mr. Lalchand Navarai : Would not a separate seat be reserved for Hindus ?

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

USE MADE OF THE HARIJAN FUND AND OF THE CENTRAL RELIEF COMMITTEE'S EARTHQUAKE FUND.

247. ***Sir Muhammad Yakub :** (a) Will Government be pleased to state what information they have of the use that is being made of the so-called Harijan fund, and of the Central Relief Committee's Earthquake Fund ?

(b) Are Government prepared to take steps to ensure that these funds are not collected under false pretences but are employed for the purposes for which they have been subscribed by their contributors ?

(c) Are Government aware of any instances of the notorious misappropriation of similar funds in the past, and are Government prepared to consider the possibility of legislation providing for the compulsory public auditing of all funds collected from the general public for supposedly charitable objects ?

The Honourable Sir Henry Craik : (a) Government have no information other than what has appeared in the Press regarding these funds.

(b) Government have not at present any such proposal under consideration.

(c) As regards the first part of the question, Government are aware that there have been allegations in the past that funds collected from the public have been devoted to purposes other than those for which they were subscribed. As regards the second part of the question, as I have said in answering clause (b), the Government have not considered the possibility of legislation.

RELEASE OF MR. SARAT CHANDRA BOSE.

261. ***Mr. Bhuput Sing :** (a) Is it a fact that Mr. Sarat Chandra Bose, the well-renowned lawyer of the Calcutta Bar, was imprisoned under Regulation III, and is it a fact that Sardar Vallabhbhai Patel was also imprisoned under the same Regulation ?

(b) Is it a fact that Sardar Vallabhbhai Patel has been released owing to the Congress having rescinded the Civil Disobedience Movement and for adopting the policy of running candidates for the ensuing Assembly election ?

(c) Is it a fact that Mr. Sarat Chandra Bose is still being detained ? Do Government propose to release him forthwith for the same reasons for which Sardar Vallabhbhai Patel has now been released ?

The Honourable Sir Henry Craik : (a) The answer to the first part of the question is in the affirmative. Mr. Patel was detained under the provisions of the Bombay Regulation XXV of 1927.

(b) Mr. Patel was released because the Government of Bombay and the Government of India were satisfied that his detention was no longer necessary in the public interest.

(c) Mr. Sarat Chandra Bose is detained as a State Prisoner, for reasons not connected with the civil disobedience movement, and the restrictions on him will be maintained so long as this is necessary in the public interest.

Mr. Bhuput Singh : May I know what are the reasons other than the Civil Disobedience Movement for detaining Mr. Bose ?

The Honourable Sir Henry Craik : Because there were strong grounds for considering that he was deeply involved in the terrorist movement.

Mr. K. C. Neogy : Is it a fact that Mr. Bose made repeated representations to the Government of India to be allowed to know the ground on which the Government had determined to detain him under Regulation III ?

The Honourable Sir Henry Craik : Yes, Sir. That was the subject of question and answer in this House some little time ago. The Honourable Sir Harry Haig answered a number of questions on that point. Mr. Bose did make representations.

Mr. K. C. Neogy : With what results ?

The Honourable Sir Henry Craik : The result was negative.

Mr. K. C. Neogy : Is it also a fact that Mr. Bose expressed a desire to be placed before a regular Court of law for trial if there were any specific charges against him ?

The Honourable Sir Henry Craik : I must have notice.

Mr. K. C. Neogy : Is it a fact that the materials under which Government took action against Mr. Bose were at a particular time placed before the Advocate General of Bengal for his opinion as to whether there were sufficient grounds for any action ?

The Honourable Sir Henry Craik : I cannot say whether they were placed before the Advocate General of Bengal. But certainly they were placed before two Judges, who came to the conclusion that, in the interests of internal order, the internment of Mr. Bose was justified.

Mr. K. C. Neogy : Will the Honourable Member make inquiries and find out whether it is not a fact that the Advocate General of Bengal was consulted in the matter and that his opinion was that there was no evidence against Mr. Bose to justify the action of Government ?

The Honourable Sir Henry Craik : I will look that up. I cannot say off-hand.

Mr. S. C. Mitra : Is the Honourable Member in a position to give this House some idea about the charges that were brought against Mr. Bose and that were placed before two Judges ?

The Honourable Sir Henry Craik : No, Sir. I am not in a position to do that.

Mr. K. C. Neogy : Were those judges the Judges of the High Court or do they occupy a lower status ?

The Honourable Sir Henry Craik : District and Sessions Judges.

Mr. K. C. Neogy : Are Government prepared to place on the table the periodical reports about Mr. Bose which are required to be submitted under Regulation III ?

The Honourable Sir Henry Craik : No, Sir. These reports are not published.

Mr. K. C. Neogy : Are Government at any rate prepared to make a statement giving the substance of these reports in so far as they relate to the conduct of Mr. Bose while in detention ?

The Honourable Sir Henry Craik : If the Honourable Member will put down a question on that point, I will see.

Mr. K. C. Neogy : Will the Honourable Member take this as notice ?

The Honourable Sir Henry Craik : I think you had better give me formal notice.

Mr. S. C. Mitra : Will the Honourable Member tell this House if there is any truth in the statement that has been published in the Press today that the only evidence against Mr. Bose is that some of the money he gave freely for charitable and political objects found its way in other hands and was used for purposes other than pure charity ?

The Honourable Sir Henry Craik : No, Sir. There was certainly a great deal more evidence than that.

Mr. Gaya Prasad Singh : What objection there is in informing Mr. Bose of the charges which are against him ?

The Honourable Sir Henry Craik : That point was gone into at some length by way of question and answer in the time of my predecessor, and he made it clear that it was not usual to give persons whom it is proposed to intern a statement of the charges against them and he said that that was an essential part of the procedure.

Mr. Gaya Prasad Singh : Is it fair on the part of Government to imprison a man without trial and then to malign him before the world by asserting that he has got complicity in terrorist activities without informing him of the charges and giving him an opportunity to rebut them if possible ?

The Honourable Sir Henry Craik : The Honourable Member is asking me for an expression of opinion as to whether that procedure is fair. I do not think I can very well pronounce an opinion or am called upon to answer that. That is the ordinary procedure inherent in the use of the internment method of dealing with these people.

Mr. K. C. Neogy : Have any of the restrictive conditions imposed on Mr. Bose in connection with his detention been relaxed since his transfer to Kurseong ?

The Honourable Sir Henry Craik : He is living, I understand, in his own house and he is allowed to move within certain limits.

Mr. K. C. Neogy : Do I take it then that, in the opinion of the Government, a relaxation has been justified in the restrictive conditions ?

The Honourable Sir Henry Craik : I understand that he was allowed to move to Kurseong to his own house largely on grounds of health.

Mr. K. C. Neogy : But the Honourable Member just now stated that with regard to his movements he enjoys certain enlarged liberty.

The Honourable Sir Henry Craik : He is allowed to move about within certain specified limits.

Mr. K. C. Neogy : In that case, am I justified in drawing the conclusion that, in the opinion of Government, this relaxation was justified ?

The Honourable Sir Henry Craik : I do not really quite understand what the Honourable Member means. So far as I know, we have no complaints that the greater relaxation has been abused in any way.

Mr. K. C. Neogy : May I take it then that whatever relaxations may have been given, the Government are satisfied that there is no danger in granting those relaxations.

The Honourable Sir Henry Craik : If Government thought that there was any danger in granting these relaxations, they would remove them. As I say, I see no reason to think that the relaxations have been abused in any way.

Mr. S. C. Mitra : Will Government now reconsider his case in view of the fact that Mr. Subhas Chandra Bose is now in Europe and is not likely to come back soon to associate with his brother, the main charge against Mr. Sarat Chandra Bose is, perhaps, that he is an associate of his brother ?

The Honourable Sir Henry Craik : The case of Mr. Sarat Chandra Bose was very recently most fully considered in consultation with the Government of Bengal. I am afraid, I cannot promise any further reconsideration at present. The Bengal Government's considered opinion was received only a few days ago.

Mr. K. C. Neogy : Do I take it that the Bengal Government have anything to do in this particular matter ?

The Honourable Sir Henry Craik : Certainly.

Mr. K. C. Neogy : The Honourable Member must, I am afraid, read Regulation III before he gives this answer.

The Honourable Sir Henry Craik : The responsibility is the Government of India's.

Mr. Gaya Prasad Singh : Under Regulation III ?

The Honourable Sir Henry Craik : Naturally we consulted the Bengal Government.

Mr. K. C. Neogy : In what matter does the Government of Bengal come in at all in connection with this question ?

The Honourable Sir Henry Craik : It is obvious that Mr. Bose is an inhabitant of Bengal, and the terrorist movement, with which he is alleged to be connected, is prevalent in Bengal, and surely the Government of Bengal is most deeply interested.

Mr. K. C. Neogy : May I infer from the answer of the Honourable Member that the Government of India have not applied their mind to this particular case, but that they blindly followed what the Government of Bengal decided ?

The Honourable Sir Henry Craik : Certainly not.

Mr. Gaya Prasad Singh : Will Government please state the section in Regulation III of 1818 which gives to the Local Government a hand in the matter of determination of this question of detention or release ?

The Honourable Sir Henry Craik : Will the Honourable Member show me any section in Regulation III which prohibits the Government of India from consulting the Local Government or any other agency of its own ?

Mr. Gaya Prasad Singh : The Honourable Member says that Mr. Bose has been detained under Regulation III. Will Government kindly state under what section of that Regulation the Local Government has a hand in the matter of the determination of the question of detention of the person ?

The Honourable Sir Henry Craik : As I have said, the Government of India are perfectly entitled to consult, and, in fact, they would be failing in this duty if they did not consult the Local Government.

Mr. Gaya Prasad Singh : Under what section ?

The Honourable Sir Henry Craik : Under the section of common sense.

TIME LIMIT FOR A GAZETTED OFFICER TO REMAIN AT ONE STATION.

268. ***Kumar Gupteshwar Prasad Singh :** Will the Honourable the Home Member be pleased to state whether there is any time limit for a gazetted officer to remain at one station ?

The Honourable Sir Henry Craik : I have no information whether any time limit is in force in the various provinces, other than that which was given in reply to Mr. Jagan Nath Aggarwal's question No. 648 (b), on the 5th September, 1933.

CONCESSIONS GIVEN TO THE ARMY HEADQUARTERS STAFF.

269. ***Kumar Gupteshwar Prasad Singh :** (a) Will Government please state whether there is any difference between a Government servant working in the Army Headquarters and one working in the Government of India Secretariat ? If so, what is the difference ?

(b) If there is no difference, will Government kindly state why Government servants in the Army Headquarters are entitled to—

- (i) free train service between Simla and Summer Hill ;
- (ii) free medical service for the staff and family ;
- (iii) free services of an eye specialist ; and
- (iv) free dental services ?

(c) Are Government prepared to consider and allow the same concessions of their staff in the Civil Secretariat ? If not, why not ?

The Honourable Sir Henry Craik : (a) Yes, there are differences in pay, leave terms and location of headquarters.

(b) and (c). Do not arise. I may however point out as regards item (iii) in clause (b) that all Government servants at Army Headquarters are not entitled to the free services of an eye specialist as a

matter of right but only when the services of such a specialist are available in Simla and no extra expenditure is caused to Government. As regards item (iv), the civilian staff of Army Headquarters is not entitled to free dental treatment.

RELEASE OF CIVIL DISOBEDIENCE PRISONERS.

273. ***Mr. Bhuput Sing :** (a) Will Government be pleased to state the reasons why Civil Disobedience prisoners have not yet been released in spite of the withdrawal of civil disobedience ?

(b) What was the total number of such prisoners on the 1st July, 1934, in each province of India ?

(c) What are the reasons for the delay ? When are all the prisoners expected to be released ?

(d) Will Government be pleased to state the reasons for examining the individual cases of Civil Disobedience prisoners in detail when they have been convicted of Civil Disobedience by the trying magistrates ?

(e) What time was taken by Government in releasing the prisoners after the Irwin-Gandhi Pact ?

The Honourable Sir Henry Craik : (a), (c) and (d). I would refer the Honourable Member to the last part of the communiqué issued by the Government of India on the 6th June, which states the policy which is being followed in this matter, and to which I have nothing to add.

(b) I lay a statement on the table.

(e) This does not arise, as the circumstances were wholly different.

Total number of convicted persons (under ordinary law and Provincial and Central Acts which replaced Ordinance X of 1932) undergoing imprisonment at the end of June 1934.

| Province. | No. |
|--------------------------------------|------------|
| Madras | 12 |
| Bombay | 410 |
| Bengal | 164 |
| United Provinces | 33 |
| Punjab | 13 |
| Bihar and Orissa | 56 |
| Central Provinces | Nil. |
| Assam | 10 |
| North-West Frontier Province | 48 |
| Delhi | 1 |
| Coorg | Nil. |
| Ajmer-Merwara | Nil. |
| Total | 747 |

Mr. Lalchand Navalrai : May I know if the communiqué shows that all the persons have been released ?

The Honourable Sir Henry Craik : No, Sir, it does not say so.

Mr. Lalchand Navalrai : Will the Honourable Member say how many have been released and how many not released ?

Mr. President (The Honourable Sir Shanmukham Chetty) : That is given in the answer to part (b). The Honourable Member cannot repeat questions which have been already answered.

Mr. Lalchand Navalrai : I put the question as no definite reply was made.

HOME DEPARTMENT RESOLUTION REGARDING COMMUNAL REPRESENTATION IN SERVICES.

282. ***Rai Bahadur Sukhraj Roy :** (a) Will Government be pleased to state what the immediate necessity, if any, was of issuing the Home Department Resolution regarding the representation in public services of minorities and of Muslims in particular ?

(b) Why was not this House consulted before issuing the Resolution ?

(c) What was the necessity of introducing other minorities when the question was of improving the position of Muslims only ?

(d) Why has not the Sikh community been mentioned among the minorities in the Resolution ?

(e) What is the present percentage of Hindus in Railways, Posts and Telegraphs and Indian Civil Service as compared with their population ?

The Honourable Sir Henry Craik : (a) I invite attention to the terms of the Resolution itself and to the reply given by me to Mr. Lalchand Navalrai's starred question No. 244.

(b) The House has been aware, for some considerable time, that the Government had this matter under consideration and were endeavouring to reach conclusions as early as possible.

(c) I would refer the Honourable Member to paragraphs 1 and 2 of the Resolution.

(d) As stated in paragraph 4 of the Resolution, Government considered the position of minorities, other than those to which special reference is made, and were satisfied that the new rules would provide for them, as at present, a reasonable degree of representation in the services.

(e) According to the last census, the population of Hindus in British India is about 65 per cent. Their percentage in the Indian Civil Service to the total number of Indians, excluding those who hold listed posts, is 68 and to the total cadre about 23.

On the Railways to which the new rules apply, i.e., all Class I Railways except the Burma Railway, the Jodhpur Railway and the Nizam's State Railway, the percentage of Hindus to the total subordinate Indian staff,

(excluding inferior servants and labourers), was on the 31st December, 1932, 67.9. In the gazetted ranks the percentage of Hindus to the total number of Indians, is 60.8,

In the Posts and Telegraphs Department, the percentage of Hindus to the total Indian staff, excluding inferior servants, is 69.5.

RECRUITMENT OF ORIYAS IN THE GOVERNMENT OF INDIA OFFICES.

284 ***Mr. Sitakanta Mahapatra :** (a) Are Government aware that in the whole of the Government of India Secretariat there is no Oriya in service ?

(b) Is it a fact that in all the Attached and the Subordinate Offices of the Government of India located in the Headquarters at Delhi and Simla, there are no Oriyas in service ? If so, do Government propose to issue instructions to the Public Service Commission to recruit Oriyas for the offices of the Government of India Headquarters, including the Secretariat Departments ? If not, why not ?

The Honourable Sir Henry Craik : (a) and (b). As has been explained on several occasions in this House, the Government of India have not undertaken to secure representation for provinces, either generally or in terms of particular communities. Candidates from Orissa have equal opportunities with those from other provinces and it is not proposed to take any special action in the matter. I have no information whether there are any Oriyas in the Government of India offices at the headquarters and I do not think any useful purpose would be served by collecting the information in view of what I have just stated.

EMPLOYMENT OF THE SONS AND WARDS OF THE EMPLOYEES OF THE GOVERNMENT OF INDIA IN THE PROVINCES.

288. ***Mr. M. Maswood Ahmad :** (a) Are Government aware that the sons and wards of the employees of the Central Government at headquarters find it very difficult to get employment in the provinces from which they come, and also experience similar difficulties in securing admissions to medical, engineering and other technical institutions ?

(b) Do Government propose to address the Local Governments and Administrations to look after the interests of the sons and wards of the employees of the Central Government properly by reservation of a certain number of seats for them in educational institutions and vacancies in all services under the control of the Local Governments ?

The Honourable Sir Henry Craik : (a) and (b). (i) A representation, as regards the difficulties of securing employment in the provinces, was made by the Imperial Secretariat Association in 1933 and formed the basis of a request that a percentage of ministerial appointments, in the Government of India Secretariat, should be reserved for the children and dependents of the members of that Association. The Government of India were unable to accede to this request, and, as recruitment to the provincial services is entirely a matter for the Local Governments, they are not in a position to interfere with their discretion and are not prepared to suggest to them that any special reservation should be made.

(ii) The Government of India are not aware of any special difficulties in securing admission to Medical and Engineering institutions. But any difficulties that may arise are not confined to the sons and dependents of Government servants but are felt by all classes resident in a province or minor administration which does not itself provide these special educational facilities. Arrangements have been made for the admission of a few selected students, from centrally administered areas, into the King Edward Medical College, Lahore, and the Thomason Civil Engineering College, Roorkee, and the sons of Government servants are eligible together with other students for these vacancies. Such selected students are required to pay only the ordinary fee payable by local students in these colleges, and the balance of the cost of training charged by the provincial Government is met from central revenues.

COWS SHOT BY MR. WAUGH, HONORARY MAGISTRATE AND CHAIRMAN OF THE SHAHDARA NOTIFIED AREA COMMITTEE.

289. ***Mr. Bhuput Sing** : (a) Will Government be pleased to state whether they are aware that Mr. Waugh, the Honorary Magistrate and Chairman of the Shahdara Notified Area Committee, shot 12 cows and bullocks recently near Shahdara ? If so, are Government prepared to make an enquiry as to why this was done ?

(b) Are Government aware of the strong feeling of Hindus of Delhi, as voiced at a public meeting held in the Azad Park under the auspices of the Hindu Youngmen's Association on the 14th July, 1934 ?

(c) Do Government propose to ask the Commissioner of Delhi to take disciplinary action against the offender for offending the religious susceptibilities of the Hindus ? If not, why not ?

The Honourable Sir Henry Craik : (a) and (c). I would refer the Honourable Member to the reply given on the 31st July, to Pandit Satyendra Nath Sen's question No. 311, on this subject.

(b) Yes.

APPOINTMENT OF BENGAL MUSLIMS TO POSTS UNDER THE GOVERNMENT OF INDIA OUTSIDE BENGAL.

291. ***Haji Chaudhury Muhammad Ismail Khan** : (a) Are Government aware that there is a strong feeling amongst the Bengal Muslims that, in the matter of recruitment to the vacant posts under the Government of India outside Bengal, due publicity is never given by means of advertisement of such vacancies in newspapers ? If not, do they propose to enquire into the matter and remedy the grievances of the Bengal Muslims ?

(b) Are Government aware that there is a strong feeling amongst the Bengal educated Muslims that Government of India Headquarters being far away from Bengal, all vacancies under the Government of India are filled by the Muslims of those provinces contiguous to the Government of India Headquarters ?

(c) Do Government propose to remove the aforesaid grievances of the Bengal Muslims by fixing a quota of percentage for the recruitment of educated Bengal Muslims ? If not, why not ?

(d) Are Government aware that amongst the educated Muslims of Bengal there is a greater percentage of unemployment than amongst the educated Muslims of other provinces? If not, do they propose to enquire into the matter through the Heads of Universities in Bengal? If not, why not?

(e) Do Government propose to take steps to give publicity to the vacancies reserved for Muslims under the Government of India, according to the recent Home Department Resolution, through the Heads of Universities in Bengal so that Bengal Muslims may also apply for such vacancies? If not, why not?

The Honourable Sir Henry Craik : (a) A list of newspapers, in which advertisements regarding competitive examinations and the posts to which recruitment is made by selection are issued from time to time by the Public Service Commission, was laid on the table of the House in reply to Mr. Jagan Nath Aggarwal's starred question No. 362, on the 16th September, 1931. The list includes a leading Bengal paper, *the Statesman*. In addition to advertising in the leading newspapers, publicity is given to all recruitment by open selection through the Public Service Commission by forwarding a copy of the advertisement in each case to all Universities as well as to the leading Libraries and Y.M.C.A.'s in India. Full information regarding examinations held by the Commission is also published in the Gazette of India and a copy of the notice relating to each examination is forwarded to the Associated Press of India and the Free Press of India. Further, copies of rules, regulations, etc., relating to each examination are forwarded to the Registrars of all Universities and to the leading Libraries. Government do not consider that anything more is required.

(b) and (c). Government have not undertaken to secure representation for Provinces, either generally or in terms of particular communities. Muslim candidates from Bengal have equal chances, with those from other provinces, of securing employment in the services, and it would be contrary to Government policy to take any special action in regard to them.

(d) In view of the position as stated in reply to parts (a) to (c), Government see no need to take the action suggested.

(e) Does not arise in view of the reply given to part (a).

Mr. Lalchand Navalrai : Are these posts reserved for Muslims to be secured through the Public Service Commission or only by selection or by favour?

The Honourable Sir Henry Craik : I would refer the Honourable Member to the terms of the Resolution.

Mr. S. C. Mitra : Is it not a fact that the Muslims of Bengal, who form more than 40 per cent. of the total Muslim population, do not get even a moiety of the percentage which is reserved for Muslim representation in the services?

The Honourable Sir Henry Craik : I cannot say off-hand.

Sir Abdur Rahim : Will the Honourable Member be able to inform us as to how many Muslims from Bengal are employed in the Secretariat here? Will there be even half a dozen?

The Honourable Sir Henry Craik : I am afraid, I must have notice.

Sir Abdur Rahim : There is only one.

Mr. S. C. Mitra : Will the Honourable Member explain what is the purpose of reserving seats for Muslims if 40 per cent. of the Muslims are deprived of their due share or of any reasonable share in the reserved seats for Muslims ?

The Honourable Sir Henry Craik : They are not deprived of their share. They have exactly the same opportunities of competing for that share as the Muslims of any other Province.

Mr. S. C. Mitra : But is it not a fact that they are not getting it ?

The Honourable Sir Henry Craik : I can not say whether they are getting a share in proportion to their population strength, but the opportunities are there, and, as I have stated, it is not the policy of Government, and never has been the policy, to reserve any particular percentage of places in the services for any particular Province, either by communities or otherwise.

Mr. S. C. Mitra : Will the Honourable Member then explain, if there are opportunities for Muslims and Anglo-Indians to compete for any service in India, what is the purpose of reserving a particular percentage for these minorities ? And will he kindly say, following that principle of reserving a certain percentage, why the Muslims of Bengal are deprived of their share, from the reserved posts in services ?

The Honourable Sir Henry Craik : The object of reserving for particular minorities is to carry out what I stated as the policy of Government, to ensure that there should not be an undue preponderance of any one community in any service.

Sir Abdur Rahim : Is the Honourable Member aware that the number of Muslim graduates in Bengal is at least as large as in any other Province ?

The Honourable Sir Henry Craik : I will take the Honourable Member's word for it.

Sir Abdur Rahim : Will the Honourable Member kindly look into the matter and ascertain if the Muslims of Bengal do get a fair chance of entering the Secretariat and the Central services of the Government of India ?

The Honourable Sir Henry Craik : That is covered by the reply, I have already given, that full publicity is given to these vacancies in the Government of India, and that the Muslims of Bengal have the same opportunities to compete for them as the Muslims of other Provinces. I will, however, ascertain, if the Honourable Member would like me to, how many Bengali Muslims are actually employed in the Government of India Secretariat.

Sir Abdur Rahim : If the Honourable Member finds that there is a very serious disparity, will he make particular inquiries as to the reason which has brought it about ?

The Honourable Sir Henry Craik : If I can see any possible remedy, I shall certainly examine it.

Mr. Gaya Prasad Singh : Is it not a fact that the Hindus of Bihar and Orissa are also deprived of their share in the Government services in the Secretariat and elsewhere ?

Mr. Lalchand Navarai : I want a definite reply to the question I put. The Honourable Member refers me to the Resolution itself. I have read the Resolution, and I do not find any light thrown on this question from it. Therefore, I am going to repeat my question, and I want a direct reply. The question is : whether these reserved seats have to be given to the Muhammadans, for whom they are reserved, by competitive examination through the Public Service Commission or not.

The Honourable Sir Henry Craik : I really do not exactly understand the question. I am not prepared to pronounce here in this Assembly anything that will amplify, still less modify, the terms of the Resolution.

ENQUIRY INTO THE ADMINISTRATION OF THE AJMER MUNICIPAL COMMITTEE.

329. ***Mr. Muhammad Muazzam Sahib Bahadur :** (a) Is it a fact that a Committee was appointed towards the end of 1933, by the Honourable the Chief Commissioner, Ajmer-Merwara, to enquire into the administration of the Ajmer Municipal Committee ?

(b) Is it a fact that this Committee examined witnesses in the open Court as well as *in camera* ?

(c) Is it a fact that this Committee recorded evidence against the conduct of some of the members of the Municipal Committee but gave no opportunity to these members to explain the allegations made against them ?

(d) Has the attention of Government been invited to the report of this Enquiry Committee published in the *Statesman* of the 16th May, 1934 ?

(e) Is it a fact that this report was submitted to the Local Government without the Municipality or its individual members being called upon to explain the allegations against them ?

(f) Is it a fact that, after submission of the Report to the Local Government, the Honourable the Chief Commissioner called upon the Municipal Committee to furnish their explanation in regard to the allegations contained in the Enquiry Committee's Report ?

(g) Has the attention of Government been drawn to the explanation given by the Municipal Committee published in the *Statesman* of the 16th June, 1934 ?

Mr. H. A. F. Metcalfe : With your permission, Sir, I will answer questions Nos. 329, 330, 331, 332 and 333 together. The information asked for on certain points has been called for and replies will be given to the House in due course.

ENQUIRY INTO THE ADMINISTRATION OF THE AJMER MUNICIPAL COMMITTEE.

†330. ***Mr. Muhammad Muazzam Sahib Bahadur :** (a) Is it a fact that the chief defects found by the Committee appointed by the Chief Commissioner of Ajmer-Merwara in the administration of the Ajmer

†For answer to this question, see answer to question No. 329.

Municipal Committee relate to the Public Works, Water Works and Public Health Departments and that these Departments had always been placed by the Municipal Committee under the direct supervision of Government experts, viz., the Civil Surgeon or Additional Civil Surgeon as Convener of Public Health Department and the Executive Engineer, Government Public Works Department as Convener of Municipal Public Works Department ?

(b) Is it a fact that no warning, advice, direction or *guidance* was given to the Municipal Committee with regard to general maladministration, etc., prior to the appointment of the Enquiry Committee ?

(c) Is it a fact that the Municipality submitted to Government several years ago a Sanitation Scheme prepared by well-known Lucknow Engineers for the improvement of Public Health and Water Supply, and also applied for the requisite loan from Government to carry out the scheme, and that the scheme and the question of loan are still under the consideration of Government ?

(d) Is it a fact that Ajmer Municipality have maintained financial stability and produced a substantially surplus budget and have also effected several improvements, e.g., the introduction of electricity, extension of primary education, increase in grants-in-aid to hospitals and dispensaries ?

(e) Is it not a fact that almost all the defects pointed out by the Enquiry Committee had been in existence for a very long time and that the present Committee during their term of office made earnest efforts by taking action themselves wherever possible, or drawing the attention of the Local Government through submission of schemes ?

(f) Is it a fact that some of these defects have been more or less removed by the present Committee, particularly those relating to objections by Government Auditors who now certify substantial improvement ?

ENQUIRY INTO THE ADMINISTRATION OF THE AJMER MUNICIPAL COMMITTEE.

†331. *Mr. Muhammad Muazzam Sahib Bahadur : (a) Is it a fact that at a public meeting held in September, 1933, a request was made to Government to make enquiries into the Municipal administration and give advice and directions and not to punish the Municipality and the public ?

(b) Has the attention of Government been drawn to the proceedings of a public meeting published in the *Statesman* of the 26th June, 1934, requesting Government not to supersede the Ajmer Municipal Committee ?

(c) Are Government aware that the triennial general election to the Ajmer Municipality will take place early in December, 1934, and that the public will thus soon have a chance of voicing their real feelings in the matter ?

ENQUIRY INTO THE ADMINISTRATION OF THE AJMER MUNICIPAL COMMITTEE.

†332. *Mr. Muhammad Muazzam Sahib Bahadur : (a) Is it a fact that the reply of the Municipal Committee to the reference made by the

†For answer to this question, see answer to question No. 329.

Chief Commissioner of Ajmer-Merwara in connection with the Report of the Enquiry Committee appointed by him, was referred to the Chairman of the Enquiry Committee, who, in consultation with the members of the Enquiry Committee, submitted a rejoinder to the Municipal Committee's reply ?

(b) Is it a fact that this procedure is not provided for in section 243 of the Ajmer Municipal Regulation, VI of 1925, under which the Enquiry Committee was appointed and further action is contemplated ?

ENQUIRY INTO THE ADMINISTRATION OF THE AJMER MUNICIPAL COMMITTEE.

† 333. ***Mr. Muhammad Muazzam Sahib Bahadur** : Are Government prepared to place on the table of this House all papers regarding the affairs of the Ajmer Municipality, including the Enquiry Committee's Report and the reply of the Ajmer Municipality ?

ADMISSION OF MEDICAL GROUP STUDENTS OF THE DELHI UNIVERSITY IN MEDICAL COLLEGES IN INDIA.

334. ***Mr. Muhammad Muazzam Sahib Bahadur** : (a) Are Government aware of the fact that the F. Sc. Medical Group students of the Delhi University are not given admission to any Medical Colleges in India, except two candidates from Delhi to the King Edward Medical College, Lahore ?

(b) If the admission is not open for the Delhi students, do Government propose to take any steps to ensure admission of the Delhi F. Sc. Medical Group students to other colleges in India ?

(c) If admission to the Medical Colleges in India is not made open to the Delhi students, do Government propose to abolish the Medical Group of the Delhi University ?

(d) Are Government aware of the fact that the Selection Board held at Delhi for interviewing these students, have not interviewed all ?

(e) Will Government please state the reasons why the students, who passed the F. Sc. (Medical Group) examination of the Delhi University, are not permitted to appear at the test examination for admission to the Lucknow Medical College ?

Mr. G. S. Bajpai : I would invite the Honourable Member's attention to the answer given to Mr. Gaya Prasad Singh's question No. 248 on the 30th July.

ADMISSION OF MEDICAL GROUP STUDENTS OF THE DELHI UNIVERSITY IN MEDICAL COLLEGES IN INDIA.

335. ***Mr. Muhammad Muazzam Sahib Bahadur** : (a) Do Government propose to take steps to open admission for Delhi University students, who passed F.Sc. (Medical Group) to other Medical Colleges in India, such as at Bombay, Calcutta, Madras, Patna, Lucknow, etc. ? If so, when ?

(b) Do Government propose opening one Medical College at Delhi ?

† For answer to this question, see answer to question No. 329.

Mr. G. S. Bajpai : (a) The Honourable Member is referred to the answer given to Mr. Gaya Prasad Singh's question No. 248 on the 30th July, 1934. The matter is under consideration.

(b) No.

CONSTRUCTION OF A CINEMA HALL ADJACENT TO THE CENTRAL BAPTIST CHURCH, CHANDNI CHOWK, DELHI.

336. ***Kunwar Hajee Ismail Ali Khan :** (a) Is it a fact that the Delhi Municipal Committee sanctioned the construction of a Cinema Hall adjacent to the Central Baptist Church, Chandni Chowk, Delhi ?

(b) Is it a fact that the Christians of Delhi approached the Deputy Commissioner and prayed that a license to this Cinema may kindly not be granted, as it will hurt the feelings of all the Christians of Delhi as well as of those outside Delhi ?

(c) Is it a fact that a license has been granted to the said Cinema ?

(d) Is it a fact that after the above deputation, the Indian Christians of Delhi approached the Chief Commissioner of Delhi Province and prayed that the said license may not be granted ?

(e) What action has been taken in the matter by the authorities ?

(f) Are Government aware that the existence of a cinema in close proximity of a worshipping place is considered highly objectionable by the public and there is a danger of the breach of peace ?

(g) Are cinemas permissible to be made side by side with the places of worship ?

The Honourable Sir Henry Craik : (a) and (c). Yes.

(b) A deputation, composed of a section of the Baptist community in Delhi, asked the Deputy Commissioner to refuse a license to the cinema.

(d) There is no record of such a petition having been made.

(e) and (f). No action has been taken in the matter. The Church in question is situated in the Chandni Chowk, which is a congested area, where all kinds of buildings are quite close to one another. Government do not consider that there is any danger of a breach of the peace.

(g) The Delhi Municipal Committee have power, under section 123 of the Punjab Municipal Act, 1911, to stop the use of a building as a cinema, if it is a nuisance to the neighbourhood.

Mr. B. Das : Is it not a fact that the Secretary of the Delhi Municipality is a Christian, and that he ought to look after the interests of Indian Christians ?

The Honourable Sir Henry Craik : I am not aware whether he is a Christian or not.

EXPORT OF SKINS OF NEWLY BORN LAMBS AND KIDS.

337. ***Khan Bahadur Haji Wajihuddin :** (a) Are Government aware that there is a great demand in foreign countries of skins of newly born lambs and kids ?

(b) Are Government aware that with a view to get much higher prices from Foreign countries, the previous practice of slaughtering newly born lambs and kids has recently been started in India ? If so, do Government propose to consider the advisability of stopping the practice ?

(c) Will Government be pleased to state the name of the country and the quantity, respectively, which imported such skins from India each year during the last five years ?

The Honourable Sir Joseph Bhoré : (a) to (c). Information has been called for and will be laid on the table in due course.

COMMERCIAL BULLETIN BROADCASTED FROM BOMBAY.

338 ***Rao Bahadur B. L. Patil :** (a) Is it a fact that the broadcast of market reports from the Bombay Radio Station are stopped from the 1st July, 1934 ? If so, what are the reasons for this action ?

(b) Are Government aware that the Morning Commercial Bulletin broadcasted from Bombay was greatly appreciated by the commercial community in India and that the number of radio sets has been increasing day by day for this reason ?

(c) If the reply to part (b) be in the affirmative, do Government propose to restore the commercial bulletin on the programme ?

The Honourable Sir Frank Noyce : (a) No. The special early morning transmission of commercial news has been discontinued and the transmission at 8 P.M. has been combined with the news bulletin at 9 P.M. in accordance with the orders of the Government of India, who decided that this activity of the broadcasting stations should be reduced by gradual stages.

(b) Government understand that a small proportion of the owners of wireless receiving sets, who belonged to the commercial community, appreciated this service but they have no precise information as to whether the number of sets in use increased on this account.

(c) The commercial bulletin is being actually broadcast with the evening programme. Government do not propose to restore the morning bulletin.

Mr. Lalchand Navabhai : Do Government propose to extend this broadcasting to Karachi ?

The Honourable Sir Frank Noyce : I hardly think that arises out of this question, Sir.

Mr. Gaya Prasad Singh : With reference to part (a) of the question, do I understand the Honourable Member to say that broadcasting of market reports has not been discontinued ?

The Honourable Sir Frank Noyce : Yes : I did say that.

RULES FOR COMMISSIONS IN THE ARMY IN INDIA RESERVE OF OFFICERS.

339. ***Sirdar Harbans Singh Brar :** Will Government please state if the rules for commissions in the Army in India Reserve of Officers have been framed ? If so, when are they likely to be published ?

Lieut.-Colonel A. F. E. Lumby : Yes. The draft rules are under examination by the Secretary of State and will be published, as soon as possible, after the receipt of his approval to them.

RULES REGARDING THE GRANT OF HONORARY RANKS IN THE ARMY IN INDIA.

340. *Sirdar Harbans Singh Brar : Will Government please state the rules regarding the grant of honorary ranks in the Army in India, whether to soldiers or to civilians ?

Lieut.-Colonel A. F. R. Lumby : The information is being collected and will be laid on the table at an early date.

INDIAN MEDICAL SERVICE OFFICERS SERVING IN THE ARMY AND IN THE CIVIL DEPARTMENTS.

341. *Sirdar Harbans Singh Brar : Will Government please state the number of Indian Medical Service officers serving in the Army and the number of those deputed to the civil departments ?

Lieut.-Colonel A. F. R. Lumby : On the 1st July, 1934, there were 557 Indian Medical Service officers in military, and 294 in civil, employ.

EUROPEANS AND INDIANS IN THE INDIAN MEDICAL SERVICE.

342. *Sirdar Harbans Singh Brar : Will Government please state the number of Europeans and Indians in the Indian Medical Service ? How many of them are permanent and how many are temporary among each of these ?

Lieut.-Colonel A. F. R. Lumby : On the 1st July, 1934, the number of British and Indian officers in the Indian Medical Service was :

| | | |
|---------|-----|-------------------------|
| British | 389 | all permanent. |
| Indian | 262 | including 48 temporary. |

EUROPEANS AND INDIANS IN THE INDIAN MEDICAL SERVICE.

343. *Sirdar Harbans Singh Brar : Will Government please state the number of Europeans and Indians among the Indian Medical Service officers serving in the civil departments ? How many among them are permanent and how many temporary ?

Mr. G. S. Bajpai : There were 294 officers of the Indian Medical Service in civil employ on the 1st July, 1934, of whom 195 were British and 99 Indians. All these officers hold permanent commissions.

TEMPORARY INDIAN MEDICAL SERVICE OFFICERS WHOSE SERVICES HAVE BEEN DISPENSED WITH.

344. *Sirdar Harbans Singh Brar : Will Government please state the number of temporary Indian Medical Service officers whose services have been dispensed with during the last five years before the expiry of their term of contract ? How many new temporary officers were recruited during the same period ?

Lieut.-Colonel A. F. R. Lumby : Strictly speaking the reply to the first part of the question is *nil*, since the period of engagement of these officers was for one year or for such less period as their services might be required. I presume, however, that the Honourable Member desires information as to the number of officers dispensed with before completing

the maximum period for which their temporary engagements could be renewed, i.e., five years, or in the case of those in service on the 23rd October, 1927, nine years. If so, the answer is that, three were dispensed with, for inefficiency, and six were retrenched, on financial grounds. In the period in question, 27 resigned the service of their own accord and 42 were recruited.

APPOINTMENT OF TRADE COMMISSIONERS, DEPUTY TRADE COMMISSIONERS AND TRADE AGENTS.

345. *Sirdar Harbans Singh Brar : (a) Will Government please state the names, qualifications, etc., of the persons who have been appointed Trade Commissioners, Deputy Trade Commissioners and trade agents of India in different countries ?

(b) How many new appointments are likely to be made during the present or the next year, and for which countries ?

The Honourable Sir Joseph Bhore : (a) Sir Harry Lindsay, K.C.I.E., C.B.E., I.C.S., is the Indian Trade Commissioner in London and Mr. S. N. Gupta, I.C.S., is the Indian Trade Commissioner at Hamburg. There is one post of Deputy Indian Trade Commissioner in London only and the present incumbent is Mr. Y. N. Sukthankar, I.C.S.

Information with regard to Trade Agents is being collected and will be furnished to the House in due course.

(b) So far as can be seen at present, one new appointment will be made early next year, namely, to the post of Indian Trade Commissioner in Italy, for which a non-official Mr. Ahuja was selected on the recommendation of the Public Service Commission in 1931. He has hitherto been undergoing training in the Commercial Intelligence and Statistics Department, Calcutta, and is now required to undergo further training for four months in the Trade Department of the High Commissioner's office before proceeding to Italy.

INDIANS SERVING IN THE OFFICES OF THE LEAGUE OF NATIONS.

346. *Sirdar Harbans Singh Brar : (a) Will Government please state the number of Indians serving in the offices of the League of Nations or its affiliated organisations at Geneva and how many of them are (i) Hindus, (ii) Muslims, (iii) Europeans domiciled in India, (iv) Indian Christians, (v) Sikhs, and (vi) Anglo-Indians ?

(b) Do Government propose to press for more appointments for Indians ?

The Honourable Sir Nripendra Sircar : (a) The Honourable Member is referred to my reply to part (b) of question No. 199, asked by Lala Rameshwar Prasad Bagla, on the 23rd July. It would appear from the names of the six Indians in the permanent service of the League, that five of them are Hindus and one a Parsee, but Government have no official information on the subject.

(b) Appointments in the League Secretariat being normally for terms of seven, 21 or 28 years and appointments under the International Labour Office being normally for terms of 21 or 28 years with an age limit of 60, the Honourable Member will understand that the possibility

for effective action in this matter is extremely limited. Government are at pains to take such action as is possible by causing India's delegates to the Assembly to ventilate the matter as often and as strenuously as is consistent with tactical considerations.

INDIANS AND EUROPEANS SERVING IN THE OFFICES OF THE TRADE COMMISSIONERS AND DEPUTY TRADE COMMISSIONERS.

347. *Sirdar Harbans Singh Brar : Will Government please state the number of Indians and Europeans serving in the offices of the Trade Commissioners and Deputy Trade Commissioners ?

The Honourable Sir Joseph Bhore : A statement giving the information asked for is laid on the table of the House. There is no separate office of Deputy Trade Commissioner, but there is one such post under the Indian Trade Commissioner, London, which is held by an Indian.

Statement showing the number of Indians and Europeans serving in the Offices of the Indian Trade Commissioners.

| Office of | Number of Indians and Anglo- Indians. | Number of Europeans. |
|--|--|----------------------------|
| Indian Trade Commissioner, London | 8 | 3 |
| Indian Trade Commissioner, Hamburg | 1 | 3 |

ELECTION OF A MEMBER ON THE FUEL OIL COMMITTEE.

The Honourable Sir James Grigg (Finance Member) : Sir, the motion which stands in my name is as follows :

“ That this Assembly do proceed to the election, in such manner as may be approved by the Honourable the President, of one Member of the Assembly to fill the vacancy on the Fuel Oil Committee caused by the resignation from the Assembly of Mr. E. S. Millar.”

No amount of paraphrasing on my part can make the object of the motion clearer than it already is, and so I shall not waste time in trying to do so. Sir, I move.

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

“ That this Assembly do proceed to the election, in such manner as may be approved by the Honourable the President, of one Member of the Assembly to fill the vacancy on the Fuel Oil Committee caused by the resignation from the Assembly of Mr. E. S. Millar.”

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty) : I may inform Honourable Members that for the purpose of election of a Member

[Mr. President.]

to the Fuel Oil Committee the Assembly Office will be open to receive nominations upto 11 A.M. on Monday, the 6th August, and that the election, if necessary, will be held as usual in the Secretary's Room on Wednesday, the 8th August, 1934. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE INDIAN IRON AND STEEL DUTIES BILL.

Mr. President (The Honourable Sir Shanmukham Chetty) : The House will now resume consideration of the following motion moved by the Honourable Sir Joseph Bhoré on the 31st July, 1934 :

"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 be referred to a Select Committee consisting of Sir Abdur Rahim, Mr. H. P. Mody, Diwan Bahadur A. Ramaswami Mudaliar, Mr. B. Das, Mr. S. C. Sen, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Sir Hari Singh Gour, Mr. Sitakanta Mahapatra, Sir Leslie Hudson, Mr. Muhammad Yamin Khan, Mr. Muhammad Muazzam Sahib Bahadur, the Honourable Sir James Grigg, the Honourable Sir Frank Noyce and the Mover, with instructions to report on or before Monday, the 13th August, 1934, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Honourable Sir Joseph Bhoré (Member for Commerce and Railway) : Sir, if the debate on my motion in regard to the Iron and Steel Bill is not finished today, I would ask you to be good enough to direct that the House shall sit on Friday, the 3rd August.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair directs that the House shall sit on Friday for the transaction of official business if this motion is not finished today.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam : Non-Muhammudan Rural) : Sir, I was saying yesterday that the preferential treatment to our pig iron exports in the United Kingdom market was a mere eyewash. I also pointed out that we have very little knowledge of the refunds and rebates given in the United Kingdom. While we do not wish to stand in the way of the prosperity of British industries, we wish to convey that that prosperity shall not be achieved at the sacrifice of our own.

Sir, I now propose to turn to the Government proposals regarding the revenue and excise duties. In doing so, I do not propose to repeat some of the remarks already made by some of my Honourable friends on this side of the House, but I wish, however, to observe that it is remarkable that the Tariff Board should mix up the question of Government revenue with the issue of protection to an Indian industry. It does appear to me to be clearly outside the scope of the reference to them. Even the Honourable the Finance Member cannot agree to commit himself to years in advance and anticipate the approval of this Legislature. Ordinarily even the Honourable the Commerce Member would not consider it is within his province to suggest the removal of revenue duties, but this Board thought it right to do so. Sir, this is the first time that a Tariff Board has gone to this length, and I trust that this will not be taken as a precedent. The suggestion that duties should be removed on British structural and plates would appear to have found favour with the Com-

merce Member. Assuming for the purpose of argument that in this way public utility services would be benefited, may I respectfully ask the Commerce Member why similar considerations did not prevail with the Government when they taxed the machinery. The Fiscal Commission strongly urged that even for revenue purposes machinery should not be taxed and this Assembly by a majority rejected the Government proposal to tax it for revenue purposes. Yet by resorting to certification, machinery was subjected to taxation. What became of these revenue considerations now? Since removal of duties benefit importers, I hope he will permit us to draw our own conclusions.

It is in keeping with the rest of it that the Government should propose excise duties. Sir Joseph Bhore observed that these excise duties would have to become a permanent feature of our fiscal system...

The Honourable Sir Joseph Bhore : I never said so at all.

Mr. B. Sitaramaraju : Then, I stand corrected, Sir. I thought that he said so. Anyhow, if he did not say so, I withdraw my statement. We have yet to hear the Finance Member educate us on the virtues of that policy. In the meantime, may I respectfully ask both the Finance Member as well as the Commerce Member, whether there is a precedent in any country in this wide world where a key industry is subjected to an excise duty? In many countries such duties are restricted to alcohol and tobacco, while a few countries levied such duties on matches, sugar and the like. But I have not known a key industry, with foreign competition threatening it, is ever subjected to an excise duty. The Honourable Member was pleased to acknowledge that this is a key industry. Would the Honourable Member be impressed if I were to state that the Round Table Conference treated with greater consideration than the Government of India themselves this question of subjecting key industries.

Sir, to turn to another point, the Honourable the Commerce Member deprecated the attitude of the Tatas towards these re-rolling mills and expressed his concern for the subsidiary industries. If these subsidiary industries were to satisfy the conditions laid down by the Fiscal Commission, particularly with regard to the use of the raw material, I would be glad to join issue with him. Will the Honourable Member be pleased to satisfy himself whether they satisfy those two tests laid down by the Fiscal Commission? I am informed, they do not. Several of them, if not all, import their raw material from foreign countries and re-roll them with a view to compete with indigenous manufactures. If that were an accurate statement of a fact, any encouragement given to these mushroom enterprises at the expense of a genuine national industry is bound to encourage non-Indian firms being set up with a view to encourage foreign raw material and compete with the indigenous industry.

I would like to make one final observation on this point. We have to take good care that the major industry does not unduly suffer. It is observed that coal is the raw material for coke and coke is the raw material for pig iron which in turn is the raw material for steel. Steel ingots are raw material for blooms, billets and slabs which in turn are raw material for rails, sheets, etc. Either you protect the steel industry at each stage or you do not protect it at all. If you leave a loophole the whole scheme is bound to fail.

[Mr. B. Sitaramaraju.]

Another instance of the Board's utter lack of appreciation of their responsibility is illustrated by the want of realisation on their part that there must be a difference between tested and untested steel. The Press interview given by Messrs. Balmer Lawrie and Co. on this point is referred to by the *Indian Finance*.

"Mr. Le Salter of Messrs. Balmer Lawrie & Co., has stated the British point of view in a Press interview. He draws attention to the Tariff Board's error in not realising that there must be a difference of at least Rs. ten per ton between the selling price of tested and untested steel. Even to one who is not initiated in the intricacies of the steel trade, there should be no difficulty in understanding that the tested steel must sell at a higher price than untested steel. The Tariff Board are not prepared to recognise so simple a truth."

Another important point made out by Mr. Salter is that :

"a revenue duty of 10 per cent. on British steel would, in my opinion, result in no reduction to the tonnage British makers are likely to ship to India."

But he adds :

"it would allow the Tata Iron and Steel Company to obtain a fair selling price, and, at the same time, would enable them to continue to distribute their products through the same channels as at present and would obviate any upheaval or disorganization or loss of business to metal merchants in India."

Sir, as we do not possess that hall-mark of expert knowledge said to have been possessed by this Board, we think from the common sense point of view that untested steel must necessarily sell at a lower price than tested steel. If no difference is shown, the Indian industry would be bound to sell all its steel as tested steel in competition with the British tested steel. The result would be that the Indian consumer of untested steel would be invited to pay more for tested steel.

Sir, I will try to avoid going into details. May I ask whether my Honourable friend, Dr. Ziauddin Ahmad, furnished the Government of India with a balance sheet of the losses and gains to the steel industry of this country under these proposals? Someone has calculated such a profit and loss account and furnished me with a copy of it. According to this statement the value of protection given to the industry would come to 48 lakhs, and the increased payments are estimated to come to 69 : thus leaving a minus balance of 19 lakhs. I wonder whether this is really an accurate statement of account. If that were so, it would be a travesty of truth to call this measure a measure of protection. . . .

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Are you quoting these figures from the *Indian Finance*?

Mr. B. Sitaramaraju : No. If they are correct, there can be no question at all.

The Government of India have shown such high regard and consideration for these recommendations of the Tariff Board as to invite us to accept them *in toto*. Has this Board lived even up to the traditions of the Board itself? Has the Tariff Board kept in view, in making these recommendations, the policy laid down by their predecessors, the first and second Boards? They laid down that the protection afforded to the steel industry should be adequate, not only to enable the Tatas to work at a profit but also to encourage other steel works to be established in India, so that the country may ultimately become self-supporting in the matter of

iron and steel. Was that object achieved? No. Is the country made self-supporting? No; on the contrary they do not even expect to be so. Are these present proposals calculated to encourage the growth of the industry to that end? I am afraid not. Will the consuming public be relieved to any appreciable extent by these proposals? I submit not. The interests of the consuming public weigh with several of us more than the interests of the industrial concerns. Among them the agriculturalists are an important and deserving section. They are poor and helpless while the industrialists are rich and influential. It is human nature that it should sympathise with the poor against the rich, the helpless against the powerful. My Honourable friend, Raja Bahadur Krishnamachariar, whom I do not find in his seat, waxed eloquent yesterday in advocating the interests of the consumers and the agriculturists in particular. That shows how even the rich can shed tears for the poor even more than the poor themselves. (Laughter.)

If we were to study the provisions of this measure purely from the standpoint of consumers' interests, the very best and excellent way of promoting and serving them is to throw this Bill out. The provisions of the Bill are designed with a view to eliminate foreign countries' imports, which probably are inferior in quality but certainly cheaper. The Indian market is expected under this measure to be catered to by the Tatas and the British. The prices are determined by them, and, therefore, the consumer is bound to pay still higher prices since the duties are prohibitive on cheap foreign imports. But it is these foreign countries who are our best customers of agricultural produce. Therefore, if we want to take only the immediate interests of the consumer and ignore wider national interests, proposals which seek to eliminate cheap foreign imports are antagonistic to consumers' interests. But in considering the claims of the consumer even, as has been pointed out by Sir Joseph, we have to take a broad view. No accurate balance sheet of the consumers' losses and gains can be drawn from that wider point of view. The value to a country of a key industry of this importance being established cannot be calculated in rupees, annas and pies. The country has accepted the policy of discriminating protection. Protection for the steel industry was advocated by every shade of political opinion in this country. It was advocated by Pandit Motilal Nehru, the then Leader of the Swarajist Party, when this question of protection was discussed on the floor of this House on the last occasion. It was advocated by Mr. Jinnah, the then Leader of this Group; it was advocated by every man of public importance in this country. No encouragement can be found from the country for a contrary view and that at a time when the nations of the world have been endeavouring to be self-supporting and to sell more and more and buy less and less. You accept protection or you do not. If you accept protection, the consumer is necessarily invited to suffer. All that we can do is to see that the suffering is temporary and that during the period of protection the industry has been able rapidly to develop so as to dispense with that shelter. The Indian industry has been able to prove even to the satisfaction of the Board and the Government that they did more than was expected of them. Under exceptionally trying conditions, in spite of falling demand, it maintained its output and reduced its costs; it has been able to capture three-fourths of the available home market. I say available market, because the Railway Board do not appear to have placed their orders even to the extent of 25 per cent. of the estimates. However,

[Mr. B. Sitaramaraju.]

the Indian industry appears to submit that it will be able to dispense with protection in the near future and will be satisfied with lesser protection now than even they were accustomed to. Because they themselves asked for less, should they get next to nothing and that for whose benefit? The Tatas ought to have realised the simple truth, "Importunity in begging has its advantages". They would have done so, had they secured the services of Mr. Mody a little earlier than they did. (Laughter). My Honourable friend, as the representative of the textile industry, studied that art to perfection and learnt the value of crying loudly for more than he deserved and found how excellently paying it was. (Laughter.)

I do not propose to detain the House any longer. If this industry is benefited and is prosperous and able to stand on its own legs, the primary consideration should be that relief must be given to the consumer, not by exposing to serious competition and reducing the competing strength of the industry, but by fixing from time to time a fair selling price and compelling the industry to sell at those prices. Any attempt of the Government in that direction will be acceptable. But, under no circumstances, will we consent to reduce its competitive strength against its non-Indian rivals. (Applause.)

Sir Leslie Hudson (Bombay : European) : Sir, I wish to pay a tribute to the Tariff Board for their very clear and concise report which is evidence of its members having given their closest consideration to every aspect of the steel trade. The country has no reason to be dissatisfied with that report, although its recommendations may not find universal acceptance. And I think that Messrs. Tatas themselves should be grateful to the Board for having shed the bright light of publicity on the successful re-organisation of their works at Jamshedpur during the past ten years. The following figures will show that, during an unprecedented period of depression, the Tatas have increased their output, have reduced their overheads and the average cost of manufacture in a manner which must cause the admiration of every one in India, and not only in India but outside India. Their output in 1923 was 163,000 tons, in 1924 it was 380,000 tons, and in 1933 it was 500,000 tons. In 1923 their overheads and depreciation were Rs. 57 a ton, in 1927 they were Rs. 39 a ton, and in 1934 they are reported to be Rs. 37½ a ton. The average cost of manufacture has similarly declined from Rs. 106 in 1923, to Rs. 98 in 1926, and Rs. 69 in 1933. These admirable results are no doubt largely due to the protection which has been afforded to the industry, but they are also due to the increased efficiency in the works themselves for which Tatas are entitled to take full credit. I now come to the principle of the Bill, which is a continuation, in a modified form, of protection for seven more years to the steel industry. On the general scheme of protection, as recommended by the Tariff Board, I have little to say, but there are two or three features of the Bill concerning which I wish to make certain observations. I first take the question of tested and untested steel. The Tariff Board have used the expression "British steel" as synonymous with tested steel and "Continental steel" as synonymous with untested steel. I would, however, draw attention to a memorandum issued by the National Federation of Iron and Steel Manufacturers, dated the 12th December, 1933, in which the Federation assures the Tariff Board that the British industry is able and willing to

supply the whole of the requirements of India in untested as well as tested steel. It therefore does seem as if the contention of Tatas, that the classification contained in the Bill is not synonymous with the actual classification of tested and untested steel, may have some foundation. A letter which appeared in the *Statesman* of the 19th July, signed "Iron Merchant", supports this contention. It is a very long letter and I do not propose to ask your permission to quote it to the House but if there is a real foundation for the criticisms which have been raised, I hope that Government may see their way to reconsider this point. I may point out that in their note to Government, dated the 19th July, Tatas suggested that a condition of the admission of British steel, free of duty, should be its compliance with the standard specification, and to that I imagine no British steel importer could take exception.

Mr. B. Das (Orissa Division Non-Mohammadan) : Is that a public document that the Honourable Member is quoting from ?

Sir Leslie Hudson : I believe it is to be found in many quarters.

Another feature of the Bill, which I desire to touch upon, is the abolition of revenue duties in respect of certain items. Sir, the **12 Noon.** European Group have always taken the line that there should be a thorough examination of all revenue duties, with a view to their removal where the law of diminishing returns operates and where they have no incidental protective value and we believe this to be part of a sound general financial policy. It may, however, be questioned whether such removal is justifiable to effect this in regard to one particular item in a protective Bill and that at a time when an emergency budget and salary cuts are still in operation. I quite realise that the amount in this particular instance is small but it is a matter of principle rather than the actual amount of revenue affected.

Then comes the matter of excise. The Bill contemplates excise duties on steel ingots, to make up for loss of revenue, and this is referred to in paragraph 120 of the Tariff Board's report and also briefly referred to by the Honourable the Commerce Member in his speech yesterday. This by itself does not, at present, appear to us to be sufficient reason for the imposition of an excise duty on a basic industry in a Bill, the purpose of which, is continued protection. The Honourable the Commerce Member stated that the Honourable the Finance Member would deal with that point later on, so that the Government's case has not yet been completely presented to us, and this somewhat piecemeal presentation of Government's position on an important measure, places the House at some disadvantage in dealing with their arguments. Surely, it might have been possible for the Honourable the Commerce Member, as Leader of the House, to have presented a complete picture to the House, leaving his colleague to deal at a later stage, with the arguments advanced during the debate with which his department is more intimately concerned. However, I will content myself now by stating that we are apprehensive of the corollary of this proposal for an excise on steel ingots. Does this mean that in future any industry which may have obtained protection for a period may, at the end of that period, when it has been enabled to stand on its own legs, be saddled with an excise on its production ? Does the Government regard income accruing from a protective tariff, as being in the nature of a permanent revenue, which must be replaced when the tariff is no longer necessary for the purpose for which it was

[Sir Leslie Hudson.]

originally imposed? If so, both the industry and the consumer may be in a worse plight than they were before the protection was granted, and any industry applying for protection in the future would have to take into their calculations the possibility of an eventual excise being imposed on their production. Our view is that excises should be imposed as part of a general financial policy and as national necessity arises. We hope therefore that the Honourable the Finance Member will explain to us later the particular justification for linking an essentially revenue measure with a Bill to extend a modified form of protection to a particular industry for a further period of years, and, also, that he will endeavour to give the House some indication as to the policy which Government is likely to follow in the future.

Another matter to which I should like to make a passing reference is paragraph 159 of the Tariff Board's report in which they write as follows :

"We attach great importance, from the point of view of developing the steel industry, to the adoption of suitable measures calculated to increase the market for fabricated steel. No other form of protection can have the influence on this development that would be exercised by a definite scheme spread over a period of years for capital replacements and construction of railways and other productive public works. The credit of the Government of India in the capital market is exceptionally high and money is both plentiful and cheap. A bold policy of public loans for capital expenditure would at this juncture afford enormous assistance in stimulating the market for capital goods like structural steel. We believe, that the effect of such a policy would not be confined to the steel industry but would be felt in every aspect of the country's economic life."

Sir, the European Group, as we have done on previous occasions, urge Government to extend their capital works programme, while credit is good and money is cheap, and we wholeheartedly endorse the recommendation of the Tariff Board that Government should take this into consideration when planning their capital works programme for the coming year.

I would refer briefly to the fact that there is some apprehension,—I think it has already been referred to by certain speakers who have preceded me,—that there may be a tendency for Tatas to become a monopolistic concern. I am referring particularly to the proposed erection of brick-making and coke-making plant which are referred to, I think, in the Tariff Board Report, and which will, if carried out, injure long-established concerns producing the same articles. This matter is dealt with by the Board in paragraph 78 in which they conclude by saying :

"Every reasonable effort should be made to avoid the prospect of the disappearance or weakening of an already established industry as the result of protection granted to another industry."

I hope the House may have some assurance, possibly by Mr. Mody, that the Tatas policy will not be directed to the elimination of such concerns which employ a large number of Indians and which contribute largely in freight to the railway receipts and which are perfectly ready, I understand, to come to an arrangement to supply the Tatas at reasonable rates. (Hear, hear.)

Sir, it was with considerable satisfaction, that I heard the Honourable the Commerce Member say yesterday, that the Government of India are in close negotiation with His Majesty's Government with a view to

encouraging the export of manganese ore from India to the United Kingdom and I trust that the Honourable Member and the Government of India will spare no effort to assist an industry which of recent years has suffered from severe competition from Russian and other sources.

Finally, Sir, I may say that, I and my Group support the reference of the Bill to a Select Committee. The industry deserves the further meed of protection proposed. The question of tested and untested steel can be dealt with by the Select Committee; and with regard to the proposed excise duty, we reserve to ourselves the right to take this up in the Select Committee after hearing what the Honourable the Finance Member has to say on this subject. (Loud Applause.)

Mr. H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Mr. President, my object in addressing the House is to place it in possession of the point of view of the steel industry towards the proposals embodied in the Tariff Board Report and the Bill before the House. I shall try to imitate the excellent tone and manner of the speech which my Honourable friend, the Commerce Member, made in asking for reference of the Bill to a Select Committee, and I would like to take this opportunity of congratulating him heartily on the most admirable presentation of the case that he has made, even though with portions of it, I am entirely in disagreement. (Laughter.)

Sir, the Bill before the House raises some interesting speculations. When is a Tariff Board report to be regarded as sacrosanct, and when is it to be put on the scrap heap ?

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadan) : When it suits the Government.

Mr. H. P. Mody : That question has been answered in various ways by the Government of India during the last few months. Sir, a couple of days ago, I was told a story about the Commissioner of a Punjab Division who, whenever he got a number of appeals, told one of his chap-rassis to arrange them in two rows on either side of the seat of judgment. When he went to Court and had the pleaders before him, he used to lay his hands on one pile and say "*Manzoor*", and then he would lay his hands on the other pile, and say "*Na-Manzoor*" : that is, "admitted" and "rejected".

An Honourable Member : Does that sort of thing go on also in Bombay and with the Bombay mills ?

Mr. H. P. Mody : My Honourable friend asks if this sort of thing happens in Bombay also. No, Sir, this is only possible in benighted parts of the country. (Laughter.) Sir, what I was going to say was that I earnestly hope the Government of India do not dispose of Tariff Board Reports in some such primitive fashion.

Now, Sir, I would like to contend that the iron and steel industry is the most outstanding vindication of the policy of discriminating protection which this country adopted a few years ago, and which has been endorsed on numerous occasions. That policy has very recently found some doubters among people, wise and otherwise, who are shaking their heads over its soundness, but, Sir, that policy has enabled India to be put on the industrial map, and I want to know whether there is any man here or outside who can challenge the fact that India would still be

[Mr. H. P. Mody.]

industrially, and in every other way, a very backward country if this policy had not been acted upon by the Government of India and the Legislature. It has, for instance, enabled the textile industry to survive. It has enabled, through that circumstance, hundreds of thousands of cultivators of cotton to find a livelihood. That policy has helped hundreds of thousands of sugar-cane growers to earn a living. It has made it possible for a basic national industry like the iron and steel industry to be established in this country and to be subserving a national purpose.

Mr. Gaya Prasad Singh : What about salt ?

Mr. H. P. Mody : And I do not feel called upon to offer any justification for it. But since doubts are occasionally expressed, I would like to say that in the steel industry you have a most convincing example of the soundness of the policy of discriminating protection. Sir, the protection which this industry got a few years ago has, according to my Honourable friend, the Commerce Member, been fully justified. That opinion has been emphatically given in the Tariff Board report itself. Costs have gone down, efficiency has increased, and the figures are to be found in the Tariff Board report. The industry has been Indianized ; it must not be forgotten, however, that it involves highly technical processes and you cannot do without British and foreign experts, but it has been Indianized as quickly as it is possible for Indians to acquire the necessary experience and technical knowledge which are essential to the running of an industry of this character. That Indianization has proceeded in strict accord with the necessities and the demands of the works. Then, Sir, take another item which is also material. This industry, because it has received protection, because it has been able to establish itself securely, can afford to pay labour a higher scale of wages than labour could possibly find in any other industry ; and apart from higher wages, it has set up a town with amenities such as even some of the Presidency towns cannot claim so far as the labouring population is concerned. I would only refer my Honourable friends, in this connection, to a statement to be found in the Tariff Board report. In that they say :

“Our inspection of both the works and the town of Jamshedpur has convinced us that the arrangements made by the Company for the welfare of labour are adequate. In the opinion of some, too much attention and too much expenditure have been devoted to labour welfare, but we are definitely of opinion that the attention and expenditure bestowed on these activities are well repaid.”

Sir, from all these points of view, I do not think that I would be claiming too much if I said that the protection, which the Government and the Legislature accorded to this industry a few years ago, has been amply justified. A great many criticisms have been heard of the Tariff Board, in respect of the report before us, during the last few weeks. I am not going to indulge in any harsh criticism. Even when I violently disagree with some of the recommendations and conclusions, I shall charitably assume that the Board were suffering from a sort of mental aberration in respect of certain important matters, and I shall leave it at that.

Mr. B. Das : That is not charity.

Mr. H. P. Mody : It is charity, because the best of us occasionally suffer from mental aberrations. (Laughter.) And even when we are

not suffering from mental aberrations, our critical faculties very often go to sleep. Has not my Honourable friend noticed very respected and weighty Members of Government peacefully slumbering what time we are throwing out challenge after challenge in respect of their administration and their policies? Are not their critical faculties asleep on these occasions? Sir, what I was saying was that, one of the most unsatisfactory features of the Tariff Board report is its recommendation that in respect of certain articles it is essential that even the revenue duty should be removed. I was very gratified when my Honourable friend, Sir Leslie Hudson, emphatically dissociated himself and his Group from any endorsement of such a policy. I can understand the Tariff Board making a recommendation which is really outside their province, but I cannot understand the Government of India embodying this recommendation in a measure which they are placing before a popular Legislature. What are revenue duties for? They are for revenue and must be guided by revenue considerations.

The Honourable Sir James Grigg (Finance Member) : Hear, hear.

Mr. H. P. Mody : I am glad that my Honourable friend, the Finance Member, says : "Hear, hear", I hope that it only means that he is going to take an extremely reasonable view when he follows me. I am glad that at this initial stage I have managed to convince him. Sir, what I was going to say was that the over-riding consideration must be one of revenue, and as my friend, Sir Leslie Hudson, just now pointed out, if the law of diminishing returns has started operating, then obviously it is foolish to retain the revenue duty at a particular level because by doing that you are defeating the very object of the duty. There is another consideration. If it is a national object which is to be subserved by the removal or reduction of a revenue duty, then, too, the Government would be justified in adopting that course.

The Honourable Sir James Grigg : Hear, hear.

Mr. H. P. Mody : I will now remind you, Sir, of your past sins, I mean the Ottawa Delegation Report, which lays down certain principles which I am very glad to be able to quote here. The Report indicates in what manner tariffs are to be adjusted, and the House will forgive me if I quote at some length :

"The Indian import tariff is primarily a revenue tariff which imposes a moderate uniform rate of duties on all commodities, subject however first to the levy of a much higher duty on particular articles, second to exemption from duty or admission at low rates of other articles where national interests require such concessions, and finally to the imposition of protective duties when it is established that the encouragement of these industries is justified in the national interest. The higher rates of duty call for no comment; the exemption from duty and the low rates fall into one or the other of the following categories :

- (1) Commodities of importance to the cultivator, such as agricultural implements and manures.
- (2) Particular medicines such as quinine, the side distribution of which is important from the point of view of health.
- (3) Commodities a duty on which might operate as a tax on knowledge, such as printing machinery and appliances.
- (4) Commodities a duty on which might retard a desirable development still in its infancy, such as aircraft and radio appliances.
- (5) Commodities a duty on which would impede the development of industries such as power machinery, raw materials and dyes.

[Mr. H. P. Mody.]

(6) Commodities a duty on which might appreciably increase the cost of railway transport, such as locomotives and many other classes of railway material.

In each case the exceptional treatment of the articles concerned was based on broad grounds of national policy deliberately adopted which, it was held, must outweigh purely revenue considerations."

I repeat, therefore, that the reduction or the removal of a revenue duty should form no part of the recommendations of a Tariff Board report. The matter must be decided in strict accord with budgetary considerations. I should have found no complaint with my Honourable friends on the opposite Benches if they had come forward in March and said: "Well, our budgetary position has improved so materially, our finances are in such a healthy condition and our credit stands so high, that we are going to take the risk of an all-round reduction of duties". If at that moment some such proposal, as the one under discussion, had come forward, I should have found no reason for complaint. But when the revenues of the Government of India are in the condition in which they are, Government cannot come forward with a proposal which I regard as most reactionary. They were so desperately hard up, a couple of years ago, that they actually increased the duties on machinery, which the Fiscal Commission had said should be free. They increased the duties on dyes and on a great many other commodities which are essential to industrial development. How can they now come forward and say that it is in the national interest that the revenue duty should be entirely done away with in respect of certain articles of British manufacture? Sir, even in respect of yarn, in spite of the interests of the handloom industry, the revenue duty on counts above 50's was retained. There is, thus, not the slightest justification for the proposal which has been put before us and I want to ask my Honourable friend, for whose benefit it is made? Does the fabricating industry want it? So far as one can understand their position, they do not want this remission of revenue.

In connection with this issue, somebody remarked in the course of yesterday's debate that, I have been hoisted with my own petard. Nothing of the sort. I take the same stand today as I have taken all along. I stand for preferential arrangements so long as they are in the interest of India, which must be our first consideration. And if the occasion arose again when it became necessary to subscribe to the same principle or to endorse similar arrangements which I made a few months ago, and which evoked such bitter criticism from a section of the Press and the public in India, I am prepared to take again the risk of public condemnation and obloquy. My position has been consistent. The interests of India must be served first, and I claim that in spite of all the criticisms of the Indo-Lancashire Pact, it was that consideration which was uppermost with me, and I repeat that if the occasion.....

Sir Abdur Rahim (Calcutta and Suburbs : Muhammadan Urban) : What has happened to it now ?

Mr. H. P. Mody : That agreement is going on very wonderfully. (Laughter.) My Honourable friend, Mr. Raju, yesterday, strung up a sort of a limerick which was quite humorous but which lacked a bit in rhyme. It said that the British lion had swallowed me up and that the laugh was on the side of the lion. Well, Sir, I do not mind the lion

laughing so long as I am in the happy position of being able to grin. So long as the lion does not feed off me, I do not mind how happy he is. I repeat that the position I am taking up today with regard to the exemption from revenue duties is entirely consistent with the attitude I have all along adopted.

I shall get on to the next objectionable feature of this report ; and that is the burden of excise which has been laid upon the shoulders of the industry. It seems to me, Sir, in a general sort of way, that the consumer gets hit both ways. First of all, protective measures are imposed which naturally result in an increase of the burden on the consumer. A certain amount of revenue is, however, derived by the State and the general taxpayer benefits to that extent. Then when the protection is decreased, and the revenue drops, the consumer again is made to pay by the system of excise and countervailing duty instead of the general taxpayer being asked to bear his share of the burden. (Hear, hear.) While I myself have advocated the mulcting of the consumer for national interests, I cannot really justify the mulcting of him when there is no such consideration. My Honourable friend, Sir Leslie Hudson, there again, took up a sound attitude for which he deserves to be congratulated. I want to go a little further. I say, that in this proposal the industries throughout India must observe a danger signal hoisted up. (Hear, hear.) Every industry which comes forward for protection will have some sort of excise imposed upon it. It will be made to pay for the protection. If it is made to pay fairly we can have nothing to say, but in the present instance the burden is very unfair. Take the instance of the sugar excise. What was the justification of Government for that measure ?

Diwan Bahadur A. Ramaswami Mudaliar (Madras City : Non-Muhammadan Urban) : No justification.

Mr. H. P. Mody : We say no justification, but I am putting the matter from Government's point of view. Even they are entitled to their opinion sometimes. (Laughter.) Well, what I was saying was that the Government justification for the imposition of the excise duty was that the revenue had dropped from something like ten crores to under two crores and was on the point of disappearing altogether. The second point was that the industry had been given an abnormal measure of protection, something in the nature of 200 per cent., including the surcharge, and the Finance Member felt he was justified in getting something back from it. The third argument was that the sugar industry was developing in a most unhealthy way and Government said, "well, this will be a salutary awakening to them. Let us administer the dose". Now, is any one of these considerations applicable to the iron and steel industry in India ?

An Honourable Member : No, no.

Mr. H. P. Mody : I want to know what it is that the Government of India are taking their stand upon. Is it a definite recommendation in the Tariff Board report ? What does the Tariff Board report say ? It is important to remember that the Tariff Board had no business to meddle in questions of revenue. (Hear, hear.) They go out of their way to do it, and append a paragraph which talks of the possibility of the Government of India levying an excise duty. Now, if it was the intention of the Board that this proposal should be taken seriously, it was their bounden duty to discuss it, in the course of the

[Mr. H. P. Mody.]

evidence which was being led before them, with the representatives of the industry. They do not do anything of the sort. They dismiss the matter in a paragraph, where not even the method of collecting the excise is indicated. I am almost certain that if the Tariff Board had realised that the Government of India would greedily pounce upon this recommendation, and impose an excise on steel ingots, then even the Board might have paused. How will the excise work? It is being levied on the industry both in respect of its protected as well as of its unprotected products. Half the products of the industry are not protected and even in their case the excise duty has got to be paid. Then, Sir, the countervailing duty will not be helpful in respect of a very large part of the production and the result will be an intolerable burden on the industry. Now, I strongly oppose the very idea of the excise duty, but if it had to be levied, surely the Government of India might have considered the desirability of seeing that the countervailing duty was on a higher scale than the excise. How does the excise operate? When you take rupees four per steel ingot on every ton of the products of the Steel Company, you are taking from them something like 30 lakhs of rupees. The Government of India could only justify that, if they were in a position to prove that a countervailing advantage had been conferred upon the industry through the increase in the protective duty. But does it operate in this logical way? The Honourable the Commerce Member knows what happened when the duties against Japanese textiles were raised from 31½ per cent. to 50 per cent. The whole of the increase was absorbed in the price. When we were endeavouring to raise this 50 per cent. duty to 75 per cent., contracts were actually made by the Japanese manufacturers, that if the duty were increased, they would bear the whole of it. Now, what is there to show that when, either on account of a shrinking market in India or because the Continental works must also live, and, therefore, must compete here in this country as against British products, the price level is sharply brought down, the countervailing duty will protect the industry? Let me quote from the Tariff Board report; it is refreshing sometimes to be able to look to it for support.

"To this extent there seems no other conclusion to be drawn than that it has been too readily assumed that the benefit of protection to the industry can be measured directly by the rate of protective duty. Experience has shown that in the circumstances of a growing industry this assumption cannot be made and that there will ordinarily be a lag between the theoretical price and the actual realisation."

It is instructive to recall in this connection that there is something like a duty of 33-1/3rd per cent. on the imports of steel into the United Kingdom. Everyone knows that Great Britain was the pioneer of the steel industry. Everyone knows how strongly it is entrenched. But the British Government found that this industry of national importance had fallen upon evil days, and they did not wait for elaborate and meticulous calculations of a Tariff Board of costs and fair selling prices. After a preliminary and none too elaborate examination by the May Committee, an Order was made in 1932.

This is what was said :

"In our first report presented on the 8th April last, we made a special reference to the position of the iron and steel industry in this country. We there stated that 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, while from the point of view of national security it must still be regarded as vital."

Let me say a few words with regard to the inadequacy of the protection that has been conceded. I recognise that if the proposals of the Tariff Board, where they lay down what should be allowed for depreciation, overheads and profit, were to be regarded as the essential and inviolable feature of the protection sought to be given to the industry, I may not have much to say. My only point is that the protection, which you think you are conceding to the industry through the adoption of the Tariff Board report, will not be worked up to for reasons which I propose to point out. My Honourable friend, Sir Leslie Hudson, has already referred, as did my Honourable friend, Mr. Raju, to the difference between tested and untested steel. I do not want to elaborate that point; all that I want to do is to give one illustration of the way in which it will work. Take the case of bars. The fair selling price of bars has been fixed at Rs. 106, for the British, Continental and the Indian industry. Now, it is quite impossible that the Continent can sell its bars in this country at Rs. 106, if British manufacturers were able to market them here at Rs. 106. The Continent would have to accept less or be squeezed out of the market. In the same way, if British tested bars are to be sold at Rs. 106 in this country, what happens to the untested bars of the Indian industry? Naturally the Indian industry will be obliged to reduce its prices. As a matter of fact, even during these last few days, complaints have come from all over the country that the quotations which were in operation until the Report was published are no longer operative, and that the stocks in the hands of dealers and small merchants would have to be sold at a difference of 10 to 15 rupees.

Dr. Ziauddin Ahmad : What is your conclusion from that?

Mr. H. P. Mody : Conclusions always come at the end. (Laughter.)

There is another respect in which the protection falls greatly short of what is due to the industry. Today, as everyone knows, there is a continental cartel in existence. That cartel has survived for a considerable time. Who knows how much longer it will be in operation? The British industry is reorganising itself, through the operation of both these causes, it may well be that prices may witness a sharp drop in this country. If that happens, the whole structure of the Tariff Board's recommendation may fall to the ground. My Honourable friend, Mr. Raju, quoted certain figures which did not appear to be clearly understood by the House. He said that the total protection sought to be given was only 48 lakhs. What he probably was referring to was the Tariff Board's conclusion, namely, that if a certain switch-over from untested to tested steel took place, which is bound to happen in future in the new conditions, then the measure of protection to the industry on the products which are protected would be just 68 lakhs of rupees, which works out at something like 12½ per cent, which incidentally, I may say, is lower than the existing revenue duty. What Mr. Raju was trying to point out was that if there was no differentiation made between tested and untested steel, then it was possible that the industry may have to suffer a loss of something like 20 lakhs of rupees, in which case the effective protection would only amount to 48 lakhs. If it is that figure, it comes to something under nine per cent. Now, Sir, I do not wish to appear churlish. But I would like to tell a little story. A friend asked another on the New York Stock Exchange: "Is it true that Isaacson made twenty thousand dollars in rubber last autumn?" The other fellow said: "You are perfectly correct, but you have not got the details right. It was not rubber but it was copper; it was not last

[Mr. H. P. Mody.]

autumn but the summer previous; it was not twenty thousand dollars but two thousand dollars; and it was not Isaacson, it was me". (Laughter.) So if somebody were to ask my Honourable friend, the Commerce Member, "Is it true that the Tata Iron and Steel Company is going to receive a very considerable measure of protection?", my friend would say, "Certainly, but we just want to make a few alterations in the last measure of protection. We want to do away with the revenue duties on certain articles; we want to reduce the scale of duties all round; we want to impose a little excise which might mean about 30 lakhs of rupees; and we want to tell Tata's that if they have got any remunerative contracts they must at once do away with them and sell at market prices!"

Sir, I can realise that the obvious answer to all this is the provision which relates to off-setting duties. I welcome that proposal. I think it is very sound and it carries a little further the power which already exists in the Statute with regard to iron and steel products. But my only point is that it is very undesirable from every point of view that the continual invocation of this provision should become necessary. If *ab initio* your proposals fall very short of the protection which the Tariff Board concedes as due to the industry, then the provision with regard to the off-setting duties is not an adequate or a complete answer. And again it has got to be remembered that the off-setting duties, even with the utmost celerity with which Government steps in, can only come into operation after the market has been dislocated by abnormal importations or low prices and after losses have been suffered, not only by the industry itself but by all those who are distributors of its products. So, while I admit that in the application of this off-setting duty, there is a provision of immense importance to the industry, I only want to emphasise that it may not operate promptly or efficaciously.

Here, Sir, I shall briefly touch upon the question of the profits made by the industry. The Tariff Board have found that the profits over a course of seven years since protection was given were less than two per cent, if calculated on the block of 12½ crores. I hear whispers as to what our profits are going to be this year, and some of my Honourable friends are wanting to know why we have not come out yet with a balance sheet. We will come out with the balance sheet in good time, but I do not mind saying to this House that we are showing very good results this year. But what I want to know is this however; after seven years of protection, are we not allowed to make a decent profit even in one year of that period? Even if you take these profits into calculation and take them over the whole period of seven years, you will find that we have done nothing very wonderful; and therefore to fling in our face the large profits we have made in one year is unjust and ungenerous. Look at the matter from the point of view of dividends. In the last six years we have altogether distributed just Rs. 137 lakhs on a block of Rs. 12½ crores. For years, our ordinary shareholders, who have invested crores of rupees in the concern, have not obtained a single pie; not a single pie has been paid to our deferred shareholders: we are in arrears even with regard to the second preference dividends. Is it something very wonderful which these results show, that the Government of India should take the earliest opportunity of pouncing down upon the industry and saying "You are making too much money: that will not do".

Mr. Vidya Sagar Pandya (Madras : Indian Commerce) : Will you please tell us what are the amounts transferred to the several Reserve Funds and what are the amounts paid to the Managing Agents ?

Mr. H. P. Mody : It is getting late : I will give these figures to my Honourable friend and to whoever else wants them : I have got them all here.

Sir, a great deal has been said about the national importance of the Tata Iron and Steel Company. A very handsome tribute has been paid by my Honourable friend, the Commerce Member, and by every single Member who has followed him. I am sure the Tatas very deeply appreciate the generous way in which their efforts in establishing this industry have been recognised. Reference has been made by several speakers to the services which the industry was enabled to perform at the time of the Great War. Lord Chelmsford has put on record his opinion that, without the aid of the Tata Iron and Steel Company, he could not imagine how it would have been possible for India to conduct the campaigns in Mesopotamia, East Africa and Palestine. Some figures have been given to Honourable Members with regard to the sacrifices made by the Company in those days,—they amounted to Rs. six crores. But the Steel Company did not interpret their obligations in terms of what the Government imposed upon it. It did its best to enable Government and also public bodies to obtain their requirements of steel and iron materials at reasonable rates, what time the rest of the world was making abnormal profits. It installed two new open-hearth furnaces when it found that the Government of India wanted more steel, even though it paid the company better to sell pig iron instead. The Tata Steel Company did these things, and I am very glad that its services have been fully acknowledged in the course of this discussion.

I will just say one word about wages and living conditions. The industry pays Rs. 175 lakhs in the shape of wages every year. I am not talking of all the other benefits which labour receives in the way of housing, sanitation, water supply, hospitals, medical relief, and the like ; I can only ask my Honourable friends to come and visit Jamshedpur and realise for themselves whether it is not a fact that labour at Jamshedpur is much better housed, much better treated, than is possible in any concern in the whole of India.

There is the question of the Steel Company's importance to other industries. Here again, facts and figures have been given by several Honourable friends and I shall not deal with them. I would only like to say a word with regard to the importance of the industry to the railways of the country. The Bengal Nagpur Railway derives fully a third of its revenues from the Company. In the course of the last few months, increases in railway rates have been imposed upon the company by the Bengal Nagpur Railway and the East Indian Railway, and these amount to an increase of Rs. 40 lakhs. From all these points of view, it can certainly be said that the Steel Company can claim to be regarded as a national industry in every sense of the word.

There is one point which my Honourable friend, the Commerce Member, practically invited me to deal with, and that is the treatment of subsidiaries. It is rather unfortunate that the Tariff Board should have made certain observations in this connection which the representatives of the industry appearing before it had no opportunity of rebutting. I can only

[Mr. H. P. Mody:]

say this : that it is quite possible, with an industry of such wide ramifications, that occasionally its competition may have hurt a particular concern. That might have happened, but that is something very different from the suggestion underlying the Tariff Board Report that any conscious injustice has been done to any concern or individual by the operations of the company. The Steel Company provides power, lighting, land and water, at reasonable rates, to a number of subsidiaries. It has aided the tin-plate, the agricultural implements, the enamelled iron ware, the firebricks, the wire products, and a great many other industries. It will be news to many of my Honourable friends that in the course of this spoon-feeding of other industries, the Steel Company has lost enormous sums of money running into eight figures. My Honourable friend, Sir Leslie Hudson, asked for an assurance from me with regard to the treatment of these minor industries. I can only say that the Steel Company has no desire to monopolise the market or to snuff other concerns out of existence. It believes in the great principle of living and letting live, and it hopes to continue to act up to that principle unflinchingly.

There is one final observation, and it is this : the Bill is going before the Select Committee. I want to be assured that the Committee is really going to apply its mind to every single problem arising out of the Bill and will be allowed to modify the proposals embodied in it. I have for some time been of opinion that it would be extremely desirable, in the interests of industries, that Tariff Board Reports should be released in advance of Government's proposals. That may lead to some sort of speculation, but I do not see why we should worry about that. After all, even speculators know that Tariff Board Reports are sometimes altogether ignored. On the other hand, if Tariff Board Reports were released in time, before Government have made up their minds, the industries concerned would be in a position to make their submissions, to point out in what directions some of the conclusions of the Tariff Board could not be sustained, and generally to put their point of view before Government. What happens now is that Reports are released along with Government's conclusions. And, Sir,—I am not saying it in any offensive spirit,—it is human nature, Government simply dig their toes in and refuse to consider amendments. My anxiety is to ensure that the Select Committee procedure has some meaning. Sir, with these observations and with the reservation that I do not agree with some of the vital features of this Bill, I have pleasure in supporting the motion. (Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty) : I think I will adjourn the House just now and call upon the Honourable the Finance Member the first thing after lunch.

The Honourable Sir James Grigg : I shall be quite ready.

Mr. President (The Honourable Sir Shanmukham Chetty) : The House now stands adjourned till a quarter past Two.

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

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

The Honourable Sir James Grigg : Sir, (Applause), this is the first occasion in my life on which I have had to make any considerable debating speech, and I am very grateful to the House for the friendly welcome they have given me, because it will encourage me in a task which must be one of some nervousness, and, obviously following the extremely skilled speech of Mr. Mody, one of some difficulty. Sir, it might be convenient if I took the House through the actual processes which led up to the revenue provisions of the Bill. But before I do so, I should like to make one slight digression and to comment on the tendency, which I have noticed throughout the debate and throughout the propaganda in the Press on the subject of this Bill, to mix up protection and revenue. This confusion between the two considerations is very wide-spread, and if I make a few preliminary remarks it may assist to get the two functions into their proper perspective. The object of a protective duty is, of course, to protect an important Indian industry. The object of a revenue duty is to raise revenue. The two objects should not be confused ; quite often indeed they are mutually destructive. As this confusion is an important point, I shall have to come back to it later but for the moment I content myself with saying that my Honourable friend, Mr. Mody, has extremely skilfully exploited this confusion. He says first, why do the Tariff Board mix themselves up with revenue ? Incidentally, he seems to have forgotten one thing, namely, that paragraph (c) of the terms of reference to the Tariff Board specifically required them to pay attention to revenue considerations. However, that is by the way. Later on, he claimed that the revenue duty is really a protective duty and he protests against absorbing the countervailing duty in the revenue duty ! Mr. Mody wants it both ways ! But, perhaps, after all, he is entitled to have it both ways, seeing that he has had abuse both ways in regard to the Mody-Lees Pact. (Laughter.) He has been abused in England for having sold Lancashire for what is vulgarly called a pup ; he has been abused in India for having sold the pass. (Laughter.) So that he is no stranger to having it both ways.

The Tariff Board estimated that the alterations recommended by them will involve a loss of revenue of about Rs. 67 lakhs a year. Again, I may emphasise the point that,—in accordance with paragraph (c) of the terms of reference, they were required to take into account that very definite fact of the loss of revenue. On the later figures now available, we estimate the actual loss to be expected is from Rs. 25 to 30 lakhs, a figure which is less serious than Rs. 67 lakhs, but one which, in present circumstances, it is quite impossible to view with equanimity. The balance of the Budget is at best precarious, and no one knows at present what the final results of the Match Excise and the Sugar Excise are going to be in the way of revenue. Therefore, it was absolutely necessary for the Government to replace this Rs. 30 lakhs and to replace it at once. The problem was how to replace it. Naturally, we did not fail to consider whether it could be replaced purely by revenue duties on the importation of iron and steel. The ordinary rates of revenue duty on manufactures of iron and steel are, at the present moment, 10 per cent. on British and 20 per cent. on Continental. The report of the Tariff Board recommended that an overriding revenue duty

[Sir James Grigg.]

should be maintained on everything except tested structurals and plates, and our calculations of loss of revenue assumed that this overriding duty should be fixed at the present rates. The two possibilities of increasing revenue by way of import duties were, first, to impose revenue duties higher than the present revenue rates, and, secondly, to impose revenue duties on plates and structurals in disregard of the Tariff Board's recommendations. On the first point, that is, on the possibility of higher revenue duties than the normal ones on manufactures of iron and steel, I should like to say that personally I see considerable objection in going beyond what has become the standard revenue duty in the case of iron and steel. But, quite apart from that, our calculations show that, except in the case of sheets, an increase in the duty would result certainly in no increase, and quite probably, in an actual decrease of revenue. Perhaps, at this point I may quote paragraph 119 of the Tariff Board's report, as this question of sheets is a very important one.

"Whatever forecast may be finally arrived at, it is clear that the greater part of the probable loss in revenue will be due to the proposed reduction in the duty on galvanised sheets."

Thus, in order to obtain any substantial contribution towards our Rs. 25 or 30 lakhs, it would be necessary to increase enormously the duties proposed on sheets. My calculations, in fact, show that it will be necessary to put back practically the whole of the all round reduction of Rs. 43 per ton which the Board recommended, and to this Government could not consent. The considerable cheapening of sheets which will result from the Tariff Board's recommendations is, in the Government's view, one of the most valuable features of their report. It was specially recommended by the Board as likely to be of service to the agricultural community, who, as the House knows only too well, have suffered many misfortunes in recent years. (Hear, hear.) And the Government could, under no circumstances, agree to take away from them the benefit of the lower prices of sheets. Perhaps, I might here digress and point out that this reduction should amount, on certain rough calculations which I have made, to about Rs. 2 on each sheet of the size ordinarily used by the agriculturist. That disposes of the possibility of making up for the loss of revenue by what would be in fact, reversing the recommendations of the Tariff Board, at any rate, in the matter of sheets. There remains the possibility of a revenue duty on tested structurals and plates. According to our calculations the yield of ten per cent. duty on the basis of the imports of 1932-33 would be about Rs. 1½ lakhs, and on the figures of the next year would have amounted to a sum very slightly in excess of that figure, certainly well under two lakhs. Here too, therefore, there is no solution of our revenue problem.

Mr. H. P. Mody : May I ask a question ? What would happen in the case of a switch-over from continental to British ? Would not the revenue loss be greater ?

The Honourable Sir James Grigg : If I go into that, it might cut me off from the thread of my argument but supposing it doubled and in the result you get 3 lakhs, 3 lakhs is a very inadequate contribution towards 30 lakhs and I am personally not prepared to believe that such a switch-over would double the revenue. Thus, you will see we were driven back inevitably upon the device of an excise duty and as the House knows, the possibility

of that was suggested by the Tariff Board itself in paragraph 120 of their Report. And may I here again turn aside to emphasize the fact that the Tariff Board were required, by paragraph (c) of their terms of reference to pay attention to the revenue aspects of their recommendations.

Paragraph 120 of the Report reads :

"The general question of replacing by some other source of taxation the Customs revenue lost to Government by reason of the policy of protection is one which the country must be prepared to face sooner or later. An obvious way of meeting the situation is to levy an excise duty, provided the protective duty is increased at the same time by a corresponding amount so as not to impair the measure of protection granted to the industry. The same principle may be applied to individual articles manufactured by a protected industry on which no protective duty is required by levying the duty on both imports and local production at a uniform rate so calculated that on the total consumption the aggregate amount of revenue desired by Government may be realised. Such a course has the advantage, besides safeguarding the Indian industry and supplying the deficiency in revenue of preventing so high a rise in prices as will follow if the whole duty is levied in the form of an import duty."

Perhaps here, if I have not already disposed of it, I might digress to deal with a point raised by Mr. Sitaramaraju. He said that this business of an excise was a new departure in Indian fiscal procedure. I am inclined to believe that it is not quite so new as he thinks. In paragraph 95 of the report of the Indian Fiscal Commission, I read these words :

"It is possible indeed that the necessities of revenue may force the Government to put a higher import duty on certain protected goods than is required for purposes of protection. We deal with such a contingency in a later chapter, when we recommend that any such excess revenue should be raised by means of an excise duty *plus* an additional import duty. The additional duties would be purely for revenue purposes and would be dealt with on strictly revenue principles."

Now, Sir, on this question of excise, I do not pretend that in the case of steel it is a very satisfactory device. I personally should have been very glad to be able to dispense with it—I hope the House will agree that I have proved we could not dispense with it, that is, if the balance of the Budget was not to be prejudiced,—and like my Honourable friend, the Commerce Member, I cannot see this excise duty on steel ingots becoming a permanent feature of the Indian fiscal system. I think that answers my friend, the Leader of the European Group. In his further excursus, I should like to be excused from following him. The diminution of customs revenue as a result of protection is a well-known and, to me, terrifying feature of Indian finance and I do not pretend that I can present either to him or to the House a solution of that in the short space of three months. But what I do say, on this excise duty on ingots, is that we have imposed it at the lowest possible rate and in the least burdensome manner and only in response to a necessity which could not be denied. The burden on the consumer is as low as possible. It is certainly very small indeed in comparison with some of the reductions in price which will result from the recommendations of the Tariff Board. Perhaps, I might add here in passing, that the method of calculating or of assessing this steel duty is the same as that adopted in connection with the bounty of Rs. 20 a ton which was previously paid to Tatas.

So far, Sir, I have been dealing with the criticism which has concentrated itself on the excise duty. I now turn to the kind of criticism which has said that the Tariff Board's report and the Bill are unduly

[Sir James Grigg.]

favourable to the British exporting interests. Two reasons have been urged for this argument. The differentials between British and Continental steel and the absence of a revenue duty on tested structurals and plates. As regards the first point, the position seems to me to be as follows. I may have erred in my inexperience but it seems to present itself to me quite clearly. Continental prices are dumped prices and so long as Indian steel is assured of its proper protection both against British steel and against Continental steel, it is a matter of no moment to the Indian industry what the differential is, for it merely places the Continental and the British manufacturer on an equality. In other words, we first impose the amount of protection, if any, required against the United Kingdom and then we super-impose on that an anti-dumping duty against the continent. On the other hand, if the margin between the two, that is British and Continental, is reduced, as it must be reduced, by the imposition of an over-riding revenue duty, the result may very easily be that the British exporter is cut out of the Indian market altogether, and that the whole surplus over the domestic production goes to the continent and none of it to the British exporter. If a certain margin is required to place the two on a competitive basis, obviously any substantial reduction of that margin will knock the British exporter out completely. So far then from the device of a revenue duty being required merely to preserve the position of India against the British exporter, it may be argued that it is an admirable device for cutting the British exporter out in competition with the continental exporter. I personally cannot see any flaw in that argument, and it seems to me to be quite valid, except on one assumption—and that is that either the differentials or the amount of protection allocated to the Indian indigenous industry or both are based on miscalculations. The question of miscalculations of the Tariff Board is, of course, a matter for the Commerce Member and not for me. So I leave it at that. Incidentally, I might perhaps, in passing, express a personal view that, if at any time the margin between British and continental prices diminish, owing to the Continent beginning to quote economic prices and not dumped prices, there would be a very strong case for a reduction of the differentials. As regards structurals and plates, I hope that the arguments that I have just used have disposed of the contention that there has been undue favouritism to Great Britain. If further argument is needed, I would point out that paragraph 114 of the Tariff Board's report makes it clear that their recommendation of no duty on tested structurals and plates proceed on the basis that no protection was required by Tatas against tested structurals and that a revenue duty would be contrary to the interests of the Indian public and of subsidiary industries—I was going to say, to whom Tatas have been accused of being step-motherly, but it would be ungracious to do so after Mr. Mody's assurances this morning. Perhaps I might read the relevant passage of paragraph 114 :

"If revenue duties are imposed on such materials, the duties required on the products of engineering and other subsidiary industries will be substantially higher than we have estimated. Since most of these products are used in public utility works, it will be realized that, any increase in the duties on these products which is not required on protective grounds will create an undesirable burden on the public. The fall in demand for fabricated steel in recent years has been so great that it is essential, in order to encourage the growth of demand, to keep prices at as low a level as is consistent with the interests of the Indian industry."

While I am on this point, I might read a passage from the original Report of the Indian Fiscal Commission which illustrates rather aptly my point of the danger of mixing up revenue and protective duties :

" 119. We have already explained that we contemplate a tariff consisting partly of revenue and partly of protective duties ; and we have now to consider whether any principles can be laid down for regulating the rates of taxation on articles to which protectionist considerations do not apply. The mere fact of an article not requiring protection will not justify its being taxed without consideration of the effect of such taxation on other industries. We have recommended for instance that there should be as a rule no duties on raw materials. Similar considerations apply to the case of semi-manufactured articles, which do not go straight into consumption but are used in the process of manufacture of any industry in India. Any taxation imposed on such articles reacts on the industries which use them, and consequently will either injure these industries or will necessitate the imposition of some compensatory duty."

That, then, is the position. You have got a recommendation from the Tariff Board that no protection is required by Tatas on these articles ; it is very desirable that these articles should be supplied as cheaply as possible to the subsidiary interests. If, then, the revenue obtained from the revenue duty on these articles would be negligible, why, in Heaven's name, why should you not carry out the recommendations of the Tariff Board's Report ?

Perhaps I can, at this stage, dispose,—not very satisfactorily, I admit, because it is a weak point in my armour,—the point made by my Honourable friend, Mr. Sitaramaraju, about machinery. Certainly there is a ten per cent. duty on imported machinery—certainly, in my view, as soon as the financial position of the country admits of it and the existing commitments, which are many, have been carried out, that duty ought to be removed (Applause), but do not make any mistake about it : we do not get $1\frac{1}{2}$ lakhs from machinery but $1-1\frac{1}{3}$ crores and it is not so easy to remove the revenue duty ! Then there was a somewhat technical point made,—I think by Tatas in their representations to the Government, and it has also appeared in a good many articles in newspapers,—about the essential price difference between tested and untested steel. That, as I say, is a technical point and as to its validity I am not in a position to judge. It obviously is the primary concern of my Honourable friend, the Commerce Member. In my view, it is a matter of protection and not of revenue and, in my view, the two matters should not be mixed up. If protection is to be given, let it be given in accordance with the conditions laid down by the Fiscal Commission : if it is not required, we ought not to give it all the same under the guise of a revenue duty, particularly if the revenue duty is a contradiction in terms and yields no revenue.

There were a few specific points raised in the course of the debate to which I might now turn. The point was twice made, by the Deputy President and by Mr. B. Das, that we have no right to reduce taxation while the pay cut and the surcharges remain. Of course, this argument carries us a bit too far, for it would mean that we are debarred from reducing a revenue duty even when it has passed the point of diminishing returns,—and I assume that neither of the Honourable Members would wish to be quite as logical as that. But anyhow,—if the two Honourable Members will forgive my saying so,—I think, the contention is irrelevant, for the scheme of taxation of iron and steel, at any rate, those items of iron and steel which are covered by the Tariff Board Report and by the present Bill must be treated as taxation of a single

[Sir James Grigg.]

composite item, and this single composite item, by the scheme of protection and excise duties covered by this Bill, we have treated perfectly properly. We have sought to maintain the yield of the revenue from it as a whole, neither to diminish it nor to reduce it, and, therefore, in my view, we have kept ourselves within the spirit and the letter of the pledges. I must say, that I was a little surprised, and agreeably surprised, to get support for the excise duty, unintentional support, perhaps, from such unexpected quarters. Our scheme is simply that of preserving the revenue yield of a single item—a composite item it is true, but a single item of taxation.

Mr. Sitaramaraju invited the House to throw out this Bill. I wonder what Mr. Mody will think of that ! (Laughter.) Perhaps I might very briefly explain to the House what the consequences would be. In October the whole of the present scheme of protection would lapse. There would be left no scheme of protective duties at all. As far as I can make out, the result will be that the whole of the articles previously covered by the iron and steel protective scheme would fall under the uniform, non-differentiated rate of 25 per cent. Now the latter rate would certainly knock out completely the British manufacturer. I do not know what view would be taken in Great Britain of that, but it would certainly have that effect. It would also do Tatas no good, because some of the duties recommended on continental dumped products are very nearly 70 per cent. *ad valorem*, and if you leave Tatas with a margin of 25 per cent. only, they would be 45 per cent. short of their requirements. Do not make any mistake ; they would not like that ; and Government would not like it either. It is no good making suggestions about throwing out this Bill until you know what the consequences would be,—and, Sir, the consequences in economic disturbance and political complications and every other thing would be quite disastrous.

Then Dr. Dalal made a point about the poor widows who had invested in Tatas' shares. I do not think he need be very troubled about the poor widows. The Tariff Board were very much at pains to provide what, in my view, was a fair scheme of profit-making for Tatas, but perhaps I might read out two quotations from some financial newspapers which will give him some additional re-assurance. The first is :

“ The Tariff Board Report has by now been digested ”—*I am not quite sure of that*—“ and the bulls and the bears are still undecided as to the ultimate advantages or disadvantages of the recommendations. However, it would appear that the industry will get adequate protection, which can only be viewed in the light of a bull point for steel shares.”

The other one I shall now go on to. In order to get the context in its proper form, I shall have to read a few slightly prejudicial comments with which I hope the House will not imagine that I necessarily associate myself. I merely read them in order to get the proper context :

“ The present attitude of too large a section of the Indian Press on the suggested preference for the United Kingdom steel manufacture provides a case in point. I do not suppose for a moment that the views there expressed will deceive Government as to the extent of public opinion behind them. I hope the Members of the Legislative Assembly will suffer from small delusion from the hysterical expressions of some

newspapers that ought to know better. One would imagine that the Tariff Board's recommendations in respect of preferences, if accepted by Government, would seriously injure the Tata Company or India. This is evidently not the opinion of the holders of Tata's ordinary shares, which at to-day's price of Rs. 72, are actually 12 annas higher than they were before the report was published and Rs. 16 higher than their price at the end of March, 1934."

So, I do not think Dr. Dalal need worry about his poor widows. (Laughter.)

Now, there was another point raised by my friend, Mr. Mody, in which he complained that the countervailing duty to the excise was merged in the revenue duty and was not additional to it. On that I would refer him to my previous argument. If higher protection is required, let it be given as such and subject to the conditions which are customary in connection with the grant of protection. It ought not to be given in the form of an increase of a non-revenue-yielding revenue duty. As I said before, Mr. Mody does really want it both ways. When it suits him to plead revenue considerations, he ignores the protective aspect of a revenue duty and when it suits him to complain about the hard fate of Tata's, he protects against the loss of protection conferred by a revenue duty. I am sure that he would not wish to leave the House in any misunderstanding as to his real attitude in these matters and he will forgive me if I have endeavoured to make it clear to them on his behalf. That, I think, is about all that I need say, except to take up one remark made by the Leader of the European Group, in which he paid a tribute to the Tariff Board and their work. Mr. Mody said in the course of his remarks that the Tariff Board suffered from mental aberrations. Well, the Government incline rather more to the view of Sir Leslie Hudson than to that of Mr. Mody. At any rate, they have shown their appreciation of the Tariff Board's report by adopting practically *in toto* their recommendations. With one final word, Sir, I will close my argument. In the shifting sands which surround the consideration of this question you have only two guides—the recommendations of the Tariff Board and the requirements of the Government as expressed by themselves in the way of revenue. Both the recommendations of the Tariff Board and the needs of the Government point to the course which we have adopted and I hope very much that the House will follow the Government in that course. Sir, I have now finished. I thank the House for listening so kindly and so patiently to my first effort in debate. I hope that I have dealt with all the points of substance which primarily concern revenue. If not, I have no doubt that my Honourable colleague, the Commerce Member, will be prepared to trespass a little and give the answers. (Loud and Continued Applause.)

Mr. Lalchand Navarai (Sind : Non-Muhammadan Rural) : Sir, I feel very fortunate that I have to speak immediately after the Honourable the Finance Member. Whether I agree with him or not, there is one thing which he has put before the House for which, I must give him a compliment, namely, that he has put his case very sensibly and persuasively. When I come to the question of considering whether this Bill should have contained two matters, one with regard to the protection to the iron and steel industry and the other with regard to the imposition of the excise duty, I submit that I will not use my own reasoning to show that it is a blunder that both should have been joined together,

[Mr. Lalchand Navalrai.]

but I will rather use the words of the Honourable the Finance Member himself when he said that it was a mistake to mix up both of them. Sir, this Bill is for the protection mainly of the iron and steel industry. So far as the protection is concerned, I will not agree with any of the Members who gets up to say that protection should not be given. But with regard to the second question, which has been mixed up and on which there is a difference of opinion in this House and on which the Honourable the Finance Member has given his conclusive judgment that he would not have liked that these two matters should have been joined, had it not been done from the point of view of the necessity for revenue, I demur to agree. Whether I agree with him or not on this point, I submit, the question should remain absolutely open for the Select Committee to consider. Now, Sir, this raises a constitutional issue. What is the main principle of the Bill before the House? If the principle of this Bill is, as it appears to be, namely, to give protection to the iron and steel industry, then I submit that the question of imposition of excise duty is beside that principle. I hope the Commerce Member will agree with me that we should leave the question of excise, as an open question, for the consideration of the Select Committee. In other words, what I mean to say is that when this Bill goes to the Select Committee, it should not be said there that the question of whether the excise duty should be imposed or not has been accepted by the House by sending this Bill to the Select Committee. I submit this is a very important question.

An Honourable Member : Get a ruling on this point from the Chair.

Mr. Lalchand Navalrai : I would like some other Members, after a reply has been given to this point from the Treasury Benches, to get up and ask for a ruling from the Chair, but if none ask for it, I would get up myself. The point is very clear. As two things are wrongly mixed up, you cannot possibly say that the principle of the Bill covers both the points. I do find that I might be confronted with the preamble of the Bill. I take it that the main principle in that preamble also is to give protection to the industry but they have only added the question of the imposition of an excise duty. I will read the preamble. It runs :

“ 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.”

I submit the principle of the Bill is to provide for the continuation of the protection afforded to the iron and steel industry in British India. They have, however, added the imposition of excise duty for revenue purposes. I submit that the latter portion of the preamble is only an ancillary one and it cannot be the principle of the Bill. On this question there is great variance in the House and I therefore submit that the question whether excise duty should be imposed at all should be considered by the Select Committee. So far as protection to the steel industry is concerned, I am absolutely in favour of protection being given not only to this industry but also to all the Indian industries in India. We have been clamouring for help to Indian industries. All the old Indian industries have been annihilated or rooted out. In former days, it was not necessary to give protection

S P.M.

to those industries because they were very well conducted in all the places, in villages and towns and the industries in those days were self-contained and self-sufficient. But now those days are gone. We cannot speak of those ancient days now. Now it is being said that we are in progressive days and it is the machinery that is making our industries. But I submit that even though there is the machinery, yet the industries in India are of such a nature that they can only thrive if there is money. So in order to maintain those industries, we want money. Even if we have money, we do require protection in order to compete with those countries which have advanced in industries. So, from that point of view also, I think, it is really necessary that protection should be given to the Tatas. An industry like that of the Tatas is not the business of every one to start. It was the business of a man who had hoarded money and who had also the mind to spend it. Several Honourable Members have paid compliments to Jamshedji Tata from this point of view and I would add that not only had he the money but also he used it wisely being a Parsi who we know are the best commercial community in India. They have the intelligence and the instinct for trade. Therefore, Jamshedji Tata very rightly and very wisely embarked on this undertaking. It is to the credit of the Tatas that they have progressed this industry to this extent. Even though I will not put it in those strong words, as Mr. Mody did in order to whitewash every defect of theirs, I would say something in favour of the Tatas. There is a difference in what Mr. Mody said and what I am saying. The difference lies in this that he is interested in the Tatas whereas I am not. Therefore I submit that what I say would be most disinterested. I have not even seen Jamshedpur and I have no personal knowledge of what is going on there, but some literature has been put into my hands yesterday and I shall make some reference to it. I do not hold any brief for the Tatas. I have every sympathy for the Tatas because they have improved their industry to a great extent. This industry has taken deep root in India and I am glad to learn, as Mr. Mody has said today, that they have made some profit this year. But I do not say that because they have made some profit they should not be given protection. To refuse protection in their case is a suicidal policy. I do not think that the Government also will deny protection to the Tatas. I am glad that Government have carefully considered all these things and have come to the conclusion that protection must be continued to the Tatas. It was in 1924, that the Tatas first asked for protection and for three years they were given that protection. After three years the circumstances were such that they could not take advantage of the protection and carry on their concern with profit. It was therefore considered necessary in this House to extend that protection for a period of seven years. They have now got protection till 1934. Now there is another application for protection for seven years more. Apart from what Mr. Mody might say, and apart from what anybody else might say, it is certain that this question has been considered from all points of view and scrutinised very properly by the Tariff Board. The Tariff Board having considered all points of view have come to the right conclusion that seven years protection should be given to that industry. Therefore, I submit, that the question of protection is a very simple one to be decided by the House and even now the consensus of opinion in this House seems to be that the Tatas must have protection.

[Mr. Lalchand Navalrai.]

Now I will proceed to examine whether the Tatas have done something to deserve this protection. Among those things the first and foremost point is whether the Tatas are carrying on their concern in a manner beneficial to India and whether this industry is doing good to India. Some years ago I used to complain that the Tatas were doing good only to the European community. I used to say in those days that the Tatas were no good for Indians because their object did not seem to be to give an impetus to other industries and to employ Indians. However, there is improvement, but I must say that their view should be to make India stand on her own legs so far as these industries are concerned. It should not be that when the Europeans withdraw their help from us, with regard to our industries or in machine making, we should become defunct. That is not the Indian point of view at all. We should advance in all industries in such a manner as to stand on our own legs without any foreign help. With that aim in view I have enquired whether Tatas were going on those lines. It is said that the Tatas employ European officers on high salaries and that the Indians were not given proper encouragement. They were given only subordinate posts in that factory. I am glad now to see two pamphlets with regard to the welfare of labour and with regard to the technical institutes that they have started.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Rao Bahadur M. C. Rajah, one of the Panel of Chairmen.]

Sir, I am very much pleased with what they are now doing, and I must express the hope that they should not stop here but progress further. With regard to the welfare of labour, I find that many amenities are given, but, of course, I am not taken in by their advertisement. They may be blowing their own trumpet and exaggerating, but it cannot be said that they have not progressed in that direction. I must, however, warn them that their own welfare lies only in helping the workers and Indianising their concern.

Then, coming to the question of Indianisation, I will say that they must give technical education in their Institute so as to prepare Indians who will be able to replace these foreigners and carry on the industry themselves. In that direction I find they now have the apprentice system. They are taking Indian graduates as apprentices in the various sections. But I hope they will take Indians from all over India instead of confining their recruitment to certain parts which are near to their factory, and train them for the purpose of running this industry.

In regard to protection, Sir, I hope I have sufficiently put my case before the House. Now I will come to the second question as regards the excise duty. This, Sir, would mean giving with one hand and taking away with the other. I find from the speech of Mr. Mody that Tata's are against this excise duty but that is not my concern. Of course on behalf of Tata's, facts must have been represented to the Tariff Board, and it must have been made clear to the Commerce Member, that this excise duty will do a certain harm to them. But I am more concerned with the consumer. Sir, naturally when a certain duty is imposed on

a certain material the person who deals in it will take that tax into account and also the cost of production, and then fix the price for that article. Therefore, if, as a result of this duty, Tata's go on to increase their prices, I will certainly most strongly object to this duty. But I am told that there are two or three safeguards with regard to it, and I will place these safeguards before the House and criticise them also. But I must say that this excise duty and the safeguards should be fully considered by the Select Committee. I had a discussion with some of my colleagues about these safeguards, and they told me that Tata's will not be able to increase their prices because in that case continental material will be imported to such an extent that there will be keen competition and people will go in for continental materials and Tata's will suffer. This is considered as one of the safeguards. This is a point which the Select Committee should carefully consider. The second safeguard is given by the Commerce Member and that is that there will be a keen watch kept on Tata's to see whether they increase the prices and thereby affect the consumer. With regard to one or two materials like tin plates the Commerce Member by way of illustration said that they are going to fix Rs. 64 plus the excise duty and that the price to be made will be consistently with that price. Then there was a suggestion from some quarters that there ought to be fixed prices for all their materials. But that will be very hard and there will be a demand from them to fix prices for other industries also. Therefore, I do not see eye to eye with those who say that the price of every article should be fixed. But I must tell the Government of India that when they are imposing an excise duty which the public does not want, there ought to be a great scrutiny by the Government of India over the Tata Company with regard to the price so that the consumer may not be affected. The third safeguard which was suggested to me is that, if Tata's are sensible enough, they will see for themselves that they will suffer because they may not get protection hereafter if they make the consumers suffer in any way. This is a note which I am striking for the benefit of Tata's themselves. I do not see, therefore, any necessity for this excise duty at present. It should have been considered separately ; and I do not think the arguments of the Honourable the Law Member were such as to dislodge one from that position that at this moment the excise duty should not have been brought forward.....

The Honourable Sir Nripendra Sircar (Law Member) : My Honourable friend refers to the arguments of the Law Member : I do not think the Law Member opened his mouth today.

Mr. Lalchand Navalrai : I am sorry : I always remember the Law Member being myself a lawyer. (Laughter.)

The Honourable Sir Nripendra Sircar : May I add that unfortunately I am not one of the men who feel competent to speak on all subjects ?

Mr. Lalchand Navalrai : There may come a time when he may have to learn everything—otherwise he might not be considered competent : of course he is new to the House and novices are not competent to speak on all subjects. What I meant to say was the Finance Member ; but as we know our frogs are always jumping on both sides so the Law Member interrupted. It was a slip of the tongue on my part when I said Law Member : I meant no slight to him or anything wrong.

Mr. B. Das : The Law Member will be the Chairman of the Select Committee.

Mr. Lalchand Navalrai : Then the subject also belongs to him and he should have got up and said : " You have mentioned the Law Member and quite rightly so." As I was saying, this question of the excise duty should not have been raised now : the proper time would have been at the time of the Budget ; then we could see what revenue is required and how much can be drawn from this excise duty. That time is not yet come. I submit that, except the assertion of the other side that money is required, no substantial reason has been given in support of the imposition of the excise duty.

As regards the other questions, namely the question of reducing the price as customs duty and also the question of preference, I will content myself with giving the opinions of my constituents. I will not take the time of the House beyond reading one or two telegrams I have received from Karachi. The question of preference and the customs duty on each article is one to be considered in detail in the Select Committee ; here is what I have received—a telegram from the committee of the Buyers and Shippers Chamber, Karachi :

" Committee Buyers Shippers Chamber strongly protest principle lowering protection duty than revenue duty and undue preference by much lowering duties to several iron articles imported from Britain as recommended by Tariff Board for Iron and Steel Industry. They seriously apprehend that recommendations if carried would result in dumping by British manufacturers. Proposed reciprocity through free entry of pig-iron into Britain for low duties on British sheets places British interests at a preponderating advantage. Urge no protective duties be imposed on steel hoops 1½, 1½ inches and Angles of thickness upto ½ inches not manufactured by Tatas and neither in consumers nor Tatas interests. Removal of duties on structurals of United Kingdom and increase on Continental objectionable. Urge remedial measures."

Another telegram which I have received from the same Committee says :

" Committee Buyers Shippers Chamber strongly protest against monopolistic attitude of Tin Plates Company of India in not supplying needs of subsidiary industries such as local two Tin Factories and Oil Concerns and urge remedial measures in Protection Bill."

Finally, Sir, I will also read out the instructions I have received from my constituency on the question whether this Bill, if passed into law, should be applied at once or from next November. They say :

" It was resolved that Government of India be requested that revised duties on Steel materials should not be put into operation before 1st November, 1934, in view of the notification by the Government of India issued on 17th March, 1934."

The present tariff will go on up to October and therefore it is only reasonable that if this Bill is passed into law, it should come into force from November. With these words, I resume my seat.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Mr. Chairman, I think nobody up till now in this House has opposed this motion of referring this Bill to Select Committee, and I am confident, during the next two days, nobody from this side will rise to oppose this motion, because there is this unanimity of opinion that a basic industry like the iron and steel industry in India should be encouraged by all possible means that lies in the hands of the people ;

and from the report of the Tariff Board we know that all the conditions that the Fiscal Commission expected to be satisfied, before the Legislature should extend its helping hand in giving protection, have all been fulfilled completely in this particular case. It is now a fact that India produces pig iron at the lowest cost and one point that I would like to hear from those who are well acquainted with the facts, is why Tatas are not in a position to produce steel also at the cheapest rate. Referring to the Tariff Board's Report, I find that they have given reasons how India can produce pig iron very cheaply. They say, at the top of page 59, this :

"The Indian industry possesses the great advantage of a low cost of pig iron due to the high iron content and low cost of the ore and the low cost of coal. Even in the case of districts such as Alsace and Lorraine and Luxemburg where iron ore is obtained chiefly in open workings and is smelted in furnaces located close to the mines, the low iron content of the ore renders production more expensive on account of the larger quantities of ore handled and the larger consumption of coke necessary to smelt it. We believe that as regards France, Belgium and Luxemburg, which are the continental countries principally competing with India, the advantage possessed by the Indian steel industry in this respect may be taken at not less than Rs. 8 per ton. On the other hand, the employment of the Basic Bessemer process renders the cost of manufacturing steel from pig iron lower on the Continent. By reason of the low phosphorous content of Indian pig iron, the process is inapplicable in India. The principal economy obtained by the Basic Bessemer process on the Continent where high phosphorous iron is available is on account of the credit realised by the sale of 'basic slag' with a high phosphorus content for agricultural purposes. This, however, according to our information does not in many cases exceed Rs. 5 per ton. The advantage possessed by the Indian industry in the low cost of its pig iron is, therefore in our opinion sufficient to offset the economy obtained on the Continent by the use of the Basic Bessemer process.

From the point of view of natural advantages, we see no reason to assume that India is under any handicap as compared with Continental countries in the manufacture of steel."

Sir, I find that the Tariff Board also agree that there is no reason why India should not only produce cheapest pig iron in the whole world but also steel at the cheapest rate. There have been suggestions made by the Tariff Board itself that steps should be taken to adopt the open hearth system, to replace the present combined method, by which it would be possible to manufacture steel at the cheapest rate. But, Sir, so far as I could see, the Tatas have not yet taken it up as a practical proposition. I think if they pay more attention to this aspect of the question, then many of our difficulties and the necessity of their having to ask for protection every time will be obviated. Even the Tariff Board itself says that this measure is more in the nature of an Anti-Dumping Act than as a protective measure. I shall quote a line from paragraph 111 at page 58. This is what they say :

"The protection which we now propose for the Indian steel industry may be regarded as in the nature of an anti-dumping provision rather than as a measure of substantive protection."

Sir, this shows that the fight that this great national industry is now waging, against external competition, is more against the continental importers because they are now selling iron and steel not at an economic price, but at a price which is meant merely to destroy the Indian industry. Therefore, Sir, the Indian industry certainly deserves all the help that we in India can render to it.

Then, Sir, as regards the point raised by the Finance Member, about the revenue duty, I should like to point out that in the case of structural

[Mr. S. C. Mitra.]

plates manufactured in the United Kingdom, the Tariff Board have proposed their admission into India free of even the revenue duty. The steel companies cannot but regard this as an extraordinary proposal which runs contrary to the principle on which the Indian Tariff, which is principally a revenue tariff, is based. Every industry in every other country is entitled to such assistance as the revenue tariff might give it, and the only ground on which exemption from revenue duty can be justified would be that of urgent national interest. It is difficult to see how national interest would be prejudiced by the imposition of a revenue duty on these materials when in the interest of revenue even machinery is now subjected to a revenue duty. In paragraph 114, the Tariff Board argue that most of these products are used in public utility works. Even if that be the case, Government would not be worse off by the imposition of the revenue duty as they would get back in duty what they would pay extra in prices. But as a matter of fact products which are used more exclusively for public works such as rails, sleepers, and fish plates are not proposed to be exempted from revenue duty, while structurals and plates are. One of the possible consequences of exemption of structurals and plates from revenue duty will be that the order for the proposed Howrah Bridge will pass out of the hands of this company, and the old established engineering concerns like Messrs. Dorman, which are manufacturing rolled steel as well as fabricating it under this arrangement, will be entitled to import their own steel duty free and fabricate it at their shops in Calcutta.

Sir, it has been argued by my friend, Mr. Raju, so ably, that I do not want to say much on it. A further point about the excise duty is that in no country in the world is the excise duty put on any basic industry. That was the main point. Even in the Fiscal Commission's Report they have put down certain conditions for the levy of an excise duty. We do not mean to suggest that under no conceivable circumstances an excise should be put on, but our contention is that in a basic industry, like the iron and steel industry, it is most inadvisable to put on an excise duty.

As regards Indianization, I should like to make one point. We all agree that great advance has been made by Tatas in the direction of Indianization, but what I should like to specially emphasise is that Indianization will not be accomplished by merely replacing non-Indians by Indians. What we want is that the high salaries paid to those non-Indians and other emoluments given to them should be curtailed so that they may reflect ultimately on the large overhead charges, which is a great burden on this industry. Sir, we should like to point out to this great institution of Tatas that in considering the question of Indianisation, they should also see that the overhead charges should be reduced by revising the scale of pay, because Indians can certainly be paid on an Indian scale looking to the present conditions in the country. Some of the manufacturing firms in Bengal have put before us some points which they desire to be placed before this House for consideration. They say :

" There should be duty, be it revenue or protective, on semis, particularly billets. This duty should be such as to successfully prevent foreign billets competing with Indian billets. If there is any shortage of Indian billets, and for that reason firms

are compelled to purchase foreign billets, they will get a rebate up to the amount of the duty paid. There should be no countervailing excise duty. There should be at the same time a reasonable price fixed for the Indian billets. This price has been calculated at Rs. 53 per ton f. o. r. Tatanagar by the Tariff Board (page 51 of the Tariff Board's report)."

Sir, I do not understand how some of the industries may be called subsidiary industries at all if they are to depend for their existence on foreign imported things. Even according to the dictionary meaning the expression means that these industries will be required to have all their raw materials from the principal or mother industry, that is, the Tatas. Now, if Government are making a provision that they may go to foreign countries for their raw materials, then what is the meaning of the expression subsidiary industries. We agree that as regards the price the Tatas, which are more or less in a monopolistic position, should not be permitted to charge any excessive price. There were certain allegations,—how far they are correct my Honourable friend, Mr. Mody, is in a better position to say,—that the company sometimes charges, for raw materials or semi-finished articles, rates which are considerably higher than their export rates. If there is any truth in those allegations, I hope the company will in future see, or even the Select Committee may provide by a statutory provision against any such discrimination. As regards pig iron it has been urged that all firms in India consuming pig iron should be encouraged to buy Tata pig iron by all means. For castings, the rate of pig iron has approximately been fixed to be Rs. ten more than the export price. So long as no keen foreign competition in castings is on the horizon, and no better arrangement for internal consumption of Tatas' pig iron is made, this pig iron price for castings may remain. There should, however, be a statutory provision for this. Statutory provision should also be made for selling pig iron at the export price (or at a similar price when the export is absolutely stopped) for the conversion of pig iron into steel ingots and billets in this country.

On scrap they say that there is possibility and room for making steel ingots from scrap and pig iron. The Tariff Board did not visualise this when they found nothing wrong in Tatas exclusively exporting scrap out of India for remelting purposes. Export of scrap in its effects is injurious to this country both ways. It stimulates foreign competition in Indian market, and discourages prospective Indian ingot makers to a detriment of our national interest. Hence there should be provision for making all scrap available when required in this country at export price.

It is a fact that there is a considerable business in scrap with Japan and we do not see why there should not be arrangements by which this scrap, which is not sent out of India, may be re-melted or otherwise used, because what is done in Japan can be done in India. As regards differential and inequitable treatment, it is contended that statutory provision should be made against possible differential or inequitable treatment arising out of monopolistic or such other tendencies in big firms like the Tatas. The Tariff Board seems to have been satisfied with assurance that such things will not happen in the future. That is not enough. It is a fact that smaller firms will always be in an advantageous position to compete with big firms generally. And these smaller firms should be encouraged by the State to do so. Provision, therefore, should be made for reference to a third person in case of disputes between big firms like Tatas and

[Mr. S. C. Mitra.]

small firms. In the matter of inequitable or differential treatment the referee who should be empowered with all powers of enforcing his decision may be a person or an officer commanding general confidence in the matter. Such a referee may, for instance, be the Chief Controller of Stores, Indian Stores Department.

As regards the main question about semis which are now proposed to be imported free of duty for helping the subsidiary industries, the Bengal manufacturers put the case in this way :

"The Tariff Board recommend some protection against import of structurals, bars, plates and sheets, mostly continental (untested) ; for in many cases of United Kingdom's (tested) materials protection has not been desired or considered necessary. But queer it is that a country where steel making is the main national outlook, finished products are protected and raw materials like semis are to be imported free. If foreign billets are freely introduced....."

The Honourable Sir Joseph Bhore : Excuse me, Sir. It is not proposed to allow semis to come in free.

Mr. S. C. Mitra : I think the Commerce Member is referring to the countervailing duty only.

The Honourable Sir Joseph Bhore : Revenue duty.

Mr. S. C. Mitra : My impression was that, in order to help these subsidiary industries, it has been decided that they may have the chance to get their raw materials, the semis, at a comparatively cheaper rate.

It has been suggested that semis will be free.....

The Honourable Sir Joseph Bhore : No. I tried to explain that we proposed to impose a revenue duty on all semis, subject, however, to a proviso ; and the proviso is this, that if Tatas refused to sell without reasonable cause or refused to sell below a certain price, then we shall have to see what steps we should take to reduce the revenue duty so as to enable the small re-rolling firms to get billets at a price which we considered reasonable.

Mr. S. C. Mitra : I am very much obliged to the Commerce Member.

The Honourable Sir Joseph Bhore : I may explain that to that extent we have departed from the recommendation of the Tariff Board.

Mr. S. C. Mitra : I am very thankful that the Government have considered this question and provided for it. I carried my impression from the report of the Tariff Board. I whole-heartedly support this motion for reference to Select Committee, and I hope that the Select Committee will try to do justice to the points raised by the various speakers. I commend this motion for the acceptance of the House.

Mr. Gaya Prasad Singh : Sir, at this late hour of the debate, I think it is not possible to adduce fresh arguments, either in favour of the motion or against it, but I should like to make my position clear before this Bill is allowed to go to the Select Committee. Sir, as I understand it, the main principle of the Bill is the continuance of protection on a modified scale to the iron and steel industry of this country. With regard to this main principle I think there is a general unanimity of opinion both in this House and outside it. Two other subsidiary points, which arise out of the recommendations of the Tariff Board and the Bill which is before

the House, are the preferential treatment which is sought to be given to certain goods of British manufacture ; and the imposition of an excise duty on Indian steel goods. With regard to the question of protection, as I said, opinion in this House is almost unanimous. I have heard a dissentient voice raised in some quarters. I would specially refer to my friend, Mr. Anklesaria, who proclaimed himself an out and out free trader, and has denounced the scheme of protection. He must remember that so far back as 1921 and 1922, the Indian Fiscal Commission accepted a scheme of discriminating protection to foster the indigenous industries of this country. All public men have given their support to the scheme. Every country has flourished, firstly under the shadow of protective duties, and at later stages, when the industry was able to stand on its own legs, it discarded this scheme. The superiority of one country over another in the matter of manufacture does not necessarily mean the superiority of skill of one nation over another. It often means that one nation has taken up the manufacture of particular goods at an earlier stage than the other country. I will only refer to the opinion expressed by John Stuart Mill who says :

“ The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may in other respects be better adapted to the production than those which were earlier in the field.”

Sir, England also, by passing numerous measures, gave protection to her nascent industries. I would only refer to the Safeguarding of Industries Act, of 1931, and the English Overseas Trade (Credit and Insurance) Act, of 1920, of later times. Professor Bastable says :

“ To understand the position taken up by the modern opponents of free trade, it is, above all, essential to recognise that the keynote of their system is nationality. The claims of the nation as a whole are accentuated and regarded as far more important than those of the individual or the world at large. How perfectly this attitude harmonises with the actual policy of the European, and indeed of all protectionist states, is apparent. A particular industry is suffering under the pressure of foreign competition, i.e., a national interest is affected. The State then steps in by imposing additional duties on the foreign product, the loss to individual consumers and to the world as a whole being disregarded as unimportant.”

Sir, I will not adduce any further argument on the question of protection beyond recalling the words of Mahatma Gandhi, who said so far back as 1924, as follows when the first Steel Industry Bill was under discussion (*vide Searchlight*, dated the 21st May, 1924) :

“ *Apropos* of the contemplated protection for Tata Steel Works. I have been asked to state my own views on protection. Of what use they can possibly be at the present moment I do not know, nor do I know the merits of the proposal regarding the Steel Works. But I take the opportunity of dispelling the illusion that I am inimical to capital, and that I would destroy machinery and their products if I had the power. The fact is that I am a confirmed protectionist. Free trade may be good for England who dump down her manufactures among helpless people, and wishes her wants to be supplied from outside at the cheapest rate. But free trade has ruined India's peasantry in that it has all but destroyed her cottage industry. Moreover no new trade can compete with foreign trade without protection. Natal nursed her sugar industry by both bounty and import duty. Germany developed beet sugar by a system of bounties.”

I would, therefore, maintain that the question of protection does not stand in need of any further support in this House. There are only the two subsidiary points to which I referred a few minutes ago. One is the

[Mr. Gaya Prasad Singh.]

preferential treatment which is sought to be given to certain goods of British manufacture. If I remember aright, my Honourable friend, the Finance Member, in the excellent speech which he has made and to which we listened with very great interest, stated that the continental prices are dumped prices. I do not know whether I correctly listened to him, but if so, I should like to know the evidence on which this statement has been made. I should like to know exactly on what evidence my Honourable friend said that continental prices, generally speaking, are dumped prices in comparison with the prices of British manufacture.

The Honourable Sir James Grigg : I should have thought that it was implicit in the references in the Tariff Board Report to uneconomic prices. In fact, both implicit and explicit.

Mr. Gaya Prasad Singh : So far as the explicit thing goes, of course we shall all await to find out the exact reference ; but so far as the implicit part of it goes, we should be at liberty to draw our own conclusions. Sir, this proposed preferential treatment which is sought to be given to certain goods of British manufacture is not in the interest of the indigenous industry of this country but it is merely in the interest of the English manufacturers.

My Honourable friend, Mr. Mody, in the Mody-Lees Pact, which has become famous, was a party to this preferential treatment so far as textile goods were concerned. Now here is the same thing with a vengeance—the further extension of the principle of Imperial Preference. We, on this side of the House, are opposed to this principle, not merely on sentimental or political grounds as it has been alleged, but also on more substantial grounds, that is, on economic grounds. Sir, in order to make up for the loss on revenue, it is proposed to impose an excise duty on certain articles of Indian manufacture irrespective of the consumers' interests. I did not know that the Government of India had come to the verge of bankruptcy. They are wasting the money of this country in various directions. Some of their proposals are grotesque. Take, for instance, the proposal to transfer the Pusa Institute to Delhi which means a loss of 40 lakhs at a stretch,—I am not going to introduce that point in discussing this question, but I just gave it as an offhand illustration to show how very reckless they are of the rate-payers' money in many matters. (Hear, hear.) Sir, I am glad, my Honourable friend, Sir Leslie Hudson, on behalf of the European Group, has voiced the sentiments which prevail on this side of the House with regard to these questions,—I mean the imposition of an excise duty on certain articles of Indian manufacture, and the preferential treatment which is sought to be given to certain British steel goods. But these points, I take it, will be considered more suitably in the Select Committee, and I do not propose to occupy the time of the House any more, but if I give my consent to the reference of this Bill to a Select Committee, it is on the distinct understanding that these two points do not form the main principle of the Bill. I do not think that the Chairman of the Select Committee will rule out any opposition to these points which might be forthcoming from Members of the Opposition on the Select Committee. I think the main principle of the Bill to which we are committed at this stage is to grant protection to a national industry of this country.

The Honourable Sir Nripendra Sircar : What a discovery you have made !

Mr. Gaya Prasad Singh : The fact is, it has been referred to by one Member speaking on this side of the House, my friend, Mr. Lalchand Navalrai, and that is why I thought it right to clear the point. This little interposition of my Honourable friend, the Law Member, has also absolutely dispelled whatever little illusions might be lingering in the minds of some of us. Sir, with these words, I support the motion for reference of this Bill to a Select Committee.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions) : Muhammadan Rural) : Sir, this Bill is, of course, of a very technical nature....

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

....and it is only those people who are either dealing in these materials or who are experts such as engineers, or who have any interest in any of these industries, who can very well examine the contents of this Bill and they can be said to be authorities on the subject. I do not claim today, nor did I ever claim that I have been an economist or that I am an industrialist or that I can very well expatiate on the points concerning an industry. Nevertheless, Sir, I look upon this Bill as one more string to all the repressive and taxation measures that have been introduced into this House during the last Session and the present Session. My point is that this Bill is not only to protect the Tata industries or some other Indian industries, but having a provision for a revenue duty to be imposed on the consumers, it is a sort of indirect taxation on the masses of India. (Hear, hear.) Sir, I do not rise to oppose the reference of the Bill to a Select Committee but what I say is that this Bill ought to have been brought in when the Budget proposals were before the country. To bring this Bill at this stage and to ask the country and this House to pass this into an enactment is rather too hard for this Assembly. Sir, it is said that this Bill will exonerate the British manufacturers from duty and it will impose an excise duty on the masses of India, and to say that it is oppression, is, I submit, a fact. It is a great pity that the representatives of the people, who are here, do not look into this very great and important factor in this Bill, affecting as it does the poor dumb masses of India. Sir, thus I say that this is also one of the many repressive measures that have been passed in the past. I include this Bill also amongst repressive measures because I consider that at this time when the new constitution is about to come to India, it is the most inopportune and the most inadvisable measure to bring in to tax the already over-burdened people of this country. Sir, if such Bills or such actions of the Government of India can be tolerated by the country at this stage when the new constitution is to come, and if such Bills are a prelude to the new constitution, I do not know what will happen when the new constitution comes.

Diwan Bahadur A. Ramaswami Mudaliar : Is it coming at all ?

Mr. Muhammad Azhar Ali : My friend asks if it is coming at all. I doubt that very much myself and that is the reason why I say that such Bills ought not to have been brought now.

Mr. Gaya Prasad Singh : The Round Tablers ought to know.

Diwan Bahadur A. Ramaswami Mudaliar : The Joint Select Committee people ought to know.

Mr. Muhammad Ashar Ali : These questions are beside the point. What I want to say is—I do not care whether the Joint Parliamentary Committee members or the Round Tablers are going to say something in favour or against this Bill but what I want to impress upon the House is—that such measures, if they are a sort of introduction to the constitutional reforms, then India would perhaps not like to have any constitutional reforms at all for this country. Sir, too many safeguards have already been provided in the new Constitution Act which is about to come. If a greater safeguard is now to be put into the Constitution Act, that all the pieces of legislation that have already been passed during these two or three years by the Government of India will not in any way be allowed to be abrogated by the new Assembly which assembles here, after the new constitution, then I think that will be the best and the wisest step and safeguard ! Sir, I have read in one of the papers that the question involved is one of technical details. The position is this :

“ Iron ore is converted into pig iron and then into steel ingots. An excise duty is to be imposed on all steel ingots. And steel ingots are then converted into semis (billets, slabs, sheets, bars). The first difficulty which the Indian product faces is that while indigenous steel ingots are taxed, semis from abroad come into India without paying even the revenue duty. Out of semis are produced rails, sleepers, structurals, bars, sheets and plates.”

An Honourable Member : That was corrected.

Mr. Muhammad Ashar Ali : Yes, it has been corrected by the Honourable the Leader of the House but this was an objection. Out of the semis are produced bales, sleepers, structures, bars, sheets and plates. The countervailing duty which he has proposed to be imposed on the finished products will give no advantage to the local products and the excise duty will have to be paid out of the price available to local products. Sir, these are the doubts of those who know more of business and of this industry and I think the Government ought to satisfy this House that this duty will not affect very much the Indian industries as they fear at present. Sir, this Bill is going to a Select Committee and I do not oppose its being sent to it. But my experience of the Select Committees is rather very sad. Either our friends who are on the Select Committee shall have to subscribe to the Government views or the Government Members will have to subscribe to the views of those who oppose this Bill in the Select Committee. If the second contingency happens, then this Bill may come out in such form that it may give credit to the Select Committee. But if we find that the Government views remain what they are and, if we find that the Government does not care to hear the views of the Opposition according to the wishes of the public, then I think that this Bill and this enactment will also, though passed by this House with the help of the majority of Government votes, remain as a sort of a Black Act on the Statute-book. Sir, I do not oppose the protection which the Government is going to give to the Tata's. I know that the Tata's have been of very great benefit from the very beginning to the Indian public and to the Indian industries. We find that several of our countrymen are finding employment in Tata's. They have not only done that, but they have, according to the report of the Royal Commission, provided housing establishments and different other amenities of life for the Indian employees there. But, Sir, the high emolu-

ments that they are paying to foreigners is a matter which requires due consideration. In this connection, I come to a point to which my Honourable friend, Mr. Vidya Sagar Pandya, who is not in the House now, took objection to a certain extent. There are times when communalism may be run down but there are occasions too when it should be listened to, irrespective of the fact whether the complaint emanates from a Muslim or a Hindu or a Sikh. If we find that there is absolutely no representation of a particular community in the case of a certain business, then it is the duty of every one of us to see that justice is done and the claim of that particular community should be considered. My friend, Mr. Pandya, relied to a great extent on a pamphlet which has been issued by some Mussalmans about the paucity of Muslim representation in the Tata's and I too hold in my hand a list which, if the Honourable the Commerce Member wants it, I can present it to him or I can lay it on the table of the House. In this pamphlet there is a list of the Muslim employees at the Tata Company at Jamshedpur.

Mr. H. P. Mody : Are you sure that it correctly represents the facts ?

Mr. Muhammad Azhar Ali : I have not said that you have no right to deny it. Sir, I will read out only a few notes from it. It says that out of 212 Indians whose salary is from Rs. 250 to Rs. 5,000 per mensem, the number of Mussalmans is only 2. Then, Sir, we come to foremen. And here there is not a single Muslim supervising officer. There is a large number of private buildings on the main roads but none of them are for the Muslims because the Line Officer is a Bengali. There are 16 schools for boys and girls but there is none for the Mussalmans. Sir, these may or may not be true facts and I am not here to vouchsafe their accuracy. But this statement has been circulated to all the Members of the Assembly and I am sure it has also reached the Honourable the Commerce Member. Sir, it is not in a spirit of communalism that I have placed these figures before the House. What I say is that if there is truth in this allegation, then I hope Government will see that the Tata's or, for the matter of that, any other industry helped by the Government in India is not a monopoly for any one community whether it be the Muslims or the Hindus.

As I was saying, we do not object to the protection being given to Tata's but we wish that when they get this protection again, for any period that the Select Committee may recommend, they will try to supply the materials which they prepare to the Indian public rather cheap. Sir, these steel sheets and other materials prepared by Tata's are meant not only for the rich people but also for the poor people and if these materials are not sold at a cheap rate, then besides the duty which the Government is going to impose, it will be another blow to the economic condition of the poor people of India. They will have to pay higher prices because of the competition with the continental articles. I know that it is a key industry and as such ought to be helped by the Government of India just as the other Governments of other countries are helping the key industries of their own countries. Sir, we know it for a fact that the present Government is not a national Government and therefore we do not expect that sympathy from it which we would have expected from a national Government. Still we have great hopes in the Indian Commerce Member and we cherish this hope not only because

[Mr. Muhammad Azhar Ali.]

he is an Indian but because he has always been sympathetic to his own countrymen. With these remarks I support the motion.

Mr. K. P. Thampan (West Coast and Nilgiris : Non-Muhammadan Rural) : Sir, I have heard all the speeches that were made on this motion and I was very pleased to find that not a single Member of the House denied the good conditions that are prevailing at Tata's. On the other hand, there has been a chorus of tribute paid to the manner in which the Tata Iron Works manage their affairs. I have gone to Jamshedpur twice as the guest of two of my friends employed there.

I can, therefore, bear testimony to all that has been said by the Tariff Board and several speakers in regard to the welfare conditions and other things of the industry. The Tata Iron and Steel Works have satisfied all the conditions laid down in the Fiscal Commission report. It is of Indian capital, the raw materials are all taken from the country, it has demonstrated that it can in course of time stand on its legs, and it has also Indianised gradually even the covenanted services. Over and above all these things the House will bear in mind the valuable contribution that the Tatas make to the revenues of this country. It has been said that they pay a large revenue to the Railway Department, the recent increase in the rates alone amounting to 40 lakhs as was said by my Honourable friend, Mr. Mody. Then, Sir, there is the income-tax. I will not be wrong if I say that the amount of income-tax paid by the company and their employees together must be an enormous amount. I should like to know if possible from the Honourable the Finance Member the exact amount of income-tax that the company and their employees together pay to the exchequer of the country. I am sure it will not be an insignificant amount. On the whole I am inclined to think that the annual contribution of the Tatas to the public revenues of the country will be in the neighbourhood of one crore. That is not a small amount. No sane man will therefore deny that the company deserve every help and encouragement at the hands of the State and of the Legislature. The main characteristics of this Bill are the discriminating preference shown to British iron, the excise duty proposed to be levied on iron ingots manufactured in this country and the reduction in the customs revenue. As regards discrimination I believe there is a history behind it. It was in 1926, if I am right, that the Tariff Board recommended a discriminating duty with regard to the British products. The chief reason for recommending a lower rate of duty was that the British steel was more costly and did not compete with the indigenous steel and that the *c.i.f.* price of British steel as compared with that of the Continental steel was very high. That was the reason why the Tariff Board in 1926 proposed a different scale of duty for the British goods. Since then many things have happened. Under the Ottawa Agreement a scheme of preference for British and imperial products has been adopted. Since then it has been the practice of the Government of India to introduce preferential rates whenever proposals for levying customs were brought before the House. I was surprised the other day to find a statement in the newspapers that in the House of Commons, Lieut.-Colonel Calwell, who I suppose is the Assistant Secretary for trade, in reply to a question said that negotiations were going on with the Government of India to bring the Indian Tariff duties also within the scope of the Ottawa Agreement. I did not know what it

meant. Even this morning I read in the papers the Reuter's news, that Mr. Runciman in the House of Commons stated that negotiations were going on with the Government of India with a view to bring within the scope of the Ottawa Agreement all the Indian Protective duties. I happened to send notice of a short notice question on this subject, but unfortunately the Honourable the Commerce Member, not having all the particulars at his disposal, did not care to accept it. If that was answered, the position would have been made clearer. Anyway this policy of making British preference a fetish is a thing which I, for one, do not like. Sir, I want to invite the attention of the House to the proviso to clause 2 of the Bill. It says :

"Provided that the duty leviable on any such article shall in no case be less than the duty leviable on a like article of British manufacture."

What does that mean? It clearly means that the Government want

The Honourable Sir Joseph Bhore : That is only a repetition of the existing Act.

Mr. K. P. Thampan : Yes, obviously serving different purposes. It means that even in protective duties the Government want to implement the Ottawa Agreement. I remember, if my memory is right, that at the time the report of the Ottawa Committee was placed in our hands, it was categorically said that the proposals were distinctly subject to the revenue and other fiscal requirements of the country. The report of the Indian Delegation states in page 12 :

"The protective duties also stood in a class apart. The instructions we received from the Government of India precluded the acceptance of any proposal which would have the effect of impairing the protection afforded to an Indian industry by an Act of the Indian Legislature. Two of these Acts, it is true, provide for the imposition of lower rates of duty on cotton piece-goods and on certain classes of iron and steel made in the United Kingdom than on similar goods made elsewhere. But the duties on iron and steel were fixed after a full investigation by the Tariff Board and will come under review in the statutory enquiry of 1933 while the duties on cotton piece-goods had already been referred to the Board before our negotiations commenced. In both cases the lower rates of duty on British goods were adopted not in the interests of the United Kingdom but in the interests of India and in pursuance of the policy of discriminating protection. These rates of duty could not, we were satisfied, become the subject of bargaining between ourselves and the British delegation and any modification in them must, we felt, be postponed until the Government of India had before them the considered recommendations of the Tariff Board."

This is what the Delegation wrote. I request that before this motion is put to vote, the Honourable the Commerce Member will make a full statement in his reply about the position with regard to this matter.

Sir, I do not want to enter into the merits of the proposal in regard to the rates of duty proposed to be fixed upon the several articles mentioned in the report. But I may say that there are one or two things to which the attention of the Select Committee has to be invited. My friend, Sir Leslie Hudson, referred to the uniform rate fixed for tested and untested steel and my friend, Mr. Mody, also laid stress on that point. The untested British material did not hitherto come into competition. It was only the tested material of a high standard that was imported into this country and in fixing the duty on British steel the Tariff Board of 1926 did not take into consideration the importation of untested steel at all. So they levied a unitary rate of duty for

[Mr. K. P. Thampun.]

British steel. Sir, if the present proposals of the Tariff Board are accepted, the result would be that Tata's tested steel will have to be sold in competition with the imported untested cheap material from England. The National Federation of the Iron and Steel Manufacturers have distinctly stated that they are prepared to meet all the requirements of this country, even in respect of untested steel, and, if they begin to import untested steel, the Tata Iron Works will be put to considerable loss. Sir, in this connection, I would invite the attention of the House to page 69 of the Tariff Board's report. Speaking about the representation of the National Federation of Iron and Steel Manufacturers of the United Kingdom they say :

“ While the Federation recognise 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.”

They want that no other country should compete with the British manufacturers ; in other words, reserving whatever can be made in this country to the indigenous industries, they want a monopoly of all imports. I thought that was a very large order and the Board ought not to have recommended proposals to that end. I am sure the Bill, if passed, will have the effect of complying with their request.

Sir, a good deal was said about billets, scraps, semis and other things. I have a copy of a representation made by the Lukshmi Iron and Steel Manufacturing Company at Ghaziabad, in which they protest against the imposition of any duty on the ground that these billets and scraps are raw materials for the manufacture of their articles. Sir, when I went to Jamshedpur I found that every article manufactured there was a raw material for the next process or stage. What is a raw material and what is a finished product with regard to the iron and steel industry is a thing which I am yet to know. These are very complicated questions and I should like the Select Committee to go into them very carefully and do proper justice to the industry. Sir, you will excuse my referring to the interference with the customs duty and the excise duty proposed to be levied in this Bill. So far as my knowledge of finance goes, the customs duty is levied for meeting revenue purposes and whatever customs duty is imposed on imported articles, to that extent the industries of the country are protected. That is not confined to one industry or other and I really cannot understand in what way Tata's do not deserve that shelter. The proposal will interfere with our budgetary position and was unworthy of the Tariff Board to recommend it. As regards the excise duty we know with what justification it was levied in regard to the sugar industry. There was an income of about 10 crores by way of customs duty on the import of sugar into this country which has to be sacrificed for the protection afforded and as the revenue of the country is derived mostly from customs duties and such a reduction was certainly very difficult to make good, Government were justified in levying a duty like that. You give protection to an industry and by that if the customs duty is decreased enormously you will be justified with a view to make good that loss of revenue in imposing an excise duty on the industry concerned. Here,

the Tata Iron Works are not yet in a position to stand on their own legs and to help the foreign importers you are reducing the customs duty and levy a countervailing excise duty. What you give with one hand, you take away with the other. That is the position so far as the excise duty is concerned. Sir, I should like to know either from my Honourable friend, Mr. Mody, or from Government the extent to which Tata's are going to be benefited by this measure every year, the net benefit setting off the one against the other. I should also like to know what amount Tata's will have to pay by way of excise duty. Mr. Mody in his speech said that the excise duty will be somewhere near 30 lakhs. What would be the amount that the company will be getting by way of protection if this Bill is passed into law? That is a matter that I should like to know. I do not think the net result will be what people seem to think. Anyway, it is up to the Select Committee to go into all these aspects of the question and if they think that in the interests of the industry the proposals ought to be accepted *in toto*, we shall then consider what has to be done. I will await the result. Sir, I have done.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 2nd August, 1934.