

THE  
**LEGISLATIVE ASSEMBLY DEBATES**  
(Official Report)

---

Volume II, 1934

*(17th February to 10th March, 1934)*

---

**SEVENTH SESSION**  
OF THE  
**FOURTH LEGISLATIVE ASSEMBLY,**  
**1934**



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1934.

# LEGISLATIVE ASSEMBLY.

Thursday, 8th March, 1934.

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

## MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State has, at its meeting held on the 7th March, 1934, agreed without any amendments to the Bill to regulate the use of the words 'Khaddar' and 'Khadi' when applied as a trade description of woven materials, which was passed by the Legislative Assembly at its meeting held on the 6th February, 1934."

(Applause.)

## THE GENERAL BUDGET—LIST OF DEMANDS—*contd.*

### *Second Stage—contd.*

#### DEMAND NO. 28—EXECUTIVE COUNCIL—*contd.*

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of demand No. 28\*, and the European Group will initiate a discussion under cut motion No. 178 standing in the name of Mr. James. As the whole of today is available for the discussion of this motion, the Chair proposes to allow half an hour for the Mover and twenty minutes each for other speakers.

#### *Planned Economy.*

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

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

The purpose of this motion is given in the words† which are contained within brackets in the formal notice.

Sir, the Finance Member in his speech introducing the Budget devoted a considerable part to the economic prospects of India and a general survey of the action which the Government of India had recently taken in connection with India's financial and economic development. I

\*"That a sum not exceeding Rs. 73,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of 'Executive Council'."

†(To draw attention to the necessity of meeting the need for economic planning by means of (a) redistribution of Government portfolios, (b) consideration and consolidation of the tariff, (c) formation of an Economic Advisory Council, and (d) revision of Trade Agreements.)

[Mr. F. E. James.]

may say that we acknowledge at once the part which he and his colleagues have taken in maintaining India's credit, in improving her trade prospects through the Ottawa Agreement, in embarking upon schemes of cautious, but productive capital expenditure, and in being ready to adopt any reasonable measure which is found possible to bring about a rise in prices. There is no question at all on these Benches as to the anxiety of the Government of India to do all that they possibly can in these directions and we should be certainly failing in our duty if we did not at once recognise what Government have done.

Now, Sir, the purpose of my motion is a restricted one. I want to make that clear from the beginning. It does not deal with the general question of economic planning, I do not propose to discuss the various methods which have been adopted in other countries. What we desire in this discussion is to focus attention upon what we conceive to be administrative readjustments which in our view are essential if the Government of India are to be able to meet the economic necessities of the present and the near future. We agree with the Finance Member that there is no short cut to recovery, that the way is long and difficult, and that the expedients which have been tried in other countries are not necessarily suited to this country. But we also believe that recovery will not come in these days of itself. It must be planned for and the machine of Government must be adapted so as to make the best possible use of the opportunities when they do come and so as to plan for those opportunities themselves. We are living in a new world. Just as before the War disequilibrium in the balance of power gave rise to an exaggerated political nationalism, so in modern times disequilibrium in production has given rise to exaggerated economic nationalism. We may not like it, but the facts are there. Every country is attempting to plan its own national resources and work as a single economic unit, and a nation which is not prepared to organise itself and to plan its own economy in these days is bound to go to the wall. We recognise this and we venture to make suggestions whereby adjustments in India's administrative machinery may be made which we believe will help her better to face the new conditions. There is nothing startling in our proposals at all. Some of them have been made before,—some of them have been made as long ago as 1921, and I am quite sure that many Members may feel disappointed, when I have finished, that we have not made more revolutionary changes. But such proposals as we are making have the support of many in different parts of the House and have also the support of many in the Government itself.

Before I come to the specific proposals which have been outlined in our motion, I would refer in passing to the enquiries that are now being made by two distinguished and eminent economists, Professor Bowley and Mr. Robertson. We believe these enquiries to be very important, for the basis of a planned economy surely must be accurate and intelligible statistics. The complaint about many of the Government statistics today is that they are neither accurate nor intelligible. We hope that, as a result of the visit of these two economists, an improvement in the machinery for collecting these statistics will be recommended. We also venture to express the hope that the report of these gentlemen will be published as soon as it is submitted to the Government of India, and that not only will it be published, but also considered and acted upon with-

out delay. For provision of an adequate machinery for statistics we believe to be fundamental to any administrative changes in the direction of planning, and if additional expenditure is required—and I think it is bound to be required—I am quite sure that this House will not grudge such expenditure as may be necessary.

Now, Sir, I come to our four main proposals. The first is that there should be a redistribution of portfolios in the Government of India. We believe that the present distribution of Departments is archaic, that it belongs to a time when individualism and departmentalism were rampant and when it was not economically necessary to co-ordinate activities to the extent to which it is necessary today. We believe that the actual grouping of portfolios bears little relation to the demands of modern conditions. We suggest first that there should be a Member for Commerce and Industry, the beginnings of a Board of Trade. We believe that more attention and time will have to be devoted in the near future by the Government of India to the problems of industry and I think it is quite possible, speaking personally, that with the advent of provincial autonomy the need for co-ordination of industries throughout the country will be even greater than it is today. Industry and commerce should go together and there should be one Member whose undivided time and energies are devoted to the problems which are so inter-related. Secondly, we suggest that there should be a Member in charge of Communications,—Roads, Railways, Civil Aviation, Inland Water Transport, Posts and Telegraphs. I make no apology for making this recommendation once more. It has been made before. It was made 18 years ago and I have often wondered what has stood in the way. It was made also at the Road-Rail Conference in Simla, although no definite time was put to the achievement of its purpose. Our point of view is that the formation of a co-ordinated Department of Communications is an urgent matter and we should like to know if there is any particular reason why it cannot be done and if so, what is that reason. I am quite aware—I am not speaking now in terms of personalities—that there may be Departments so proud of their present Chiefs, and justifiably so, that they do not want to lose those Chiefs. But we suggest that they should approach the subject in the spirit of the war days, in the spirit of the song we used to sing—"We do not want to lose you, but we think you ought to go".

We also suggest that there should be a Member for Agriculture and Labour. There may be other changes that may be necessary as a result of the redistribution. It is difficult for us to make detailed recommendations, but we do believe that a redistribution along these lines will result in better planning, swifter decisions and greater co-ordination of efforts. It is possible that in the near future, if there is to be a Central Board of Education and a Central Board of Health, such as my friend, Dr. Dalal, the other day pleaded for most eloquently, it may be necessary even to contemplate an additional Member of Council. The main point is that the Government machinery should be so adapted as to meet the needs of the moment and those things are increasingly in the direction of economic and industrial adjustment.

Our second proposal has to do with tariffs, both Customs and Railway. Under this second head we desire to make four specific suggestions. The first is that the Tariff Board should become a permanent body, not dependent for its life upon the number of pending inquiries

[Mr. F. E. James.]

We suggest that its personnel should be strengthened so as to include recent commercial and industrial and customs experience among its membership. I am not uttering now one word of criticism of the existing personnel of the Tariff Board, among whom I have two personal friends, but I do feel that the personnel of that Board should include at least one person who has had recent commercial and industrial experience; and we suggest that customs experience too would be of very great assistance. In general tariff matters, not only in protective tariff matters, the Board should be the principal advisory body to Government. Its composition should be flexible, so that if necessary it should be able to undertake more than one inquiry at a time through sub-committees of its own. We contemplate that the members of that Board should, all of them, be sufficiently outstanding to be able to conduct an inquiry, each one of them on his own, with possibly co-opted members for that particular inquiry. We also suggest that its procedure, which was laid down at the time of the Fiscal Commission, should be less leisurely than it is today and that its reports should in future be published with greater rapidity by the Government of India. We also suggest that, like the Imports Advisory Committee in England, the Tariff Board as reconstituted on these lines should be given the duty of watching the interests of the industries and trades using goods on which duties are imposed. Also it should be empowered to collect compulsory information from protected industries so as to be able to watch the effects of the duties. Our general line is that the tariff should neither exploit the consumer nor shelter the inefficient. It should be adjustable, without undue delay, to meet sudden changes and to avoid severe fluctuations in imports and exports. It should be an adequate protection for industrial expansion and a potent weapon for economic bargaining. India is in for a generation of both industrial expansion and economic bargaining with other countries. Our second proposal under this head is that there should be instituted as early as possible an inquiry into the incidence of tariff rates on non-protected articles. In certain of these items, both consumption and revenue have declined, a proof of the operation of the law of diminishing returns. Some of these tariffs with their surcharges are becoming a substitute for indiscriminate protection, and we believe that an inquiry into their incidence is urgently necessary from the point of view of the consumer and from the point of view of the country's revenue. Thirdly, we want a consolidation of the Tariff Schedule. Those of you who have had to go through the various Tariff Bills will know how difficult it is to understand the relation of their provisions to the existing Schedule. It has been promised before. I believe the Finance Member's predecessor actually as a parting shot promised a complete revision. We have not got it yet and we ask for it. I think we have a right to ask for it and we believe that it is urgently required by the commercial and industrial community. The Tariff Schedule and the Indian Tariff Act are so cluttered up with amendments and adjustments owing to the surcharges and recent legislation that I was told the other day by a Government servant that even he found it difficult to follow them. Our fourth point under this head is this: We want a thorough overhaul and scientific reconstruction of the railway tariffs, particularly rates on goods traffic and also rates on passenger traffic. The present piecemeal handling is not sufficient, in our opinion, and only results in injustice and hardship and the penalising of trade and traffic.

I come now to my third main head and that is the formation of an Economic Advisory Council. I want to say immediately that we recognise the work and value of the economic sub-committee of the Executive Council; but it is really the Cabinet less two or three Members. When the Honourable the Finance Member was referring to the work of this body, I could not help remembering the famous cartoon by Low in the *Daily Express* which appeared at the time of the formation of the Advisory Council in England and when the Prime Minister had made great play over the economic sub-committee of the Cabinet. The cartoon consisted of two pictures. The first picture was a large round table with a number of elderly gentlemen at work—I am now speaking not of the Indian Cabinet, but of the English Cabinet—and it was called "The Cabinet at Work". Underneath that, there was exactly the same picture with the same gentlemen at work at the same table, less three gentlemen who were disappearing through trap doors. Under that was "The Economic Sub-Committee of the Cabinet at Work". The main caption illustrating the point of the whole cartoon was "The same old birds. The same old birds". I hope Members of the Executive Council will not think that I am irreverent when I say that although we agree that the work of this sub-committee must help enormously in co-ordination, it consists of the "same old birds", who are not in a position to consider problems before they come up for immediate solution. It is a body which is composed mainly of the officials of the Government of India; commerce, industry and agriculture are not represented there; and we believe that there should be some body, which is not faced with immediate, day to day problems, which should be set up in order to study these great economic questions which are now facing all countries in the world. Our recommendations, therefore, fall under two heads.

The first is the appointment of a small permanent staff of experts in economic matters, drawing upon academic and practical experience—and both are available in this country—which will be the thinking machine on economic questions in all their aspects, and which will be able to give expert and disinterested advice. It is possible that the Government of India by their recent measures have already started the nucleus of such an organisation, but we think that that small, permanent body is an important body which should be set up. *Secondly*, experts are all very well in their way, but when experts are divorced from practical realities, they tend to become cranks. We, therefore, suggest that there should be an Economic Advisory Council consisting not of representatives of communities or special interests, but of representatives of industry, banking, commerce, agriculture, labour, transport and the Tariff Board. The permanent staff to which I have referred would be the nucleus of the permanent staff of this body, and it is possible that the Chairman or Vice-Chairman of this Council might also be a permanent official. We are very anxious that the Council, to begin with, should not be unwieldy. We suggest its numbers should not be more than fifteen. We also suggest that we are not in a position at the moment to lay down definitely the precise lines on which this Economic Advisory Council should be organised. We believe the right form for this country will grow out of the experience of an *ad hoc* body. We do not want anything so complicated as that which was suggested in the Salter Report, but we do believe there is an urgent need, now, for some consultative body being organised as early as possible. Later on it may be necessary to have something

[Mr. F. E. James.]

more on the lines of the Imperial Council of Agricultural Research which will do for industry what that body is attempting to do for agriculture in connection with co-ordination and research; but for the moment we are content to make the less ambitious proposal in order to get something going and to provide Government with some advisory body which can help them on many of the problems which come before them. We suggest, that although this will mean an increase in expenditure, it should be well worth it and might perhaps save Government from some of those expensive policies which they have followed in the past, whereby, under huge tariffs, they have encouraged the unrestricted growth of industrial and agricultural development and then have come along later on with excise duties to knock those developments on the head.

Our final proposal is that there is a great necessity for overhauling India's commercial treaties and agreements. There is, first of all, the position which India finds herself in as a result of her negotiations with Japan, for that has given India a new status in the realm of commercial agreements. We feel that it is a status which should be exploited as early as possible and in as many directions as possible. Secondly, there is the undoubted fact that other countries are on the move. Almost every day that you take up your *Statesman*, you read of some country which is preparing to negotiate with other countries on the basis of bilateral agreements. I saw in the *Statesman* only two days ago a reference to Italy's relations with India; and even America, which hitherto has been entirely absorbed in her internal reconstruction, is turning her attention to the question of her exports and will be in the field before very long. Then there is also the fact that in the future, if international trade is going to improve at all,—and there are signs of a slow improvement in recent months—it will improve largely because of trade agreements either between two countries or between groups of countries. The improvement is not going to be haphazard. Trade is going to be largely controlled in international directions and that is why we feel that a revision of India's agreements is most essential. The fourth reason is that most of India's agreements are now archaic. I turned up, as a matter of history, the other day three agreements on the basis of which she is in relations with other important countries. I found that India's agreement with America, through His Majesty's Government, is dated 1815. India's agreement with France—and France is important country to us at this particular moment because France includes all her colonial possessions—is dated 1908. India's agreement with Italy dates from 1882. India's agreement with Holland and the Dutch East Indies is dated 1824.

Then, Sir, the Finance Member in his speech spoke of the extension of the Ottawa Agreement and said that India ought to be engaged now in a scientific study of the position, exploring new opportunities for mutual exchange. Well, Sir, we agree. But who is engaged now in that scientific exploration? Where are the agreements with Canada, New Zealand—where India is definitely discriminated against, as compared with Ceylon—with Australia, South Africa and even with Ceylon?

Again, the Finance Member suggested that the position with regard to our greatest customer, the United Kingdom, should be very carefully watched and that the time might come when India should enter into a firm trade agreement with the United Kingdom. Sir, I believe that time is rapidly approaching; and if India can witness such a courageous and

excellent agreement as that which has been recently negotiated by my Honourable friend, Mr. Mody, on behalf of the textile industry of India with the textile industry of Lancashire, surely it is possible for the two Governments to come to an agreement which will not only stabilise the present position, but give room for greater improvement in regard to our external trade. (Hear, hear.)

Now, there is one point I want to make in regard to these agreements in the future. We believe that they should be entered into as early as possible. We believe that the position of our export trade with other countries should undergo careful and close and detailed scrutiny. But in entering into new trade agreements we think two things should be avoided. One is, that those agreements should not be too hard and fast, or for too long a period. We prefer the short-term agreement, denounceable, or variable on reasonable notice. The second is that these agreements should not be hampered in future by the unrestricted favoured-nation clause—an instrument which belongs to an economic era which is now past and gone and will never recur. We shall have more to say on that subject next week in the debate on the Japanese Agreement. The general view we take is that if India is not in a position rapidly to alter the conditions on which she is willing to deal with other countries, she cannot adequately protect her trade against discrimination and against bargains injurious to her interests. India must be in a position to make fair offers for fair opportunities: if not, her trade will be, and deserves to be, superseded by other more adaptable countries. (Hear, hear.) I am quite aware that this means an increase of staff in the Commerce Department, but there is need in that Department for the nucleus of an Overseas Branch under an efficient Officer. The Overseas work will, in the near future, become very important indeed. At present that work is left to a Department which is already overburdened whose output is a standing miracle to those of us who know something about it.

Sir, there is one other point I would like to touch on before I close this particular part of my speech (and I am very nearly at a close),—and that is, certain agreements and treaties with Indian States. We have a feeling that in some of these matters we are in danger of drift and sentimentalism. There are two kinds of agreements. There is the commercial agreement like that with the Darbars of Travancore and Cochin affecting the Cochin harbour which are susceptible to adjustment on a commercial basis agreeable to both parties. We believe that such adjustments ought to be made as quickly as possible and should not be indefinitely delayed. At the present moment, a great deal of money has been sunk into the Cochin harbour and activities and policies are now being held up because of the urgent need for the revision of a certain agreement. I will not say more except that I hope that some arrangement will be made as early as possible for a revision of that agreement through conference. Then, there is the second type of agreement which is much more difficult. There is the kind of agreement which deals with customs arrangements which affect not only treaty rights but what is called State sovereignty. Even here, in the words of the Indian States Inquiry Committee, "ideals and logic must yield to hard facts". I think it is pertinent to say that the Indian States should be reminded that throughout the world, by treaty and by agreement, sovereign countries are prepared in the face of economic necessity to shed some of their sovereignty. A narrow interpretation of the term sovereignty will hold up any form of



[Mr. F. E. James.]

economic or political progress. And, as far as the Government of India which is represented in this House is concerned, we should like to ask them to remember that that Government represent British India and we expect them to do their duty promptly and unequivocally to the Provinces represented in this Assembly. I will not say more than that. There may be others who will be able to develop the lines along which I am thinking and which I have indicated in my speech.

These are the four main lines on which we have made tentative and general suggestions. We believe that if some of these, at any rate, are carried out, they will put the machine in a more adaptable condition to meet the stress and strain of economic events in today's world and in the world of the near future. We do not suggest that any of these suggestions, if adopted, will prove to be a miracle. We do not necessarily say that we have not made mistakes in some of our recommendations. We do not say that we have covered all the technical details which make perhaps some of these things difficult. But we do ask that these suggestions of ours be accepted by the Government in a constructive spirit and we do ask them to believe us when we say that we are in earnest about these matters and desire some indication from the Government either as a whole or through various Departments that they are prepared to give serious consideration immediately to our suggestions. I should like to address the other side of the House for a moment and ask Honourable Members to believe us when we say that, in making these proposals, we are not acting in the interests of any community or of any particular class. We believe we are acting in the interests of India as a whole. All along in our discussions in our Group we have considered the whole question of India's future and what is best for India. My friend, Mr. Gaya Prasad Singh, the other day referred to Mr. Ranga Iyer as being in somewhat questionable surroundings. I know that that was a joke. But I do hope the House will not waste time in suggesting that these proposals are meant to benefit any class or community or any special interest. We have one idea and that is to serve the country in which we live. We yield to none in our desire to see India economically and politically a giant among the nations of the world, and, to that end, we are prepared to pledge ourselves to her weal. (Applause.)

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

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, first of all I wish to thank the Members of the European Group for initiating such an important debate and I should also associate the name of Mr. James for bringing out very important points which we on this side of the House have been pressing for the last many years. Sir, I agree with Mr. James in not introducing into the discussion the effect of the change of the financial policy in the solution of the economic problems for two reasons. In the first place, he himself has avoided it, and, in the second place, we will not be walking on a safe ground until the effects of the American policy and of the Japanese policy become visible to us. I take this opportunity to thank the Honourable the Finance Member for initiating this Economic Inquiry. It has already

been received with great enthusiasm, not only by the commercial community, but also by the academic people, because they see in it a good scope for researches and inquiry in the near future. I think his name will always be associated with this particular branch of the inquiry along with the Reserve Bank which he so successfully piloted in this House. I am sure the economic enquiry will lead to some powerful development on the lines suggested by Mr. James. I regret that I am not in a position to endorse his detailed programme of the Economic Inquiry Committee, because I believe that we should wait for at least a year, and examine the results of the inquiries of Professor Bowley and Dr. Robertson. After their results are known, we will be in a better position to make up our mind as to what kind of Economic Inquiry Committee is needed. For the present, however, I am not in a position to give a definite opinion on the detailed programme which Mr. James has sketched out for this Inquiry Committee.

Now, coming to the reorganisation of the portfolios in the Government of India, I have repeatedly pointed out that we have a kind of cross division. The Honourable the Commerce Member told us on the floor of the House that we should have the co-ordination of the different means of communications, rail and road. From this side of the House we asked him: Why don't you begin this thing yourself first? Why do you not have a co-ordination in the general administration of the Government of India before you ask the public and the Legislature to give their blessings to your proposal? Whatever thing you consider to be important, carry it out at first yourself and then you will be in a position to demand that there should be a co-ordination in the country. It is really the practice of every country in the world besides India that all these means of communications are united together under one organisation, which may be called either the Board of Communication or the Ministry of Transport.

I support very strongly the suggestion made by Mr. James that Industry and Commerce should be united together. We have seen on the floor of the House the results of the Tariff Bill which we discussed and ultimately passed. I raised the question whether that Bill introduced by the Honourable the Commerce Member was intended for the improvement of commerce or the reverse or was it intended for the benefit of the industries. If so, surely it was the duty of the Honourable Member for Industries to bring forward that legislation, and not the duty of the Commerce Department. These two things cannot be separated, they are separated only in the vision of the Government of India, but nobody outside will ever think of dividing them into two. Mr. James has already given the example of the Board of Trade which is a good example to follow. Side by side there is another Department which requires consideration, and that is the Department of Education, Health and Lands, but I call it a residuary Department, because anything which cannot be put in any other Department is shoved into this Department. I can give the example of the Ecclesiastical Branch, which at one time came within the purview of this Department. Similarly, there are many other Departments which are neither Health nor Education nor Lands. The point that I want to draw the attention of the House to is agriculture. India is primarily an agricultural country and it is of the utmost importance for the future prosperity of this country that we should have a special Department of Agriculture. My Honourable friend may say that agriculture is a transferred subject, but there are a number of problems which the Provinces cannot solve, but only the Government of India can.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): There is the Imperial Council of Agriculture.

**Dr. Ziauddin Ahmad**: Yes, I know. I shall refer to it presently. Questions like rent and land revenue might be left to the Provinces, but there are certain problems which cannot be solved by anybody except the Government of India. My Honourable friend referred to the Imperial Council of Agricultural Research, but we all know that the Government of India are not responsible for the working of this Department. They have only created a separate organisation and we vote the money and this ends our power. The Government of India are not responsible for the action taken by the Council of Agricultural Research.

**Sir Muhammad Yakub**: No, the Government are responsible for Sir T. Vijayaraghavachariar's Department.

**Dr. Ziauddin Ahmad**: The Government of India have only created the body of Agricultural Research and vote money, but the whole policy is regulated by the Council of Agricultural Research and not by the Government of India.

There are two other points to which I wish to refer. We have been demanding on the floor of the House day after day that the prices of agricultural products ought to be raised. The Honourable the Commerce Member took certain steps which resulted in raising the price level of manufactured articles, but nobody in the Government of India recognises it to be his duty to take measures for raising the price level of agricultural products. My Honourable friends, Sir Frank Noyce and Mr. Bajpai, may toss between themselves as to who should initiate legislation in this matter but if anything is the business of more than one person, really it is business of none. If there had been a special portfolio of Agricultural Department, then something would have been done.

Another point which would be attended to, had there been a special Agricultural Department, is the question of agricultural labourers. We have been discussing a number of problems about industrial labour, but nothing has been done for improving the general condition of agricultural labourers. My Honourable friend, Mr. Joshi, always sheds tears on the condition of the industrial labourers, but I have not seen him shedding tears on any occasion over the poverty of agricultural labourers. I believe the condition of agricultural labourers can be improved only if we have got a special Department to look after their interests. We had a number of legislations on industrial labourers, we had really more than the circumstances demand, and, I believe, that we had them, because the Department of Industries had nothing better to do. I wish they had spread out their Bills and their recommendations over a larger number of years instead of concentrating them so rapidly.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour): Did I understand my Honourable friend to say that the Industries Department had nothing better to do?

**Dr. Ziauddin Ahmad**: Better is a comparative term. Coming to the main topic, I think it is very important that we should have a special Department of Agriculture to look after the agricultural interests of this country.

Another problem which has also been referred to by Mr. James is the question of Education. Education, no doubt, is a transferred subject, but in the Provinces it is impossible to do anything very definite

unless the Government of India initiate in the matter. Educational problems cannot be solved by Provinces alone unless it is done on an all-India basis. In this connection I deplore the lame excuse of financial stringency when we asked for the establishment of an Advisory Board. I do not like to waste my time in discussing this question in detail, but I hope I shall have an opportunity later on to discuss this subject. But, I should only say now that if you split this Department of Education, Health and Lands into two separate Departments, then the educational problems and the agricultural problems would receive greater attention.

My Honourable friend, Mr. James, also referred to the important question of Freights and Rates. It is a very important question, which no Government would ever hand over to the railway administration alone. We have been pressing the question time after time that it requires a thorough revision. We have prescribed maximum and minimum limits, but as my Honourable friend, Mr. Mudaliar, pointed out the other day, the limits are so wide that even two or three elephants can pass through those limits. This question has to be carefully considered.

Another question is the organisation of the Railway Board. When the Railway Board was organised, at first it did very well, because, in those days, much of the administration of the railways were carried on by companies and the work of the Railway Board was confined to co-ordination and looking after the interests of the tax-payer. But now four important companies have been transferred to the Government and the Railway Board is responsible to carry on the direct administration of these railways, but they have not devised a suitable machinery yet. In the near future, two more important lines will come under the direct administration of the Railway Board and the problem will become more complicated. I am afraid the whole system will break down if effective steps are not taken to reorganise the whole Board.

The next point raised by Mr. James was the theory of taxation. The principles that have been adopted in taxation are the most unscientific, and the climax was reached when, in 1932, it was proposed that all the Customs duty should be raised by 25 per cent irrespective of the fact whether the law of diminishing returns would or would not apply and irrespective of the fact whether they were protective duties or revenue duties. It is desirable that we should study this particular topic carefully, and find out what are the commodities which can stand the increased taxation so that the law of diminishing returns may not apply. We know that the Finance Department cannot solve this particular problem unless they have got at their disposal more statistics and more data, prepared by a committee of the type whose beginning has already been laid down and which I hope will develop in the near future. This is a point which we ought to consider. My own opinion is that, instead of taxing a large number of commodities, it will be better if you take up a few commodities and raise the entire revenue that we require for the administration of the country. Coming to protective duties, the whole world has accepted that principle and our country also has accepted it, though I am sorry that we have to be mad in order to follow other countries which have gone mad, because I do not believe in this policy of protection, but, in the present state of affairs, I regret it is unavoidable. But this protection duty ought to be levied on the advice of the Tariff Board. I entirely agree with my Honourable friend, Mr. James, when he outlined the duties of the Tariff Board which must consist of very experienced men. It should also be laid down definitely

[Dr. Ziauddin Ahmad.]

that Members, after retirement from the Tariff Board, should not be eligible to become Directors or Managing Agents of any of the industries directly or indirectly connected with the industries of their enquiries. The work of the Tariff Board should not be finished with their report, but they should continue to function. They ought to study the effect of these protections year after year and they must periodically present a report to the Assembly, so that we may be able to judge whether the protection is really used for the benefit of the people and that it is not used exclusively for the benefit of the capitalists. Therefore, simply to pass a law and to change the Tariff Act is not sufficient and the duty of the Tariff Board does not finish with their report, but their duty becomes more important,—when these tariff duties are levied,—in watching the effect of their recommendations and examining whether their hopes are materialised.

There is another point, and it is the question of what is called racial discrimination. I wish that we should boldly come forward and solve this question instead of attempting to solve it by the backdoor and by an indirect method. We should recognise our relations with the United Kingdom and we should say definitely that the Britishers, when they are in India, should enjoy all the privileges of Indians, whether they come for a short or a long period, and *vice versa*, that is, Indians who are residing in the United Kingdom should enjoy the privileges of the Britishers. And, therefore, any action which may be taken by them in this country in the way of starting commercial concerns should not be classified as a foreign venture, but should be recognised as an Indian venture so long as they remain in this country and so long as their companies are registered in India.

The last thing which I will mention is the question about the collection of Customs duty. I do not, of course, want to go into the details of our treaties with Indian States. I think we should respect all our treaties; but, from this, it does not follow that we may not have a good principle for the collection of taxation. I think all Customs duties, whether in British India or in the Indian States, should be collected by the Central Government and the shares, whatever they may be, may be handed over to the various Governments. And if such action is taken, the charge which Mr. Mody made some time ago will probably be avoided. I cannot substantiate that charge myself, but I also heard the same thing from different sources both in British India and in Kathiawar. Since it has been so much publicly talked about, it is desirable that we should come forward and suggest that the collection of the tax should be made by the Central Government and the shares of the tax should be distributed among the various States according to the terms of the treaties.

**Mr. N. M. Joshi** (Nominated Non-Official): Sir, when I moved my Resolution about unemployment and reduction of wages, I pointed out the necessity of the Government of India following a pre-determined economic plan for the development of industries and commerce in this country. I also referred in my speech on the Budget to the remarks made by the Honourable the Finance Member resenting what he was pleased to call an accusation that the Government of India were drifting. I shall not deal with that question at length, but I would suggest to the Government of India that if they are sure that they have a plan for the industrial and economic development of this country, in order that it should be easier for us to believe that they have a plan, they should publish their plan for the benefit of the public in this country.

I am glad that the necessity for a plan has been admitted by the Government of India, and it is, therefore, not necessary for me to dwell on that question at length. We all know that the economic machinery in the whole world has become very complex on account of various factors. In the first place, the rivalry in currency and tariffs going on throughout the world has tremendously increased. The industries in the world are rationalising with the result that production is increasing. The question, again, is complicated by war debts which are weighing heavily on many countries in Europe. In addition to these causes which have made the economic machinery of the world very complex, steps are being taken by various countries individually which are compelling the other countries to follow suit. Under these circumstances, it is impossible that one country can recover its economic prosperity by following methods which at best I may call haphazard. I quoted, when I spoke on the question of unemployment, the dictum of Sir Arthur Salter that the economic mechanism of this world has lost its quality of self-adjustment. My Honourable friend, Mr. James, has suggested a few things which would be included in the economic plan which he places before this House. I am sure he will not consider that I am spoiling the discussion on his motion if I deal with those questions and add a few more points to those which he has mentioned. In any industrial plan production must find an important place, and it is, therefore, right that we should give the first place to the development of industries. But at the same time it is necessary for us to consider that if we go on developing industries and increasing production in all possible methods as the world has been doing and if we do not take steps to see that the goods which the world is producing will be consumed, mere production will not do good to any country. I, therefore, feel that the question of the distribution of national wealth and of national income is as important as the question of production of wealth. I need not go into details as to how the wealth should be distributed, but I shall state this that when we look to the distribution of the wealth in the world and realise that 9/10th of the world's wealth are concentrated in the hands of 1/10th of the people, we must certainly see that the present distribution of wealth is not equitable. As I said, I am not going to deal with the question as to how that wealth should be equitably distributed. At the same time, it is absolutely necessary that we should, when we think of an economic plan, see that the plan is a good plan. So far as the necessity for a plan goes, I am entirely at one with my friend, Mr. James; but I am afraid, when we shall go into the details of a plan, the time for the parting of the ways may come. But that parting of the ways has not come today; therefore, let us all agree that there should be a plan. I may even state this: that I shall prefer even a bad plan to no plan at all.

As regards the essence of a good plan, may I say this that in any plan which we may make it will be a mistake on our part to take various factors separately and never consider them all together. We may develop industries, but when we are developing industries it is necessary at the same time for us to see how those industries are to be developed and that, while developing one industry, we are not really helping one industry at the cost of other industries. We must also consider at the same time how the goods will be consumed. I, therefore, feel that any plan, if it is to serve its purpose, must take all the factors into consideration simultaneously. When I sometimes say that the Government of India are drifting, I do not suggest that the Government of

12 Noon.

[Mr. N. M. Joshi.]

India have done nothing: I agree with my friend, Mr. James, that the Government of India are doing always something, but at the same time I feel, and I am sure the House will agree with me, that the opportunities of considering the whole problem are very few indeed. If the Government of India are doing it, we do not know: they do not take the public into their confidence on that matter.

Then, in any plan which is to be a useful plan, it must be a plan for the whole country. I am glad, therefore, that my Honourable friend, Mr. James, referred to the position of Indian States. In any plan for developing our country, it is necessary that we should be able to bring the Indian States into the consideration of those questions. In this connection I must draw the attention of the Government of India to the fact that labour legislation in India will be hampered—and I am afraid it is already being hampered—by the fact that that legislation does not apply to Indian States, and I would like to draw the attention of the Government of India to the suggestion made by the Royal Commission on Indian Labour that they should start an Industrial Council in which not only the interests concerned, namely, the Government, employers and labour, should be represented, but steps should be taken for the representation of Indian States on that Council.

If the plan is to be a good plan, I would also suggest that that plan must not deal with only what are called industrial economic questions, but it must also deal with what I may call social questions. No plan for the development of the economic position of a country can be adequate if it omits the question of wages, unemployment and other kinds of social insurance and labour legislation, such as for the regulation of the hours of work. I, therefore, hope that, when we consider the question of an economic plan, we shall not omit to consider the questions which affect those people who produce the wealth of this country.

I shall say one word more in order that the plan which we may make should be a good and satisfactory plan, and that point is that no plan which we may make nationally without regard to the plans of other countries in the world will be a satisfactory plan. The idea that we may make our country entirely self-sufficient is not likely to be materialised. It is, therefore, necessary that we should, when thinking of a plan, take into consideration the plans of other parts of the world. I would, therefore, suggest to the Government of India that, in considering economic questions especially those questions in which competition plays a very important part, they should always be ready to co-operate with the other countries in the world. I am not suggesting that the Government of India have not co-operated at all. At the same time I would suggest that, in considering the Conventions of the International Labour Conference, the Government of India should bear in mind the necessity of falling in line with the situation in the world. I hope that the Government of India will not think that I am bringing an unjustifiable accusation against them when I say that recently a tendency has appeared to treat the Conventions of the International Labour Conference with a sort of indifference. I, therefore, hope that when we are thinking of a plan for our country, we shall always be ready to co-operate with what the world is doing.

My Honourable friend, Mr. James, referred to certain agreements which we have made and also pointed out the necessity of revising those agreements. My feeling as regards trade agreements is that trade agreements

between two countries should be made as a last resort. On the whole it will be a much better plan if there is an agreement between all countries simultaneously by international action . . . .

**Mr. G. Morgan** (Bengal: European): Not likely!

**Mr. N. M. Joshi:** If that is not likely, certainly we shall have to make bilateral agreements; but my point is that if we try to make agreements with one country after another, it is quite possible and I feel it is quite probable that we shall find that there is a limit to the agreements that we can make. Bilateral agreements are bound to cut across each other. I, therefore, feel that on the whole instead of trying to make agreements with other countries, one after another, it will be a better plan to make agreements internationally. In this connection, Mr. President, may I say one word with regard to agreements with other countries in Asia as regards labour matters? I said just now that we should pay greater respect to the International Conventions passed by the International Labour Organizations. I quite realise that there may be some difficulties in immediately accepting all the Conventions which have been passed by the International Labour Conference, but it is quite possible that if we try to come to an agreement with countries in Asia, an agreement of that kind will be easier and also more useful under the present circumstances. I would, therefore, like the Government of India to give some attention to the proposals made that there should be an Asiatic Labour Conference in order that there should be an agreement on labour conditions between the Asiatic countries.

Mr. President, I do not wish to deal with the questions that should be included into the plan any further. I would only say one word about the machinery which has been proposed for making a plan in this country. I agree with the suggestion of my friend, Mr. James, that there should be a re-distribution of portfolios, but I do not entirely agree with him when he says that the portfolios of agriculture and labour should be combined. I feel that labour matters are sufficiently important to have a separate portfolio. I am sorry I was not here when my friend, Dr. Ziauddin Ahmad, said that we pay greater attention to the question of industrial labour in this country . . . .

**Some Honourable Members:** You do.

**Mr. N. M. Joshi:** I do. Mr. President, I plead guilty to that charge, but, at the same time, my friend, Dr. Ziauddin Ahmad, should remember that it is not very easy for one man to deal with all the questions, and, secondly, even if I am willing to tackle them and if I have the capacity to do so, it will not be within the competence of a Member in this Legislature to bring forward matters regarding the condition of agricultural labour. I feel labour legislation should receive not less but greater attention from the Government of India, not only in the interest of labour, but because labour forms one of the integral parts of the economic machinery of the country. I, therefore, feel that in the Government of India there should be a separate Minister to deal with Labour.

I agree also with the suggestion of my friend, Mr. James, that we should have an Economic Council, and that Council should not only be an expert Council, but it should also be a representative Council. I feel that if we establish a really representative Council, not only shall we be



[Mr. N. M. Joshi.]

able to evolve a good plan, but it will be a great help to the executive Government and to the Legislature as well. After all, neither the executive Government nor the Legislature can include within them all the talent that is available in the country. It is, therefore, necessary that to deal with certain questions requiring special knowledge there should be a special organization. I, therefore, feel that instead of waiting for the new Constitution to come into existence, the Government of India should take immediate steps for the establishment of an Economic Council . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

**Mr. N. M. Joshi:** Mr. President, I assure you I am not going to be very long on this question . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): I said the Honourable Member must conclude now.

**Mr. N. M. Joshi:** All right, Sir. I shall say only one word. The Honourable the Finance Member the other day tried to frighten the Members of the Legislature saying that if you want a plan, there will be an increase of Government control. I feel, Mr. President, that the Members of the Legislature need not be frightened by the increased Government control if we resort to an economic plan in this country. There is already Government control over several matters, and the world is tending, and I feel that the Government of India are also tending, towards the increase of Government control over economic matters. How are the Government of India going to give effect to the trade agreement with Japan unless they have some control over the commerce of this country, and, if you go on making agreements with other countries, it will be absolutely necessary for you to increase the control of the State over the commerce and industries of this country. I, therefore, feel that the Members of the Legislature should not be frightened by the fact that the control of Government will be increased. I shall go even further, Mr. President, and say that we should not even be frightened of the International control over the industry and commerce of the world. Unless the countries in the world agree to part with some sovereignty in favour of an international organization, the world is not going to see peace and prosperity. Mr. President, I have done.

**Mr. G. S. Hardy** (Government of India: Nominated Official): Sir, I rise at this early stage of the debate to say a few words on the second point to which attention is drawn on this motion, namely, the consideration and consolidation of the Customs Tariff. Mark Antony is reported to have said that he came to bury Cæsar, not to praise him. I, Sir, have come here not to bury the tariff, but neither have I come here to praise it. Its blemishes are too patent to be denied, and I fully admit all that Mr. James has said about it. In fact, he might have said a great deal more; he might have told us that in addition to all our other different sorts of duties, we have no less than 21 entirely different rates of *ad valorem* duty in our Tariff, and nine of them lie in the narrow range between ten and 25 per cent. Sir, I admit all these defects. Our Tariff

Act is a very forbidding document, and I should like to explain very briefly to the House how it is and why it is that it has reached this condition . . .

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muham-madan Urban): Will the Honourable Member kindly speak up? We cannot hear him at this end.

**Mr. G. S. Hardy:** Fifty years ago, India had virtually no tariff. It is true that there were a few small imposts on spirits, arms and the like, but the Government of India were in the fortunate position of not having to rely on general rates of duty in order to pay their way. The present tariff may be said to have been borne, almost exactly forty years ago, in March, 1894, when a general rate of duty of five per cent *ad valorem* was imposed on all imported articles with a few exceptions. When I first made the acquaintance of the tariff, it was a flourishing youngster of about 20 years old. It still retained its youthful childlike simplicity and most of its original features, and during the past 20 years, Sir, during which time it has been my almost constant companion, I have watched its development with growing concern. I have seen it reach middle age. It has become gross and corpulent, and its original features have been distorted out of all recognition. For, Sir, somewhere about the year 1917 it became infected with a chronic disease,—the result of insufficient nutriment in the Exchequer of the Government of India no doubt, a disease the symptoms of which are continual eruptions of the type known as "subsequent amendments".

Now, Sir, in these circumstances, the tariff has become a very unwieldy affair, and this is necessarily the case. You cannot raise your rates of duty without complicating your tariff. So long as your general rate is only five per cent., questions of diminishing returns do not arise, but if, as we have done, you raise it to 7½ per cent., then to 11, and later to 15, 20 and 25 per cent. *ad valorem*, at each of these stages it becomes necessary to consider the question of diminishing returns and to make exceptions. Also we had to select particular items of luxury for particularly high rates of duty. Then, Sir, we had the adoption by the Government of India in 1923 of a policy of discriminating protection. This meant further exceptions to the general rate of duty, some of them being increased rates of duty on manufactured articles, and others, decreased rates of duty on the raw materials of industry. Since then we have had the Ottawa Pact, and more recently still, certain safeguarding duties. Every one of these changes has made a fresh complication in the tariff, a complication which has made it more difficult to administer, more difficult for the importer to understand. Those are all defects of substance, but Mr. James also referred, more pointedly I think, to defects in manner of presentation of the tariff. He referred to the fact that, in order to appreciate a tariff Bill in this House properly, it is necessary to refer to no less than three different Acts. Well, Sir, the Finance Member in his Budget speech has already given an undertaking that that matter is to be put right at a very early opportunity. But Honourable Members of this House are also probably aware that the form in which the tariff is placed on sale to the general public is different from the form in which it appears in the Schedules to the Tariff Act. I do not propose to go into the history of this curious anomaly—it is very ancient history—but we do hope to take this opportunity of removing that anomaly, and when we consolidate the tariff, so that the House has before it a single schedule which has not

[Mr. G. S. Hardy.]

been "subsequently amended", it will have before it the same schedule which the public and the commercial public in particular can buy, and we shall no longer have the confusion that we have at present between two entirely different sets of serial numbers. (Hear, hear.) Now, Sir, the exact form in which we shall consolidate the tariff has not yet been finally decided. Whether we shall stick to the present Statutory form or adopt the form in which it is now sold to the public has not yet been settled. But I ask the House to remember that we have to deal with yet a third classification of articles, which is to be found in our trade returns. It may very well be said, why should we not have a single classification for all purposes? The difficulty is this. The principal value of trade statistics is not so much the actual figures of quantity and value which they display, as the comparisons they afford over a series of years. Now, if we had changed the classification in our trade statistics every time we have amended the tariff in the last 20 years, if in fact we had subjected these statistics to the same sort of eruptions to which the tariff has been subjected, I venture to think that those statistics would have been almost unintelligible and very nearly useless. Nevertheless, we do feel that something can be done in the direction of uniformity between the two classifications, and we are considering for this purpose a suggestion which has come from the League of Nations that there should be a standard grouping of commodities which should be adopted, if possible or as far as possible, by all the different nations in their tariff and in their trade statistics in order to make them intelligible to everybody. That is one point that we have in view.

There is another aspect of this question which is of importance in connection with something else that my Honourable friend, Mr. James, said. He said, it was essential that the Government of India should watch very carefully the incidence of their duties, by which I take it he means their effect on the trades concerned and the possibility of our losing revenue under the operation of the law of diminishing returns. I should like to give the House an example of our difficulties in this matter. We have recently, as the House is aware, put specially high rates of duty on cups and saucers, and I have actually issued instructions to have a special record maintained of the duties we collect on cups and saucers among other articles. If, at the end of six months, any Member of this House likes to ask me what duty we have collected since the Act was passed, I should be in a position to give him the figure, but if he asked me whether we have collected more duty than we were collecting last year, I should not be able to tell him, because last year cups and saucers were included with plates, dishes and other articles under earthenware and porcelain. That is a difficulty which we always have when new duties are imposed. In the majority of cases we can ascertain what the actual revenue collected from the new duty is, but we cannot compare that with what was collected in the past unless we happen merely to change the rate of duty on an article that was already specially separately specified. I mention that as exemplifying our difficulty when Mr. James asks us to watch very carefully the effect of new duties. We do watch their effects as far as we are able, but that is one of the principal difficulties with which we are faced. We do hope to minimise it to some extent when we can get some sort of uniformity between our tariff and trade classifications.

There is only one other point which I wish to mention, and that is with regard to what Mr. James said about the Tariff Board, the additional

duties he wishes to put on it, and the work of the Advisory Council which he contemplates. It would be outside my province to express any opinion in this House on the question who the Government of India should consult in respect of tariff matters, but I do want to say this, that if any body is set up outside the Government of India itself for this purpose, it will have to depend for the great bulk of its material upon the Custom Houses and it will need a great deal of careful examination to evolve a machinery by which that material can be put before an independent body without dislocating the primary work of the customs staff, namely, the collection of revenue. I have no doubt that that machinery can be evolved, but it may take some little time and possibly result in delay, even if the Government of India should accept Mr. James' proposal. I merely wish to mention this as one of the difficulties that have to be faced.

If I may summarise what I have to say, we are fully alive to the defects of the tariff both in matters of substance and in the manner of its presentation. We are doing what we can in respect of the substance of the tariff, that is very largely a matter of policy with which the Central Board of Revenue is not in a position to deal. But we are very definitely doing our best as regards the presentation of the tariff and we do hope that in a very short time it will be possible to put before the House and the public a consolidated tariff which will be reasonably intelligible. (Applause.)

**Mr. H. P. Mody** (Bombay Millowners Association: Indian Commerce): Mr. President, the European Group through Mr. James have put forward for consideration a subject of first class importance. I should like to congratulate them upon it and also my Honourable friend, Mr. James, upon delivering a very lucid and thought-provoking speech in support of the token cut. We are on the eve of momentous changes in the political, social and economic sphere. Whether the Constitution with which India is going to be endowed in the near future is satisfactory or otherwise, there are immense changes taking place in the mentality and outlook of the people, which require an adequate machinery for giving expression to. The social habits of centuries are being uprooted; the old economic outlook is giving place to the new, and in one way or another this country is undergoing a metamorphosis of very great importance and interest, not only to India herself, but to the rest of the world. The question arises whether the machinery of Government is adequate for the purpose of giving direction to those forces which are being released.

One of the peculiar characteristics of Indian conditions is that we rely more than in any other civilised country upon the Government for help in various directions. It is very natural that a people who have been living under some sort of domination or another throughout almost the whole of their history should come to depend in a large measure, not on self-help, but upon the help which a *ma bap* Government can administer in every sphere of national activity. Therefore, it becomes a very important question to consider whether the prime movers which supply the motive power are adequate for the purpose. Speaking from some experience during the last three or four years of the work which is being done by my Honourable friends on the front Treasury Benches, I would say that they are very grossly over worked, and constituted as they are, they are unable to give that momentum to all the forces of regeneration. Sir, if I had anything to do with the Society for the Prevention of Cruelty to Animals, then

[Mr. H. P. Mody.]

taking the view that we all belong to the animal kingdom, the first object of my solicitude would be the Members of the Executive Council! I am afraid the distribution of the portfolios is not only very antiquated, as suggested by my friend, Mr. James, but is almost comic. I remember a year or two ago my Honourable friend, Sir Leslie Hudson, in a fit of post-prandial facetiousness, saying of a very respected Member of the Government that his expanding portfolio covered a multitude of sins. I think that description would apply more aptly to other portfolios than the one which the Member referred to carries.

Let us start first with the portfolio of Industries and Labour. Now, for the last four years, my friend, Mr. Joshi, and I have been fighting for the possession of the body of my friend, Sir Frank Noyce. Sometimes he gets away with a bit, sometimes I manage to. My Honourable friend is being continually pulled.

**The Honourable Sir Frank Noyce:** There is still a good deal of it left. (Laughter.)

**Mr. H. P. Mody:** That is so obviously patent that I do not think that the interruption was really necessary. (Laughter.) All that I was saying was, with Mr. Joshi pulling him in one direction and I pulling him in another direction, the lot of my Honourable friend, Sir Frank Noyce, has been very hapless. He has often to do a bit of tight rope walking, or, if I may put it in a more homely way, he has to strike an exact balance between the claims of Industry and the claims of Labour. I would like to say here that my Honourable friend has, with the utmost care and with the most scrupulous fairness, held the balance even, as even my friend, Mr. Joshi, must readily acknowledge. It is altogether wrong, however, to put in the hands of one Honourable Member a portfolio which includes such conflicting subjects as industries and labour. In the same way, my Honourable friend, Sir Joseph Bhore, carries the burden not only of the olemanant Commerce Department, but also of the Railways. Now, enormous developments are taking place in railways and railway policy . . . .

**The Honourable Sir Joseph Bhore** (Member for Commerce and Railways): And also the Ecclesiastical Department. (Laughter.)

**Mr. H. P. Mody:** I am very glad to hear it, but I would like to inquire what special qualifications my friend possesses for carrying that portfolio. I hope he is adequately discharging his duties in that connection.

**Mr. F. E. James:** May I ask the Honourable Member why that Department has been transferred from the Member for Agriculture?

**The Honourable Sir Joseph Bhore:** I would ask the Honourable Member to ask me another.

**Mr. H. P. Mody:** What I was saying was that it is obviously impossible for my Honourable friend, the Commerce Member, having responsibility which more than fills his hands, also to be in charge of one of the most important Departments in India. Then, take the portfolio of Education, Health and Lands. I do not know what possible connection there is between Education and Lands or between Health and Lands.

**An Honourable Member:** You want a healthy body in a healthy mind.

**Mr. H. P. Mody:** I know of unhealthy minds in a healthy body and *vice versa*, and if I was tempted, I might point to a few striking examples in this very House. (Laughter.) What I was about to say was that my Honourable friend, Dr. Ziauddin Ahmad (Laughter) . . . . I see, Sir, that the House is connecting what I said with my Honourable friend; that was not what I intended. I was referring to my Honourable friend, Dr. Ziauddin, because he stated, and very rightly, that the portfolio of Education, Health and Lands was a cumbrous one, and that a great many things were passed on to the Member in charge, which the other Departments were either unwilling to handle, or which had not been definitely allotted to them. He suggested that the Department was a sort of capacious waste paper basket into which everything, that the other Government Members did not want, went. Anyway, all these Departments require thorough recasting.

Now, my Honourable friend, Mr. James, has stated that for 13 years this question has been on the tapis, and that no decision has been taken. I doubt, Sir, if the present temperament prevails, whether Government will tackle it within the next 13 years. It is altogether wrong to hang up every sort of reform, because India is going to be blessed with a new Constitution in the near future. I do not know when that Constitution will get going. Some of us will have grown a great deal greyer before we see it functioning (Hear, hear), and I would like to endorse the strong plea made by my Honourable friend, Mr. James, that, without any further delay, the re-organization of the various portfolios ought to be taken in hand. I would like to go even further. I envisage a time in the very near future when you will have to go a great deal beyond the very modest recommendations made by my Honourable friend. You will have to set up all sorts of Ministries—a Ministry of Transport, Ministry of Labour, Ministry of Agriculture, and the like. These Ministers may or may not hold seats in the Cabinet. All this will mean expense, but that expense, I say, would be more than justified by the results which will be achieved, because, coming back again to my point, we depend a great deal in this country upon the efforts of Government and it is very necessary that the machinery of Government should be adequate to the demands made upon it. I hope that this reorganization of portfolios which has been suggested by the European Group will be taken in hand at once.

That brings me to another aspect of the question, and that is the necessity for setting up some sort of organization in the country for the purpose of adequately looking after its economic interests. I can do no better than quote the words of Sir Arthur Salter in supporting the case for an Economic Advisory Organization:

"The period since the war has witnessed the development of what may prove to be an important adjunct to the machine of Government throughout a large part of the world in the form of Advisory Economic Councils and Committees. These vary considerably in functions and in form; but they present certain common characteristics and seem to respond to a widely-felt need in the post-war world. The State's action in connection with the national economic life has almost everywhere become more extensive and more complex. Whether in the increased range of State control, or the construction of new and more complicated tariffs, or the institution of systems of prohibition or license or State encouragement for some form of monopolies, the Government has almost everywhere accepted more onerous and intricate duties. In many cases it has been felt that for such work the parliamentary machine alone does not ensure sufficient contact between official policy and official opinion; and is moreover both overworked and unspecialized."

[Mr. H. P. Mody.]

Sir, these words are a justification for making a departure from the existing order of things, and for the institution at a very early date of an Economic Advisory Council. The reasons given by Sir Arthur Salter in support of the suggestion that this reform may be held back owing to the abnormal conditions no longer hold, and the time has come when the economic organization of the country must be taken in hand. For carrying out that object, the Executive Council, as at present constituted, or even the Economic Sub-Committee of that Council which has recently been set up, are hopelessly inadequate. One of the important results which an Advisory Body would achieve would be to strike the balance even between the claims, very often the conflicting claims of agriculture and industry. In this House, increasingly in the last few years, these conflicts have come to the surface and have been very vocally expressed. When an expert body commanding the confidence of the various interests concerned is set up, and certain policies are recommended and are given effect to by Government, the position will be very different. So also would such a body do away with provincial jealousies. Whenever some tariff measure has been put up before this House, some Province or other feels aggrieved. My friends from Bengal and Bihar seem to think that Bombay is bleeding them white.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa Muhammadan): They are quite right.

**Mr. H. P. Mody:** There are other Provinces which feel that they are being treated unfairly. Sir, these provincial jealousies cannot possibly have the same force or effect, if that comes before the House has the backing of an expert body.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): You are becoming very oracular today.

**Mr. H. P. Mody:** I come now to the question of trade agreements which my Honourable friend, Mr. James, has raised. Sir, all over the world an intense economic warfare is going on. Nations are sheltering themselves behind not only immense tariff walls, but are also strangling, or seeking to strangle, the trade of every other country but their own by subsidies, quotas, currency manipulations and the like. How is order to be evolved out of this chaos which prevails everywhere? One of the methods by which some countries, notably Great Britain, have tried to help themselves is by a system of bilateral agreements with various countries. Great Britain has concluded very recently a trade agreement with Soviet Russia. There have been agreements with Denmark, Holland and other countries. There have been agreements made with this country at Ottawa. In one way or another, Great Britain has come to realise—and after all, what Great Britain does in the industrial or economic field must still continue to play a dominant part in the affairs of the world—Great Britain has come to realise that it is only by a system of judiciously devised agreements between two countries that the trade of Great Britain can be secured. (Hear, hear.) My Honourable friend, Mr. James, has given certain examples. Take the case of tea. New Zealand gives preference to Ceylon, but none to India. Australia gives preference to Dutch tea, but none to India tea. Japan, in spite of enjoying the advantages of the most-favoured-nation treatment, shuts out Indian rice, and takes at the same time rice from Siam, because

of some agreement subsisting between Siam and Japan. Take also the various products in which our neighbour Ceylon could give and receive preferences. Then, there is the extension of the Ottawa Agreement—an extension which will be of enormous benefit to this country. All these are matters which require thinking out, and I say with confidence that my Honourable friends on the front Treasury Benches have no time to think. (Hear, hear.) They are very devoted servants of the people, very devoted servants of the Crown. I know the work that they are putting in, but I say that it is unfair to impose so much work and responsibility upon the shoulders of a small body of people. (Hear, hear.) Their work must be supplemented by the labours of bodies which have the proper equipment and the proper and adequate knowledge for the purpose.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member must now conclude.

**Mr. H. P. Mody**: Yes Sir, there is only one thing; I have many things to say, but I recognise the limitations of time, and I shall presently conclude.

My Honourable friend, Sir George Schuster, has claimed—and very rightly claimed—on many occasions, that in several ways India is fitted immediately to go forward the moment the economic conditions become more normal, and that by means of the credit that she enjoys through her balanced Budgets and through her possession of enormous material resources, India might be the first to point the way to economic recovery. I submit that while this is eminently true in several respects, it is also equally true that if the existing machinery of Government were to continue till that time comes when the return to normality takes place, India will be severely handicapped, and she will not be able to keep in step with the more highly developed and more highly organised countries of the West. I would ask my Honourable friend, the Finance Member, to weigh very carefully this aspect of the question, and to do all he can to bring about a re-organisation of our industries, trade and agriculture. It is a matter of the utmost importance, and I do not think the Members of Government can afford to mark time while such drastic transformations are taking place of the organisation of other countries.

**Mr. B. V. Jadhav** (Bombay Central Division: Non-Muhammadan Rural): Sir, I join with my Honourable friend, Dr. Ziauddin, in offering my thanks to the European Group, and to Mr. James especially, for bringing this question before the House. I should like to accept the sub-divisions which Mr. James has followed in this House. First, it is the re-distribution of Government portfolios. I do not know how the portfolios came to be distributed as they are found at present. But I know something of the Provinces and there might be a good deal of analogy in the way in which portfolios are distributed.

In the Provinces and also in the Central Government, the number of Executive Councillors has been increasing on account of Indianisation. When at first a single Indian Executive Councillor was required to be employed, the Government at once increased the number of Executive Councillors by one, so that the expectations of the Civil Service should not be interfered with. In the same way, when the Reforms came in 1920 and the number of the Indian Executive Councillors was to be the same as that of European or Service Executive Councillors, the number of Executive



[Mr. B. V. Jadhav.]

Councillors was at once doubled. It cannot be said that the work had enormously increased. In 1920, in a Province like Bombay, the work was done by three Executive Councillors. Early in 1921, the number was at once increased to four Executive Councillors and three Ministers. So many hands were not required for the work of Government and I know from personal experience that none of the Executive Councillors and Ministers worked for more than two hours a day.

**Sir Cowasji Jehangir** (Bombay City : Non-Muhammadan Urban): Question.

**Mr. B. V. Jadhav:** Perhaps my friend, Sir Cowasji Jehangir, might have been engaged with the Back Bay Reclamation.

Now, the Government of Bombay, in order to put their house in order, have taken to retrenchment, and it is creditable to them that they have reduced the number of Executive Councillors to two and the Ministers also to two. So the work that was distributed among seven persons is now distributed among four only, and still I do not think that they are over-worked. In the same way, I think that in the Government of India also the number of Executive Councillors has increased. The idea is going round that when the Reforms come, the number of Ministers will have to be increased. I do not know whether that increased number will be required, but I am at one with Mr. James that there ought to be a re-distribution of portfolios. The present distribution is causing confusion and I think it is multiplying work. As a matter of fact, the present Law Member has not got much work, and I do not know whether the same easy job is not enjoyed by others. I think for the good of the Government some more establishment ought to be provided to the Law Member so that he may be able to take up more useful work. A good deal of amendment of law is required. Our laws have become almost archaic and many of the branches of law are neglected. I shall take an instance in point, for example, the instance of the insurance law, the commercial law, the company law, and so on. They are lagging far behind, and they are causing a loss to the people at large.

**Mr. B. Das:** That is not the Law Member's work; that is the work of the Commerce Member.

**Mr. B. V. Jadhav:** And that is the reason, I think, why the Commerce Member is now leaving the House.

**The Honourable Sir Joseph Bhoré:** I am here, Sir.

**Mr. B. V. Jadhav:** I am sorry, Sir. It is rather difficult to know for me where the work of the Commerce Member comes in and where the work of the Industries Member comes in. Their work overlaps and one is at a great disadvantage to know which is which. The Commerce Member ought to pay more attention to the improvement of the commercial laws. Our company law is very deficient and our law of insurance is more so. The establishment provided by Government for keeping watch over the various Insurance Companies, Indian and foreign, that are carrying on business in this country, is very meagre and the official Actuary cannot do much useful work. One instance I shall give. There are Life Insurance

Companies, for instance, which are spending large sums of money on their organisation and office establishment and they are actually incurring losses. Their business ought to be properly scrutinised and inefficient companies ought to be asked to wind up their business.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The re-distribution of portfolios in the Government of India is to be discussed in the light of economy planning, but the Honourable Member is perhaps very wide of the mark in his remarks.

**Mr. B. V. Jadhav:** I think Sir, the economic planning also includes in I.P.M. it the working of the various economic branches and the industry of insurance is also an industry and it is economically necessary for the advancement of the country. Therefore, it is the duty of Government to see that that industry is not handicapped, but is properly carried on. I need not dilate on this subject further, but I want to bring to the notice of the Government the urgent necessity of amending this law, because the Indian Companies are hampered to a very great extent by foreign competition. The laws of foreign countries including England are doing everything for the advancement of insurance in their own countries and Indian companies have to suffer great disadvantage there. For instance, England requires that every insurance company that is going to open its office in England ought to make a deposit of about £20,000 with the Government there. In India, every English company or the insurance company of any other country is exempt from making any deposit, and, therefore, India is treating foreign companies much more favourably than the foreign companies are inclined to show to us. I claim that the laws should be so amended that there should be reciprocal treatment. I would not say anything further on this point, but I shall say that there is an urgent necessity of an Economic Advisory Council as has been asked by Mr. James. This Advisory Council should be a mixed Council of officials and non-officials so that the non-officials will be given proper information by the official side, and, in this way, the economic condition of the country will be under review. The non-official side ought to include successful merchants and manufacturers, so that their point of view will be placed before the Government first and the Legislature afterwards. In this way, the Economic Council will be of great use in helping agriculture and industry, and the question of agricultural and industrial labour will also be solved by their assistance. In this way, the Economic Council will be of great use both to the people and to Government. I do not want to take any further time of the House, but I would urge that Government ought to do something in order to improve trade and industry.

At present the sole idea of the Finance Member is how to get more revenue for Government and in this way tariffs are raised on articles without paying any attention whether the new duties are making the law of diminishing returns to work. In the same way, the old idea of putting on excise is being revived and taken advantage of to a larger extent than before. When the Sugar Bill comes before the House, I shall have to say something more about it. But now I wish to raise my voice of protest that, without considering the conveniences of the consumers, without paying any attention to the burden of the consumer, the Honourable the Finance Member is going to put on excise duty to secure more revenue. Had he paid any attention to the interests of the consumers, the best thing for him should be to reduce the extra duty, the surcharge, and avoid putting on excise. Excise in principle is not a very good duty, because it is a tax

[Mr. B. V. Jadhav.]

upon production. It is not a tax upon profits. As a tax on profits, the income-tax is a much better tax than excise. So, in the matter of tariff, there ought to be a uniformity, and the question ought to be dealt with as a whole as has been asked by Mr. James and not dealt with piecemeal as is the policy of the Government of India at present.

**Rai Bahadur Lala Brij Kishore** (Lucknow Division: Non-Muhamadan Rural): Sir, it is very necessary that we should appeal to the Government to carry on their administration with economy. I may suggest that certain Departments which have been split up, but were formerly joint, should be re-amalgamated. Sir, we know that the work was going on quite well under the old conditions and that in prosperous days when we had no deficit budget. Policy of administration in many of these matters may be revised, and, in that revision of policy lies the real salvation of this country, the real hope for fruitful economy to be carried out. Scales of pay for future entrants in the services can be fixed. In this connection, this is to be found out as to what would be a reasonable scale of pay to attract men of the stamp that are required, so that they may live with contentment and their pay should be fixed according to the responsibility of their work and according to the conditions of this country, and not according to the conditions of other countries.

Sir, the necessity of economic planning has been urgent in every country, and more so in India. What method should be adopted for framing an economic plan is a matter for experts, and I do not intend to assume the role of an expert.

The formation of an Economic Advisory Council I heartily support, but I must ask the Government to have such experts in the Council who have better experience of Indian administration and Indian people. They must be men not only of high intellectual attainment, but who will have a keen eye for the well-being of the people of India irrespective of all other considerations. As regards revision of Trade Agreements, I would with respect warn the Government against any measure that would in any way interfere with the recovery of Indian trade and reject such measures as advised by interested individuals. I will welcome such revision of trade agreements which will be for the benefit of the poor people in India and not the commercial magnates, be he a European or an Indian. It has been asked in this demand for consideration and consolidation of the Tariff; although British trade has been protected as best as it could be and even the Bombay Millowners, headed by Mr. Mody, have come to an agreement which is hardly conducive to the welfare of the country.

Sir, a time may come under the future Constitution when there may be enthusiasts in this House who may ask for far reaching reforms to raise the economic position of the masses, reforms that may cost vast sums of money; but I feel confident that the common sense of our people will, on the other side, balance any wild or impractical schemes that enthusiasts will put forward in the future Legislature of India.

Sir, the Telegraph Retrenchment Committee under the Chairmanship of Mr. (now Sir) T. Ryan had strongly recommended that quite a large number of departmental telegraph offices could easily be converted into

combined offices, as a measure of economy, without causing any inconvenience to the public, but it is difficult to comprehend why this fruitful measure of economy is not being pushed through, especially in view of the present financial crisis. Such other sorts of economic methods can be adopted by experienced persons of the Department.

Sir, with these words, I give my support to the motion of my Honourable friend, Mr. James.

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.

**Raja Bahadur G. Krishnamachariar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I also join in the chorus of congratulation to the European Group for their having raised a debate upon this important question, and I was particularly glad to hear the assurance given by my Honourable friend, Mr. James, that the European community in India identify themselves with Indian interests entirely and that they do not consider themselves separate and would fight our cause just as we do. Personally, I had never any doubt upon that matter. In fact, my complaint to the members of the European community, both inside and outside the House, was that they do not co-operate with us more and that they do not co-ordinate their activities with us. To that extent I think we would be greatly benefited, because, after all, when there is a dispute between us and the English people there in England, I know perfectly well that they will believe their own people, and that is at least one of the reasons why I said that they should co-ordinate with us and understand our view-point and work with us. Sir, that is not a thing that I say now, and if my friend, Mr. James, will excuse me, I think I might tell this House that for some time past I have been telling him that, instead of criticising the Assembly and its business, he ought, when the new Constitution comes, to transfer his energies and labours to Madras and become a Minister there.—I do not think the Constitution prevents the European community from becoming Ministers.—and thus give us the benefit of his industry, energy, intelligence and the experience that he has gained in this place.

Sir, that done, I am sorry I have got to fulfil the expectations of my Honourable friend, Mr. James, that his speech was very much disappointing. He said that people would probably be disappointed and I assure him that I for one was disappointed. And why? Because these readjustments of Departments, the work that one Member has to do, whether it is more or less, whether the Honourable the Law Member will have another burden on his shoulders, whether my Honourable friend, Sir Joseph Bore, understands the working of the Ecclesiastical Department in order to transfer one Bishop or another from one place to another,—these are very good matters. They create great amusement, but what is the net result of this general proposal? If it is necessary to constitute one or more portfolios, please do it. But, may I ask, who is going to pay? A sum

[Raj Bahadur G. Krishnamachariar.]

of 14½ crores is what Sir Malcolm Hailey said was going to be the cost of these Reforms. That does not take into consideration my Honourable friend, Mr. James's proposal about one or two Executive Council Members extra. But calculate their cost and then a certain number of unattached people, Ministers for instance, even before the new Constitution comes into existence and a whole lot of others. In the olden days, when we were in school, we had a copy-book maxim that too many cooks spoil the broth. I do not want a multiplication of these people at headquarters. The Government of India know exactly what our position is and I had expected my Honourable friend, Mr. James, to tell us not about the machinery that will work, not to tell us that, but to tell us the materials which this machinery should work, and then say whether the machinery that now exists with all its paraphernalia is not sufficient to use these materials and work them to our advantage. That, Sir, was singularly absent from his proposals, and it is all very well to say that you should revise your trade agreement and bring into existence economic councils and so on. Sir, that will be no good. On the contrary, I respectfully invite the attention of the House to a few of those materials which deserve to be worked and which should be worked whether the new Constitution comes into force or whether you have got to do it under the existing Constitution.

Now, Sir, in order to lay before the House a few observations upon this point, I cannot better begin my subject than by thanking Sir George Schuster for the courageous manner in which he broke off from the beaten path and gave us a summary of his ideas regarding the economic prospects. On going through that, I felt so grateful to him that I thought that if that was the only service that he rendered to us here, that alone would be compensated for all the five years' stay here. And why? All these years we have been stating a good many things about our grievances in connection with the agricultural or economic condition, and we always thought that whatever we said, the Government of India either did not hear or heard it by one ear and allowed it to pass out by another. We were not satisfied, because there was no indication that they understood our view-point, that they realised what our complaints were and that they made any serious attempts to tackle that position. Now, all that doubt regarding the realisation of our position has been set at rest by this speech of the Honourable the Finance Member. Those pages in which he has dealt with this question of the economic prospect are very valuable and they give us a complete picture of our economic condition, and the only thing now remaining is to find out a remedy to improve those conditions in such a manner as would benefit the people of India. The most important proposition that he laid down was that the financial policy of a country reflects the economic condition of its people. That is the text of the sermon and upon that and upon that alone I did expect my Honourable friend, Mr. James, to discuss this question of planned economy. So far as India is concerned, no economic plan would be of any use except that the economic plan promises to a great extent the improvement of agriculture and improves the position of the agriculturist in the economy of the country. After laying down that proposition, my Honourable friend, the Finance Member, proceeds to give us the details of the items which go to make up the grievances of the agriculturist, and you do not want to do anything except to read those pages to realise the lucidity and the clearness with which the whole position has been expressed.

. Now, Sir, I will first take the question of indebtedness. Agricultural indebtedness has been a very chronic thing, and everybody in season and out of season, both on the Government side and on our side, has been saying about it. But what is the result? We cannot do anything. We can only tell them what the grievances are, and so far Government have not done anything upon any approved plan or policy in order to relieve us from this indebtedness. At one time we thought that they had not even understood that we are indebted, because when the late Dadabhai Naoroji wrote his book "Poverty and Un-British Rule in India", and told the Government of India what the average income of the Indian people was, he was held up to ridicule, and a great big Viceroy attempted to controvert the position and entered into a discussion of the statistics, but I believe he came very near to the margin arrived at by Dadabhai Naoroji. My first point is that this question of indebtedness should be tackled, not in the drastic way of repudiating the debt, because that is not the genius of the Indian nation—no Hindu or Muhammadan will ever think of repudiating a debt justly due by him—and that reminds me of a little incident when I was in practice: a Muhammadan had lent a few rupees to a man and he filed a suit in Court; the defendant was put up by the vakil to deny the claim. The Muhammadan was aghast; he said "Do you deny the claim? All right; I will take it back from you there when your face will become blackened in the presence of God Almighty on the day of judgment". So, unless you pay the money, no debt is wiped out. What is the proposal that the Government are going to make? That is the first question that I would put upon this motion regarding planned economy and I would dispose of it in this manner. Fortunately in redemption of the promise that the Honourable the Finance Member made at the time we were discussing the Reserve Bank Bill, he is calling a Committee to inquire into this question. I have got to make two proposals regarding it. In the first instance, there used to be a gentleman of the name of Sir Daniel Hamilton at Calcutta who had given elaborate proposals to wipe out the debt of the Indian agriculturist, and, although I have not seen a complete picture of it in detail, I know something about it, and I hope that if only as a matter of courtesy his proposal will be examined by this Committee. But, I am coming to a more important thing

My Honourable friend, the Finance Member, said that money was cheap. This is the time when, if possible, you can devise some step by which the indebtedness of the ryot can be wiped out. But, as he always says, and I agree, it is a matter for the British Government, and when those gentlemen of the Local Government come, I am afraid they will be in the same state of mind that I described the other day the Finance Member of the Government of Madras is: he says "What shall I do if all my money goes out?" Now, that is a standpoint about which I strongly protest. The country is not going to cease to exist tomorrow and the income that comes in today will again come in tomorrow: you are not required to hoard. Take the money you have and boldly enter upon a policy of giving relief to the persons whom you have been admitting, year in and year out, to need relief. I do not know how that should be done. Sir George Schuster has got cheap money, and these gentlemen want money in order to wipe out the debt. I quite admit that the question of indebtedness is not so easy as that—take a book and dash a line across the amount of indebtedness—I know it is not so easy as all that. It bristles with difficulties, and I would only request that, instead of blaming the poor unfortunate ryot that his indebtedness and his sins are due to

[Raja Bahadur G. Krishnamachariar.]

the fact of his being improvident—it is rather a cruel thing—he has not got anything to eat: their own people say that 40 millions of these people from year's beginning to year's end pass the days without knowing what it is to have a full meal a day; and when, in spite of that, he is pressed for Government demands and he goes and borrows the money, which he is never able to repay, he is told "What can we do? It is all due to your improvidence". I thought that improvidence was the characteristic of a man who has got something to spend, and, instead of spending it on the right thing, he does so in the wrong way; and the next man, who comes in for a good deal of abuse, is the village money-lender. I am glad that the Honourable the Finance Member gave a fitting tribute to the ancient money-lending system which he rightly recognised as elastic, and for the future he said he was going to base his credit policy upon centuries of experience rather than go about sketching new lines . . . . .

**Mr. B. Das:** Did he say that?

**Raja Bahadur G. Krishnamachariar:** Yes: I want you to read it again.

The next point I would refer to is the raising of the prices of the agricultural produce. I know the Honourable the Finance Member's views; he is against the devaluation of the rupee and he has quoted with great aptness the observation of the ministry of the United States of America as to the probable result of the devaluation of the rupee. I know that gentleman has written very strongly, but the greatest refutation of his argument is that his own people, within a few months of his writing it, have devaluated the dollar. I am afraid that when we talk of devaluation and when the Finance Member repudiates that policy, we are talking from two different standpoints. What we say is we are not concerned with the permanent everlasting effect of this devaluation, but at present we are in great stress; every country, I suppose, knows its business—they are not all fools—just as much as we pretend we know ours; and when we find that every country in the world has devaluated their own currency for the present and as a temporary measure we might follow their lead, and when conditions readjust themselves, we can go back to our original position. Why do I say that? Only this morning a cable from the United States said that half of the treasury balances in the United States of 44,84 million dollars, half of that is due to the profit made by the devaluation of the dollar. What I want is this: make this profit: relieve us of our immediate trouble; and when you find that this will not satisfy your needs, go back to your original position. Consequently, that is a matter that has got to be considered by those responsible in revising this economic planning . . . . .

**Mr. B. Das:** They would not be allowed by the British Government to do it.

**Raja Bahadur G. Krishnamachariar:** We shall see that at that time. In that admirable speech, to which I referred in the beginning, there is only one paragraph which has unfortunately disappointed me and that is when he says:

"As to the first, that is to say, to deal with the increase in the real burden of the fixed money payments of the agriculturists due to the fall in prices and the accumulation of debt which has resulted therefrom, there have been many alleviating factors which have resulted in the avoidance so far of any really urgent crisis. Various

provincial governments have made substantial"—(I want you to note that word 'substantial')—"remissions in land revenue and water rates. Landlords have not pressed for their full rents"—(that has nothing to do with the Government)—"India's money-lending system has proved elastic and generally speaking the demand for reductions has not been pressed"—(that has not got anything to do with the Government)—"As a result the great mass of agriculturists have had enough to eat and a sufficient margin in cash not only to pay taxes at the reduced level but also to maintain at a fairly reasonable level their purchases of necessities."

Now, Sir, in that one paragraph there are more inaccuracies than there are lines. I am sorry that whoever briefed the Finance Member to make these statements has let him down . . . .

**An Honourable Member:** He wrote them himself.

**Raja Bahadur G. Krishnamachariar:** He cannot write such statements himself, because he cannot claim personal knowledge of all that the Provincial Governments have been doing; somebody must have told him that, and of course he has no reason to disbelieve it, and, therefore, he has made those statements. Now, I am entering a caveat against it. I am speaking specially with reference to the Madras Government that there has been sufficient . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member may conclude now in a couple of minutes.

**Raja Bahadur G. Krishnamachariar:** All right, Sir, I will finish this portion, with your permission, and for the rest, I will put one omnibus sentence. Sir, although the Legislative Council of Madras unanimously asked for a reduction of 25 per cent., and although the Finance Member of the Madras Government, as President of the Finance Committee, agreed that a reduction of 18½ per cent. was perfectly reasonable, and was called for by the exigencies of the moment, yet, as a Member of the Government, he said only a reduction of 12½ per cent. could be made. That *ex hypothesi* seems to be a mockery. Crops, due to the cyclone, have failed, of course we have not had an earthquake, but we had floods and all those things, with the result that there have not been abundant crops, but, what crop there is, there is no market for it. There has been little production and less demand for the reduction, and I am supposed to have cash, because I pay the Government demand. I say—go and ask the money-lender—my money-lender who made it possible for me to pay the Government revenue,—but that is no answer at all to say, if you cannot pay the Government revenue, abandon your land. Sir, the officials were asked to reduce their pay by ten per cent. Did they leave their jobs? Why did they not do it? They resented it. Therefore, I would request that these may not be taken as criteria or even as correct, but the Government should proceed to consider not only that particular thing, but the other two things as well, namely, how to raise the internal and external prices.

Lastly, Sir, I would only allude to one thing, because, without a reference to this aspect of the question, the whole thing will be incomplete. They are thinking of raising the standard of living. By all means do give us two meals a day, give us sufficient clothing, by which we could cover our bodies as against the sun and the rains, but for Heaven's sake, don't put into our minds the ideas of so-called necessities and buying those small foreign or local made things which are absolutely unnecessary. If



[Raja Bahadur G. Krishnamachariar.]

once those things are shown to us as a necessity, they will prove an absolute misery to us, because our wants will increase and we shall never be able to satisfy those wants, because, if luxuries cannot be satisfied, there will be more misery and more discontent, and there is always abuse of the Government which I want them to escape from.

**The Honourable Sir Joseph Bhoré:** Sir, the able and effective speech of my Honourable friend, Mr. James, and the speeches of those who followed him have covered a very wide range of subjects, such as the distribution of portfolios, Tariff Boards, Commercial Treaties, the re-distribution of wealth, International Labour Conventions, Commercial and Insurance legislation . . .

**An Honourable Member:** Agriculture.

**The Honourable Sir Joseph Bhoré:** I beg your pardon, agriculture also.

**An Honourable Member:** That is not in the mind of my Honourable friend.

**The Honourable Sir Joseph Bhoré:** It is obvious that it would be impossible for Government to give at short notice considered opinions of all these matters—matters of great complexity and great importance. But I take it that what my friend really intended to do was that he intended to bring to the notice of Government the view of his Party and of the House that these are all matters of first-class importance, and that the attention of Government should be directed to them at the earliest possible opportunity. I can assure him, Sir, that, so far as those matters concern myself and my Department in one way or another, they have been constantly before us for many months past.

Now, Sir, I do not propose to do more,—because my Honourable colleague, the Finance Member, will reply to the debate in general,—I do not propose to do more than reply to two or three of the main points which have been raised. I will take first, Sir, the question of commercial treaties.

I think it may possibly interest the House to know that our treaties fall generally into three classes. There is first the class of treaty in which India is directly a party; secondly, there is the class of treaty concluded by His Majesty's Government which has been applied to India; and, thirdly, there is the class of treaty concluded by His Majesty's Government which has not been applied to India, but in respect to which the most-favoured-nation treatment can be extended to India on a basis of reciprocity. It might perhaps be of some interest to Honourable Members if I indicate one or two of the most important countries coming under these various categories. Under the first class, we have countries such as France, Greece and Turkey. Under the second class, we have something like 22 countries, and I need only mention a few, for instance, China, Egypt, Italy, the Netherlands, Norway, Sweden, United States of America and Persia. In the third class, we have countries like Austria, Czecho-Slovakia, Finland, Hungary, Portugal, Spain, and so on. Now, Sir, it is perfectly true that some of these treaties are very old in point of time, but I would suggest that that by itself is not a sufficient cause

or the revision of those treaties. In the first place, Sir, it will be realised that it would be an almost impossible task to embark at once upon any general revision of treaties with all the countries of the world or even with some of the most important of them. Purely as a practical proposition, that, Sir, would raise tremendous difficulties. I think, Sir, a reasonable line of approach is, not to inquire whether a treaty is old in point of time, but to inquire whether in actual practice the present conditions of trade and commerce necessitate some revision of that treaty. That, Sir, is the general line of approach which we have adopted in respect of these treaties . . . . .

**Mr. H. P. Mody:** What about the Trade Convention with the United States whereby the most-favoured-nation-treatment is accorded to the United States, but not to this country—a Trade Convention entered into in 1815, with a four years' notice clause, which has never been made applicable?

**The Honourable Sir Joseph Bhore:** So far as the most-favoured-nation clause and the United States of America are concerned, I am not by any means clear that we cannot, as things stand at present, discriminate against the United States of America. However, I will not go into the very thorny question of the interpretation of treaties, but, as I say, an outstanding example of our procedure is the case of Japan where, owing to special circumstances which certainly could not have been foreseen at the time that treaty was entered into, and which made it essential for us to repudiate the treaty, we did so and entered into negotiations for the substitution of a new treaty more in accordance with conditions that prevail today. I have no doubt that the treaty with Japan will not be the only treaty which conditions now or in the near future will make it necessary for us to revise. In fact, I am not disclosing any secret when I say that one or two treaties are at the present moment under our active examination. But, Sir, hurried revisions for the sake of revising and bringing up to date old treaties I would deprecate. Conditions today in the economic world are extremely uncertain, and it would appear to be the wiser course to adhere to our existing engagements, unless, of course, circumstances made it essential as they did in the case of Japan for us to undertake an immediate revision—I say that it would be wiser for us to keep to those old engagements until we can see our way much more clearly. There has, of course, been a reorientation of our policy in regard to trade agreements. Until comparatively recent times, our ideas generally were to keep these trade agreements as simple as we possibly could. We attempted to do very little more than secure to Indian goods most-favoured-nation treatment. But, Sir, today trade relations have grown very complex, and it seems almost certain that in the future the simple engagements of the past will have to give place to much more complicated and much more complex arrangements. Might I suggest to my Honourable friend, Mr. James, that he would have made a much more useful contribution to my Department if he had indicated what treaties he thought necessitated immediate revision, and on what grounds? For instance, he has referred to the case of the United States of America. I would have liked him to have said why in his opinion that particular treaty, apart from the fact that it is a very old and archaic treaty,—why that particular treaty should be revised, whether there is anything in it which at the present moment has adversely affected our trade relations with the United States of America.

**Mr. H. P. Mody:** Yes, it has. From a favourable balance of Rs. 17 crores in 1913-14 there was an unfavourable balance of a crore of rupees last year as against India.

**The Honourable Sir Joseph Bhoré:** Well, Sir, it is obvious that that may be due to many other reasons, not necessarily to the treaty itself. It is in this way, I say, that the business and commercial community can very considerably help the Government and also this House—by making definite suggestions, and we ourselves would very gladly welcome any suggestions on those lines.

Now, Sir, my Honourable friend, Mr. James, raised the question of railway rates and fares. I do not know whether he was here during the discussion on the Railway Budget, but I took the opportunity then to make it quite clear that we were fully seized of the importance of re-considering entirely the question of the classification of goods and that we had actually taken the preliminary steps necessary for a full consideration of that very important and complicated matter.

**Mr. F. E. James:** By whom is that consideration to be given?

**The Honourable Sir Joseph Bhoré:** The consideration will ultimately be by the Government of India after the preliminary work is done, and I pointed out that, in order to make the examination effective, it would be essential to collect very detailed and very comprehensive data. The collection of that data, I pointed out, had already been undertaken by the Railway Conference, and I suggested that at some stage or other it might be advisable for us to associate in the examination of this question non-official representatives of commerce, trade and possibly of this House.

Then, my Honourable friend asked me what we were doing in respect of further agreements with other parts of the Empire. Here, again, I can assure him that the Government of India have not gone to sleep. At the present moment we are in communication with two of the dominions, and I think I shall soon be in a position to say that we shall very shortly begin negotiations with the Irish Free State and with Canada.

My Honourable friend referred lastly, so far as the subjects with which I am concerned, to the Tariff Board, and I think he suggested an organisation similar to that which exists in the United Kingdom. He referred, I think, to the Import Duties Advisory Committee in the United Kingdom. I would like to draw the attention of the House to the difference that exists between the two cases. So far as my information goes, the functions of the Advisory Committee in the United Kingdom are to make recommendations to the Treasury as to what goods should be exempted from the duties imposed by the Act and as to what goods should be subject to additional duties on the ground that they are articles of luxury or articles of a kind which are being produced or are likely within a reasonable time to be produced in the United Kingdom in quantities which are substantial in relation to the United Kingdom consumption. Well, Sir, this Advisory Committee, on its own initiative, takes up the examination of these questions, and when it has made a recommendation, that recommendation is considered by the Treasury. The Treasury, without reference to Parliament, considers the recommendations of the Committee and takes such action as it considers necessary.

**Mr. F. E. James:** Might I interrupt the Honourable Member? We had made it quite clear in our recommendations with regard to the Tariff Board that we do not suggest that it should follow exactly the model

of the Tariff Advisory Committee in England. That Committee, as the Honourable Member knows very well, has tremendously autocratic powers which, we do not consider for a moment, should be handed over to the Tariff Board of this country. We only suggest that the duties which are laid upon the Tariff Committee at home in reference to the position of goods liable to tariff used by industries and the effect of protection upon certain industries through information collected compulsorily—we only suggest that those two functions should be given to the Tariff Board here. I think I ought to make that quite clear to the House.

**The Honourable Sir Joseph Bhore:** I am glad my Honourable friend has made his position clear, because I was going to emphasise the difficulty of bringing into practice such an arrangement here. I am quite sure that this Assembly would never consent to such a course here. The last word in regard to the Tariff Board has not been said, and what its composition, its constitution and its functions should be are matters in respect of which we keep an open mind. I can assure my Honourable friend that we entirely agree with him that a Tariff Board should contain members with recent commercial and business experience, but I must tell him that it has been a matter of the utmost difficulty for us to get even one suitable individual of sufficient status and standing in the commercial world to become a member of the Tariff Board. However, Sir, here again, this, is a matter in which suggestions from all quarters of the House will be welcomed by the Government of India, and we shall most certainly consider them. I would, however, like to say this, that the Tariff Board has up to the present served a most useful purpose. It has done most valuable work. I am quite sure that my Honourable friend did not intend to cast any slur upon the Tariff Board and its work, but I would like to say that I consider that whatever may be the objections to its constitution as it exists at present, it has till now played a valuable part in the Industrial economy of the country. I think that that covers most of the points that I am in a position to refer to. The other points which my Honourable friend has raised will be replied to by my Honourable colleague when he winds up the debate.

**Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban):** Mr. President, the questions that have been raised by my Honourable friend, Mr. James, are undoubtedly very interesting, but having listened to the greater portion of his speech, I am not quite satisfied how far the questions that have been raised are of practical importance at the present moment. It struck many of us on this side of the House that at any rate some of the suggestions were of a more or less theoretical character and very remote from approaching any reality. Take, for instance, the question of the additional portfolios in the Government of India. I take it that my Honourable friend is aware of the Government of India Act and that the Members of the Executive Council are limited by that Act, and, further, it is a matter of the greatest importance to consider from many points of view, whether there is really any need for the addition of a portfolio in the Government of India.

**Mr. F. E. James:** May I say, Sir, that I made no recommendation that there should be any increase at present in the portfolios. I merely hinted that, possibly, later on, if certain things happen, there might be a need for an additional Member as a result of redistribution. We did not have any addition in our view.

**Sir Abdur Rahim:** I am very glad that my Honourable friend disclaims any present intention to suggest that there should be more Members of the Executive Council.

**Mr. President** (The Honourable Sir Shanmukham Chetty): There is no limit for the strength of the Cabinet under the Government of India Act.

**Sir Abdur Rahim:** At any rate that was one of the matters which made one think that perhaps some of the questions raised by my  
 3 P.M. Honourable friend were not in the realm of realities, because the House, I am sure, would have to consider very carefully any additional expenditure that might be proposed in the Government of India. As a matter of fact, the Government of India themselves have been busily engaged, out of sheer necessity, in retrenching their expenditure. As regards the redistribution of portfolios, that is a matter of internal arrangement with which it is very difficult for us to deal from this side of the House. From what we can judge of the work that is done by the Honourable Members of the Treasury Bench here in this House, one may form some sort of general impression that some of the Honourable Members are harder worked perhaps than the others, but that is not a sufficient indication of how the work is distributed among the Honourable Members of the Executive Council. That is a matter, as I have said, for internal distribution of the Government's work.

As regards the relation of one particular subject to another, no doubt many of us in this part of the House have been puzzled by the fact, as was pointed out by my Honourable friend, Dr. Ziauddin Ahmad, why for instance the Commerce Member should have been the spokesman of the Government on the question of tariffs and protective duties. The development of industries, I understand, is under the charge of my Honourable friend, Sir Frank Noyce, but there also I do not wish to pry into the secrets of Government, if there is any secret. There may be some policy behind it of which I am not aware.

Now, as regards the next item, the Tariff Board and its personnel, I think the Honourable Member in charge of the Commerce Department has made it quite clear that, so far as the present Tariff Board is concerned, the public has no particular cause for complaint. I do not know how far commercial experience and industrial experience are properly represented on the Board at present or not, but I should like to make one suggestion, as the matter is apparently under the consideration of Government, that it would not be fair to the general public of India so to compose the Tariff Board as to make it the spokesman of particular interests. That, I take it, must be guarded against. Government ought to see to it that there are on that body some men who can take a detached view of the position and safeguard not merely the interests of particular industries, but also the interests of the general public. I take it that this is a consideration which might commend itself to the Government. I do not wish to say anything more on that, because some of the recommendations of the Tariff Board will come under our consideration very soon.

Then, there is the very interesting suggestion made by Mr. James regarding the composition and constitution of an Economic Advisory Council. I agree with my friend, the Raja Bahadur, that the Honourable the Finance Member gave us a very interesting account, from his point of view at any rate, of the economic prospects of the country. That

has conveyed to our minds certain suggestions which are undoubtedly worthy of consideration by the Government as a body. There is one thing to be considered in this connection which I believe was alluded to by my friend, the Raja Bahadur, and that is this. Are we really engaged merely in devising some machinery, without finding out, to put it in his own words, whether there is any material upon which that machinery is going to work. When we talked on this side of the House of economic planning, we had in our view, though in a very general and vague manner, that the Government of India would consider whether the time has not come, having regard to the economic condition of the people generally, for them to devise means of developing the resources of the country as a whole, by means of definite schemes, say for instance, of irrigation or electrification and generally supplying more power to the country and schemes of that character. That at any rate was in my mind when last year, and, I think, also the year before, I spoke on this question during the Budget discussion. I do not deny that an Economic Advisory Council might be in a position to make useful suggestions, and, if it is properly constituted, suggestions from that body might be of great value to the country. But I do not think the Government of India can here overlook the fact that, so far as the economic development of the country is concerned, apart from any question of commerce and trade to which I shall come presently, so far as developing the industrial resources of this country is concerned, industry is a provincial subject; and if you are going to have, as we all confidently hope we shall, provincial autonomy in the real sense of the word, then in that case it will be within the jurisdiction of the Provinces and not of the Government of India to develop the economic resources and the industrial capacity of particular localities. I for one find it rather difficult at present to realise what the Government of India, sitting here as a Central Government or as a Federal Government in the future, can do to develop the economic possibilities of the Provinces. They could certainly, through protective tariffs, for instance, do something indirectly or perhaps even directly to help the growth of nascent industries. But so far as other matters are concerned, I do not see that they are really within the province of the Government of India.

I now come to the question of trade agreements, which I suppose was most in the mind of my Honourable friend, Mr. James, though he put it last. It is very generally the postscript that is the most important part of certain letters. (Laughter.) Now, as regards the trade agreements, I think the Honourable the Commerce Member made it very clear that these are questions of great complexity. Take bilateral agreements. One might, perhaps, think that nothing would be more easy than to enter into bilateral agreements between India and any other country. But obviously such an agreement is bound to have its reactions on the trade relations with other countries as well, and the Government of India have certainly to take note of that fact and consider how far it would beneficially or injuriously affect the interests of India—its commerce, trade or its industrial development. Therefore, to say simply that this policy of bilateral agreement ought to be pursued without any further consideration, is simply talking, if I may say so with respect and without any offence, in the air. Sir, we shall have an opportunity very shortly to consider two very important trade agreements and it would not be advisable to anticipate the considerations likely to influence the House in these very important matters. But all that I wish here to suggest to the House and to warn the House is that the question of trade agreements must not

[Sir Abdur Rahim.]

be treated lightly, as if a mere agreement arrived at between two countries (Mr. B. Das : "Or between two private parties") would solve our difficulties. I do not wish to enter upon the merits in any way of any of those agreements which will come under the consideration of this House very soon. I am perfectly sure, my friend, Mr. Mody, will prove to the House that it is beneficial and useful to the country (Hear, hear)—at any rate to his own satisfaction. (Laughter.) Then, I think what has been said by my Honourable friend, Sir Joseph Bhore, as regards revising old treaties is perfectly sound, if I may say so, for we have got to see whether treaties which have been entered into in the last century are actually beneficial to us or harmful to our trade and industries. Because they are old, it does not necessarily follow, as has been pointed out so clearly and so forcibly, that they are to be condemned at once. Sir, on the whole, it really seems to me that the present discussion is more or less in the theoretical sphere and does not lead us very far towards coming to any conclusion on any definite matter. (Loud Applause.)

**Mr. K. P. Thampan** (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I must congratulate my Honourable friend, Mr. James, on the very sensible speech that he delivered this morning. I was particularly impressed with its extremely non-controversial character. Sir, I am thankful to him for raising this subject and giving the House an opportunity to discuss it.

Sir, "planned economy" is a very wide field, covering as it does all the human activities, such as agriculture, industry, trade, transport and other things. The present policy of the Government of India seems to me to be, I will not say, one of lethargy, but I would say one which has been consistently spasmodic, or to use another word, haphazard. Whenever the millowners of Bombay said that they wanted protection, or the coal industry said that it wanted protection, or, for that matter, if the iron and steel industry raised a hue and cry that foreign metals were being dumped into this country to the ruin of their trade, forthwith the matter is referred to the Tariff Board or to a Select Committee and then some action is taken. Sir, I should think that that is not in keeping with the notions of a civilized Government. The old idea of preserving law and order is not all that a Government has to do. It is the duty of the Government to safeguard and ameliorate the economic welfare of the people under it, and, in that direction, I am afraid the Government of India have not till now been discharging their duty properly.

Sir, my Honourable friend, Mr. James suggested the formation of an Economic Council. I perfectly agree with him that it is highly necessary for the planned development of the resources of the country in all directions. I do not mean to say that we must have a huge and costly body to deal with these things. A small body of economic experts is sufficient. They may also be authorised to co-opt businessmen and statesmen whenever they choose or particular subjects are referred to them. It must be the source from which Government will get all ideas and inspirations for the discharge of their duty in this direction. I am told, all countries have got such Economic Councils to advise the Government. If such a Council is constituted in this country, I believe, we may as well dispense with the present Tariff Board, and the questions that are now being referred to the Tariff Board for their enquiry

may be referred to this Council and it might, with the assistance of co-opted members, better discharge its functions. At any rate, a membership of the Tariff Board ought not to be made a sort of stepping-stone for the Directorship of industrial concerns. I have heard it said that one of the members of the Tariff Board accepted the post of an adviser to a combine of match manufacturers and subsequently he became the Director of an iron and steel manufacturing concern. They should be well-paid and only men of strong character should be chosen. I am one of those who think that there is no need to import outsiders for such a Committee. We have now the example of two gentlemen from outside who are touring throughout the length and breadth of the country to collect statistics. Are there not competent men in our own country to do that work? If the Government say that there are not such competent men available in this country then it does not speak well of the Universities and the services themselves. I firmly believe that there are already any number of competent men in our own country and their services alone should be availed of. Another objection to bringing outsiders is that their outlook may not be in keeping with the national aspirations and the view-point of the requirements of this country. I hope there is no harm in saying that. I should certainly agree with my friend, Mr. James, in saying that a tariff re-organisation is absolutely necessary, particularly the incidence of taxation. What the Government should consider and realise is that the consumers in this country are mostly agriculturists and their purchasing power has greatly diminished of late. Another class of people who form a very large part of the population is the small artisans such as the handloom weavers and other people. The Tariff Board in its report says that the handloom weavers who number about 10 millions earn only a bare pittance of two annas a day. With the kind of indirect taxation that is now going on in this country on all necessities of life, you can more or less visualise their plight. Two annas will not go a long way to eke out a living, and if something is taken out of it, what will they do? We have to revise the tariff in the light of that observation, and if that is done, I am more than satisfied. As I said, Sir, India is predominantly an agricultural country and the world condition today is such that we will not be in a position in the immediate future to export our agricultural products to any appreciable extent outside this country. All countries are vying with one another in producing their own wants and India must be contented by being able to consume herself what she produces. Sir, the remedy lies in two ways. You might try to restrict or regulate the production of agricultural commodities on a planned basis. You might restrict the cultivation by taking into consideration the quantity that is required for the consumption in this country and also the quantity that you will be able to send outside. There is no meaning in encouraging cultivation on a huge scale without knowing how to dispose of it. That is what I mean by regulating cultivation on a planned basis. Another remedy is to increase the purchasing power of the people and help them to purchase the produce themselves and promote internal consumption. If the country becomes more industrialised and thereby helps distribution of wealth among the masses, it will be another way by which we will be able to remedy the situation. We must also exert to increase the output of manufactured goods and make the country self-sufficient in regard to her manufactured wants. Whatever raw produce we may produce in this country should be converted into finished products. India is already



[Mr. K. P. Thampam.]

supplying most of the cotton that is required for the Indian mills, and attempts are made to increase the cultivation of the long-staple cotton. The cotton that is now purchased from Tanganica and Egypt and other foreign countries could easily be produced here. It is quibbling only one instance out of many.

In regard to industries, Government may adopt three policies. The Government may own all the key industries in this country. I have not used the words "nationalise all industries". The policy has been already accepted by the Government by taking in their own hands the hydro-electric scheme and other plants generating power. The railways are also State property in this country. Coal mines and all mineral mines may be made Government property. The other way by which the Government can help the industries would be to control certain other industries. They have already done so in the case of salt. There are many other things with which the welfare and prosperity of the country is bound up. Then, thirdly, they might regulate certain other less important industries.

My Honourable friend, Mr. James, referred to the question of the railway freight. Sir, I was very glad to hear the Honourable the Commerce Member say that the attention of the Government has already been directed to this subject and the Government have under consideration the revision of the railway freights. But I must repeat again and again on the floor of the House that the railway rates are not fixed on a rational basis. There are several nascent industries in this country which cannot compete with foreigners simply because the railway rates from the place of manufacture to the centres of consumption are very heavy. You have got a soap factory in Malabar run by the Madras Government. Outside Malabar nobody has heard about those soaps much less to speak of distant places like Delhi, Calcutta and Bombay. The railway freight from Malabar to Calcutta or Bombay is much more than the freight from London to those places. Under such circumstances, how can the industries of this country be fostered? It is not only the duty of the railways to earn dividend, but they must come to the rescue of nascent industries and serve a wider national purpose. If that orientation can be brought about, one of the difficulties for the solution of this problem will have been surmounted. The question of freight for rice from Tanjore to Malabar was referred to the other day in the House. It was said that the railway freight for rice from Tanjore to Malabar is six annas while the steamer freight from Rangoon to Calicut, which is five times the distance, is less than five annas. There is also the case of glass industry. There are some glass factories in Northern India which would have developed but for the heavy railway freight.

The other question raised was the controversy between rail and motor. I feel equally with others that the railways are the most valuable national assets of this country, but I have no hesitation in saying that the unhealthy competition that is now going on is purely due to their own policy. I will cite the case of Palghat-Pollachi extension. A road existed for nearly a century and when the railway authorities found that there was heavy traffic as judged from the income on tolls to the extent of Rs. 80,000, they in an aggressive spirit wanted to open the line and capture the traffic. If the railways are balked in their attempts to capture other peoples' business and come to grief on account of their policy, who is to blame?

Why should we sympathise with the railways? It is easy to say that we have invested about a thousand crores on the railways. It is perfectly true. I agree we must protect their interest. But if the railways are primarily responsible for bringing about unhealthy competition, they ought to suffer for it. The road service cannot be replaced by railways and we must be fair to both.

Before I conclude, I have yet to refer to another aspect of the question. Mr. James referred to the treaties. The Government of India have entered into treaties with foreign nations. The Honourable the Commerce Member said that the revision of these treaties are being considered. But I missed one point in the speech of the Commerce Member and that was with reference to the agreement with the Indian States. The Indian States are, as it were, dovetailed with the British territory, and if you want to pass one hundred miles in certain parts of the country, you have to cross two or three times through Indian States. How can you have a uniform customs duty under such condition, and I, therefore, submit that the Indian States should be brought in line in such matters with British India and ensure a uniform policy in such matters. In the Select Committee on the Factory Bill, my Honourable friend, Mr. Mody, said he would have no objection to accept shorter hours of labour if the Indian States also came into line with these laws. The backwardness of the Indian States is a great handicap not only for the social and material amelioration of this country, but also in all respects, and unless the Government take a bold step and prevail upon the Indian States to come into line with British India, I may say, though it may not be quite relevant, that the success of the proposed Indian Federation cannot be ensured. Sir, I support the motion.

**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I must perform a neighbour's duty in spite of the suspicions of my Honourable friend, Mr. Gaya Prasad Singh, who is probably an office bearer of the Democratic Party, but spoke only for himself. Sir, my Honourable friend, Mr. James, has very carefully followed the lead given by the Honourable the Finance Member in his Budget speech, that part of his speech which comes after the Budget, but is as relevant to it as the motion of the Raja Bahadur on the hurrying of Reforms. Just as the Reforms are bound up with the Constitution, just as the Federal finance cut-motion visualised the future, even so Mr. James, by his planned economy, though it ignored planned money, was visualising the future. Sir, I was poring over the pages of *Hansard* to discover a relevant passage for this occasion which I had come across and that was the suggestion, a very amusing and interesting suggestion of an important Member of the House of Commons that, because of the numerous accidents on the roads, the time had come to place the transport under the jurisdiction of the Home Member! The Communication Minister must be a part of the Home Member himself, and the Home Member himself must be performing two functions, namely, that of the Home Member and that of the Minister for Communication. That was the suggestion made in the House of Commons, and when Mr. James made the suggestion that he should divorce the Commerce Member from the Railway Department he was making a rather interesting suggestion worthy of the future for consideration, but unworthy very much of the present when we are concerned not with multiplying or dividing portfolios, but practising economy. In the first place, it is better to stand by "the devil" we know instead of jumping into "the deep sea" that we do not know. What for do you separate the Railway portfolio from

[Mr. C. S. Ranga Iyer.]

the Commerce portfolio? I do not exactly know what is the object of the Honourable Member who spoke for the European Group. Does he want really to create a sort of internecine squabble in the Viceregal Cabinet between the Commerce Department and the Railway Department? Did he think that the Commerce Department was so overworked that the Railway Department should be separated from it?

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): Of course it is.

**Mr. C. S. Ranga Iyer:** My Honourable friend says "of course it is", which sums up the argument he would have developed had he spoken on this occasion. I know there is a section on this side of the House, my friends and neighbours who want to separate the Railways from the Commerce Department and I know that Sir Henry Gidney, the custodian of the Anglo-Indian conscience and the Anglo-Indian interests, would much rather have this divorce celebrated so that he might have greater occasion to put forward his demand in a more comprehensive and attractive way.

**Lieut.-Colonel Sir Henry Gidney:** May I offer you that portfolio?

**Mr. C. S. Ranga Iyer:** If he does not offer me that portfolio, he would like to have it himself. (Laughter.) I know Sir Henry Gidney and his community have been the severest critics of the Railway Department and probably they have come to the conclusion that because the Railway Member also happens to be the Commerce Member, by driving a wedge between them, by creating two individuals out of one, they would be able to achieve what they have in mind. But it is forgotten that the Railway Member has behind him a large army of Railway officials. There is the Railway Board. And the Railway Board and the Railway Secretariat are quite competent to look after Railway interests, and the Honourable the Commerce Member can certainly, as other Commerce Members in the past, continue to take up both the Railway and the Commerce Departments' facts and affairs and present them to this House. Let us see how this works in the House of Commons. Sir, you are no doubt aware and as you will have more opportunities of knowing them when you go to England and watch the proceedings of the House of Commons at Westminster . . . .

**Diwan Bahadur A. Ramaswami Mudaliar:** He has already done that.

**Mr. C. S. Ranga Iyer:** He will do so hereafter in his capacity as President of this House. When your education at Westminster increases, you will find how the Prime Minister, for instance, or the Leader of the House speaks on almost every important subject whether it relates to commerce or roads or unemployment or the Indian Empire. My Honourable friend, Sir Henry Gidney, whispers, "That is why they are so unintelligible". If he brings forward a Resolution in this House that Great Britain is unfit for responsible Government, and India being the largest part of the British Empire, the Capital and Parliament should be transferred from London to India, I at any rate will support it. They may be incompetent,—of this he is a better judge as he has greater experience than many Members of this House. But we are concerned with the competence of the Commerce Member who has handled, so far as he is concerned and this House is

concerned, both the Railway Budget and the commercial problems with great success, great ability and great satisfaction to the non-official side. (Applause.) That being so, I should like to know why we should do today what under a Federal regime we are certain to do.

**Mr. A. H. Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): Ten years afterwards.

**Mr. C. S. Ranga Iyer:** My Honourable friend, Mr. Ghuznavi, says, ten years afterwards, not now. As he has come fresh from England, his prejudices and apprehensions are also fresh. I do not share that apprehension. He hates the Federation; the wish being father to the thought, he would rather have it come ten hundred years afterwards, if at all. He is a provincial-autonomy-enthusiast. I for myself am a Federal enthusiast, and I am certain, judging from my knowledge of things, that Federation will come into existence much sooner than many faint-hearted people imagine. And under Federation two years hence you will have to revise the administrative portfolios, you will have to revise the composition of the Government of India, you will have to bring into existence responsible Ministers. It may be difficult then for one non-official Minister to be in charge of the Railways and the Commerce Department, I acknowledge. A democratic system is not so efficient as a bureaucratic system or an autocratic system. That has always been so. Inefficiency and democracy go together; but democracy is better than a bureaucracy, because it gives satisfaction to the people. And in a democratic regime I would certainly welcome a suggestion like that which has come from Mr. James. I am certain, Sir, there will be no necessity for a suggestion like that. Those who have read the evidence of the Secretary of State and his examination by my friend, Mr. Joshi, will agree that they are thinking of a Minister for Communication, or a better phrase, Minister of Transport.

**Mr. N. M. Joshi:** Communication is a better word.

**Mr. C. S. Ranga Iyer:** There has been some controversy about this word, and I have not been quite able to follow it. Sir, I should, therefore think that if Mr. James were to press after this speech his motion to a division, Honourable Members who want not to tamper with the Railway *cum* Commerce Department will have to go into the same lobby with the Commerce Member. But I think Mr. James is "a wiser man". He knows his motion would be lost; he will not press it to a division, and specially after his beautiful speech in which there are so many common points of agreement. As speakers on the other side have shown, everybody wants an Economic Council. My friend, Mr. Joshi, wants it; and when Mr. Joshi says we want an Economic Council, so far as I am concerned, he being the most radical Member in this House, that is the last word on the subject for non-officials. But, Sir, we do not want an Economic Council like the Railway Advisory Council. I do not know how many times the Railway Advisory Council has met. Mr. Joshi and Sir Henry Gidney both tell me that it was once in three years.

**Diwan Bahadur A. Ramaswami Mudaliar:** Let us know what Mr. Ranga Iyer says about economic planning.

**Mr. C. S. Ranga Iyer:** I hope to hear what my Honourable friend will have to say about economic planning. I am now concerned with an

[Mr. C. S. Ranga Iyer.]

Economic Advisory Council and I do not want that the Economic Advisory Council should be a reproduction of the Railway Advisory Council. I want an Economic Advisory Council which will go into the question of planned economy on which Diwan Bahadur Mudaliar will, as I find him poring over great volumes, if he has an opportunity to speak, speak eloquently. We know the opinion of the Honourable the Finance Member on this subject. I may straightaway say, Sir, that in our country situated as we are, we cannot have much of economic planning or a planned economy without planned money. We have no financial control and I do not want to go today into the question of the ratio, but that has a great bearing upon this matter. And in this connection I may make a present to Honourable Members of what a student of this subject, Sir Montagu Webb, has written. He has written some most unkind things about the Honourable the Finance Member himself in "India's Plight". He says:

"The Zoological Gardens contain no animal more stubborn than a Government Department, when called upon to correct a blunder and change to the right direction . . . I listened most carefully to the Finance Member's final defence of the 1s. 6d. Clause. As a clever effort in the gentle art of trailing the red herring, it won my unstinted admiration. But it contained not a single sound argument in favour of 1s. 6d. The final appeal to consider the pathetic condition of the poor labourers in the fields, who, it was asserted, would not benefit by a single pie, even if the rupee were de-rated to 1s. 4d. was completely nullified by the subsequent admission that those who fed the labourers, and lent money to ryots, zemindars and others, had not been able to recover what they had lent,—had, in fact, acted as 'shock-absorbers', whose sufferings and losses Government would have seriously to consider."

Sir, I do not want to take this occasion to dwell on planned money though it may be absolutely relevant, because that is the foundation of planned economy. But it will be admitted that unless and until the Government revise the ratio on which much has been said, there can be no economic recovery, there can be no encouragement of our exports, and there can be no fairness to our people, whether industrial or agricultural.

The Honourable the Leader of the Opposition referred to the difficulties arising from provincial autonomy. He said that Provincial Governments will develop industries; he forgot to say that "roads" is a Provincial subject, but when Federation comes into existence, it will be necessary for the Federation in certain of these matters to take up certain provincial questions also, as I am sure the Honourable the Leader of the Opposition no doubt recognises.

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

To avoid inter-provincial jealousy, to avoid development of the nation on the wrong lines, to make one Province produce what the other Provinces do not produce, so that one Province will sell to the other Provinces and buy from the other Provinces, to avoid economic clash, there will be a good deal of centralisation necessary, and no one, I am certain, recognises this more than the Honourable the Leader of the Opposition. He was only thinking loudly whether the question of industries should or should not be altogether left to the Provinces, how far the Central Government will take it up; and I think this is a matter which will be, to avoid unhealthy competition, in the hands of the Central Government to a very great extent also in the future.

As for planned economy, about which my friend, Diwan Bahadur Ramaswami Mudaliar, interrupted me, it covers so many aspects, such as for instance, the unemployment question. Under planned economy, again, you have to take up the question whether you should develop the arterial roads in this country. I have read the Five Year Plan of Russia; I have read the British admiration for that Five Year Plan. (Interruption.) My friend, Mr. B. Das, says "Let us have a Five Year Plan". (A Voice: "Why not ten?") Mr. James says "Why not ten?" Well, it is a pity that the Honourable the Finance Member, overworked as he is, and other Members of the Government of India, overworked as they have been, did not give us during the last five years a five year plan. The best planned economy for a country situated as we are is to regulate our tariffs as our industries require and to encourage our industries as their circumstances dictate; and that is why I say when I oppose the excise duty on sugar, that it is not the right way to develop the indigenous industry. We must have an industrial plan. I would ask my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, if he has time, to tell us the story of the development of Japan into a great and mighty nation, from an agricultural country to a great industrial country. How and why? Because the Government were behind it. The Government subsidised the industries; the Government made Japan what it is and the Japanese made their Government what it is. Unfortunately, we have no financial control and without financial control you cannot have very much of money to carry out an economic plan. As it is, you can have a committee of experts and non-experts; you can lay down a programme, but how will you carry out that programme? That is a matter for which the Government alone are responsible and on which the Government alone could speak. What I want is protection for the agriculturist by building a barrier against the importation of foreign rice (Hear, hear)—that is one plan.

**Mr. N. M. Joshi:** Burma is not a foreign country today!

**Mr. C. S. Ranga Iyer:** My friend, Mr. Joshi, says that Burma rice is not foreign rice today: what is today will not be tomorrow: and when Burma separates from India, there will be an opportunity for Indian rice to be protected. Then, again, I say, reduce the railway freights; and because the Commerce Department and Railway Department are under one common Member, I say they ought to know that the best way to encourage our industries and also to meet with what the Honourable the Finance Member apprehended to be the overproduction of sugar or overproduction in any other industry, the best way to meet it is to facilitate the transport of these industrial goods and industrial articles from one end of the country to the other by cheap freights. I need not dwell more upon this subject . . . .

**Mr. Deputy President (Mr. Abdul Matin Chaudhury):** The Honourable Member's time is up.

**Mr. C. S. Ranga Iyer:** . . . . because, as I was going to say, my "time is up"! (Laughter.)

**Mr. F. Studd (Bengal: European):** Sir, my Honourable friend, the Raja Bahadur, expressed himself as being disappointed with Mr. James' speech and with the extent of this motion. It seemed to me he was

[Mr. E. Studd.]

rather anxious that we should depart from the old teaching of our youth that we should learn to walk before we try to run, for it does seem to me that it is impossible to expect a complete economic plan which is likely to work, to be produced in a day or a week wholesale. Surely the only way, particularly in these difficult days, is to go step by step and learn by experience; and it is for that reason that this motion was definitely restricted to certain practical suggestions for administrative adjustments which we feel convinced will give vigour to the policy to aid recovery. It is, as it were, only the beginning of a foundation on which subsequently the economic plan may be built; and I think there has been a very large measure of agreement on those points which we have tried to stress. I was a little bit surprised when my Honourable friend, Mr. Ranga Iyer, who is usually so clear of thought and so fluent of tongue, found it difficult to understand why we had suggested a rearrangement of portfolios. But then I suddenly remembered the day on which his very fluency carried him into somewhat tangled complications when he began to talk about vertical roads, and I think if he will carry his mind back to that discussion, he will surely find there one justification at any rate for this suggestion of the reallocation of portfolios . . . .

**Mr. O. S. Ranga Iyer:** When I talked about vertical roads, the Honourable Member, if he exercises some little bit of his imagination, will find that I would be agreeing with him once the vertical roads develop—namely, civil aviation in India.

**Mr. E. Studd:** We have already had experience of cut-throat competition between railways and roads; in addition, we shall have further competition from aviation in the future. Surely the wisest way to deal with those competitions, to prevent wasteful competition and to get a wise plan that will make the various forms of transport work efficiently with each other, is to have one man in control of those various matters. My friend, Mr. Mody, said that we may have to go very much further. I entirely agree with him. I go beyond that and say we certainly shall have to go very much further, but it seems to me that it is wiser to make a beginning on certain practical things which can be done now and on which we can get a very large measure of agreement. It seems to me, Sir, that this is a matter which has nothing to do with the Reforms. I do not think it can possibly be held that such alterations ought to be deferred until after the Reforms have been introduced. It is the belief of our Group that these alterations will make for definite improvement now, and that is all the more reason why they should be done before the Reforms are introduced, so that those Reforms may have a better chance of functioning, for, Sir, time is, in our opinion, the essence of the contract. We are very strongly of the opinion that these points should be given immediate consideration, and that, as soon as possible, steps should be taken, so that, where alterations are required to meet the altered conditions, they can be put into effect without undue delay.

I welcome my friend, Mr. Hardy's delightful and interesting speech and his assurance that the tariff tangle was really being taken in hand, and it seemed to me, as he was describing some of the difficulties of watching the effects of various altered duties, that he was producing about as good an argument as could be made for the strengthened and enlarged Tariff Board, for which my friend, Mr. James, asks.

The Honourable the Finance Member in his speech said that industrialists themselves should take an active part in the industrial development and that they should not leave the whole burden to Government. With that, I think, every one will agree, but I think it is up to Government to provide the machinery whereby the activities of industrialists in that direction can be given effect to speedily and effectively. I should like to give an illustration which has come within my own knowledge. In another portion of his speech, the Finance Member referred with satisfaction to the figures of the export of Indian tea, and he stressed the increase of exports to the London markets. I should be the last person to belittle the value of that market or of that increase, but I would beg the Government not to forget that there are outside markets which are as important to the industry in India as the London market. In some ways they are of special importance, because, if they cannot obtain their requirements in India, they do not go from there to London to buy their tea, but they go to India's rivals,—Java and Ceylon.

Now, Sir, reference has been made already, in the course of this debate, to the disability under which Indian tea going to New Zealand has to compete. The position is that Empire tea got a preference of 8d a pound *plus* a surcharge of 9/40ths. That was the position until some time in the latter half of 1932. Ceylon was then, as I understand, as a result of the trade agreement, relieved of having to pay the surcharge, so that at the present moment Ceylon tea is at an advantage as against Indian tea by something between  $\frac{1}{4}$ d and three farthings a pound. For the last two years this question has been under discussion, and continuous representations have been made on the subject to try and get that disadvantage removed. It is a disadvantage which in some ways reacts particularly on the Indian tea grower in Northern India, because all the tea that goes to New Zealand from Northern India comes from the Calcutta market, and not from the London market. The Indian trade has been gradually built up during the last two or three years, and actually last year the shipments were something in the neighbourhood of two and half million pounds. Ceylon has naturally made strenuous efforts to get that trade back, and has actually sent a Trade Commissioner down to New Zealand with ten thousand pounds in his pocket to spend in trying to recover that trade, in other words, to get the Indian tea replaced by Ceylon tea. Now, Sir, I do suggest that if there had been in operation a Tariff Board of the nature outlined by Mr. James, it would not have taken two years to deal with that particular case. The surcharge has still not been removed; no agreement has been come to, and the Indian tea grower is still labouring under that difficulty, and the impression in tea circles in New Zealand is quite definite, that it is India's fault and not New Zealand's fault that that extra duty has not been removed. Now, Sir, I quote that as an illustration of the necessity for rapid decisions, rapid alterations, if constantly changing conditions are to be met before trade suffers.

I am glad to find that a great majority of those who have spoken on this motion have welcomed it and have given us their support.

4 P.M. I should only like to repeat that these are points on which we feel strongly, and we hope that we shall get from Government a definite assurance that these matters will be taken into consideration immediately, so that we may not have to consider pushing the matter further. I do not think, Sir, that there is anything else that I have to say at the moment. I



[Mr. E. Studd.]

had hoped that I might have an opportunity of speaking before the Commerce Secretary in the hope that I might get something from him about New Zealand tea.

**The Honourable Sir George Schuster** (Finance Member): Sir, I should like to associate myself with those who have expressed their appreciation of the fact that this subject has been brought before the House and of the very able speech made by my friend, Mr. James, in supporting his motion. I feel that we have had an interesting discussion and one which has certainly been of value to the Government, and I think that the more constructive thought is given to the whole range of subjects which have come before us today, the more they are discussed in the sort of atmosphere which has prevailed today, the better it will be for the public interests of India. Sir, I would like also to make an admission at once, and that is that we have got to adjust ourselves, the Government must adjust themselves, to the changing needs of the times. I entirely agree with what was said on this point by my Honourable friend, Mr. Mody. The role of Government in giving direction to economic policy is a very different one today to what it was before the War, and every day new needs are coming upon us for taking an active part in directing policies which were formerly left to develop on their own account under what was then a generally accepted policy of *laissez faire*. But if one makes those admissions, and even if one includes in making them some implication that a change may be necessary even now in the machinery of the Government of India, I think it is also of value to ask Honourable Members to cast their eyes back to what the record of the Government of India has been. We naturally in this House listen mainly to criticisms of this Government, but after all most of the speakers are Indians, and, for better or for worse, this is their Government, and I would suggest to them that it is sometimes desirable that they should appreciate their merits and the things which they have done. Let me take just three examples.

The Tariff Board about which we have heard so much—that organisation has been a remarkably successful piece of machinery. When it was started, I think we may fairly describe it as a bit of pioneer work. Other countries had not got an organisation of that kind, and I can certainly tell Honourable Members when we discussed the general policy and the conditions in our country with representatives of the dominions and even of the British Government at the Ottawa Conference, there was a general opinion that India had done very well with her Tariff Board and that that was a piece of machinery which they would be very glad to have and to imitate, and I think that the recent organisation which has been set up by the British Government has been to some extent modelled on the Indian Tariff Board. In making that remark, I should like to take the occasion of paying a tribute to the predecessor of my Honourable colleague, Sir Joseph Bhore, because if the Tariff Board has done well and achieved a good reputation, I believe it was very largely due to the traditions of work which were started by Sir George Rainy. (Applause.)

Now, let me take another example. When we came to discuss economic affairs at Ottawa, every Government was very much put to the test, and it was easy then to see which Governments of the dominions had prepared their case well, which Governments were able to take a useful part in the discussions. I have often told the House and repeated it on other occasions, that one of the things that impressed me most at Ottawa

was the credit which was won by the Government of India's Delegation. It was generally admitted, I know that the British authorities felt that, that our case was better prepared than the case of any other dominion, and that the representatives—and they were mostly Indians—whom we were able to put on to the various Committees took a most useful part in all the discussions. Our credit stood very high, and I think that reflects well on the machinery of the Government of India.

Then, let me take a third case. Recently, as Honourable Members know,—the House will be discussing it next week,—we had to take action to deal with what I think I may fairly describe as a menace, which has gradually been appreciated in many parts of the world,—the menace of Japanese competition. I think the general impression, certainly in England, is that the Government of India were the first Government really to take a lead in that matter, and I know that the action taken by my Honourable colleague, Sir Joseph Bore, in that matter was very gratefully looked to as an example by people in England who were anxious that the British Government should act on similar lines. The Government of India were not slow to meet a need of that kind; in fact, as I say, they have really given a lead to other countries. So that, although we may recognise that our machinery is open to criticism,—and what human organisation is not? I think, in spite of the defects, taking a broad view of the situation the Government of India's record is not one of which Honourable Members who are Indians need be ashamed.

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

One point that has been raised in this debate is the question of the redistribution of portfolios. I have listened to the arguments, and, as one who admits the need for thinking in advance of all the problems that are likely to come upon us, the only conclusion that I can draw from those arguments is that a mere redistribution of portfolios will not meet the need. The only thing that would really meet the need would be to increase the number of portfolios, to increase the number of Executive Councillors. Now, Sir, if I might express a purely personal view, it is this. We certainly are over-worked, we certainly don't have as much time as we ought to have for thinking out in advance problems which are likely to arise. And, as a purely personal opinion, I think that if the public of India were to desire and to achieve an increase, let us say, of half a dozen Executive Councillors, always provided, of course, that in increasing the quantity you can maintain quality, I think it would be a most excellent investment. But, Sir, it is quite clear that that is not an interpretation of my Honourable friend's point which is likely at least to command unanimous support in this House. Let me take some other points that have been made. Very much play has been made over the possible conflict of interests between my Honourable friend, the Member for Industries and Labour, when he functions as a Member for Industries and when he functions as a Member for Labour. I think that argument is based on a certain misconception. After all, in the case of every important matter of policy, there must be many conflicting interests which have to be taken into account, and, in deciding the policy, the conflicting interests must as best as possible be reconciled. But that is the task of the Government. The mere fact that in a particular Department two aspects of the matter may have to be considered is not necessarily a disadvantage, and I would point out to some of those who have dealt with this point that the arguments of various speakers

[Sir George Schuster.]

have been mutually contradictory on this matter. The interests of industry and the interests of labour are two facets of one problem which may arise where questions dealing with industry have to be considered. The interests of roads and the interests of railways afford another example of two facets of the same problem which may arise when questions of communications and development of transport have to be considered. Yet, in the one case, Honourable Members say it is absurd that these two facets should have to be considered by the same man, and, in the other case, they say the fact that these two facets have to be considered by different people is a fatal flaw in our present organisation. That is not a mere debating point and what I desire to put to the House is this—that the thing that really matters is that when any programme comes up before the Government, and when any policy is being decided, it is necessary that the problem should be viewed as a whole, that all the facets of the problem should be taken into account and that the Departments of Government which are dealing with the problem or one part of it should not ignore the other parts and that the Government should function as a united whole. In that respect, I do think that we have made very great advances recently. We have had recently much more difficult economic problems to deal with than formerly, and we have realised that, when one question comes up, it almost always involves a number of different Departments. Hitherto, in the ordinary machinery of the Government of India, there had not been easy opportunities for joint discussion, between Departments, of cases that are still in an undeveloped stage. Cases were discussed jointly when they came up before the Executive Council as a whole and then it was only on certain occasions that cases were brought before the Executive Council. Now, in view of this need for joint discussion and the consideration of each economic problem as it arises as a whole and of considering all its facets together, we have started the organisation of an Economic Sub-Committee of the Executive Council which enables us to get together and consider matters before they have reached their final stage. That is really a very great advance. But there is another and still more important point—and it has been touched upon by my Honourable friend, the Leader of the Opposition,—and that is this. There is another factor in our present organisation which is likely to create obstacles in the way of economic planning for India as a whole and is likely to lead sometimes to problems being considered only from one side and not from the point of view of the interests of India as a whole, and that is the division of authority between the Central Government and the Provincial Governments. And, however, much one may support the idea of provincial autonomy, however much one may recognise that the Central Government should not interfere with the proper development of responsibility by the Provincial Governments, I think one of the great dangers of the future is that with the growth of provincial autonomy and of greater responsibility on the part of the Provincial Governments, problems may not be considered from the point of India as a whole. There will be a strong centrifugal tendency, there is already—I am afraid one must admit—on many occasions a strong centrifugal tendency, and we have felt that that is one of the things which must be guarded against in the interests of India and particularly if India is to have any sort of planned economic policy. In that respect also, we have been very active, particularly during the last year or 18 months. On every possible occasion we have tried to get the Provinces together in conferences with us, so that these problems may be considered from the point of view of India as a whole.

An important attempt in that direction was the organisation of the Imperial Council of Agricultural Research; but, apart from that, we have, whenever important problems have come up, tried to tackle them by way of conferences. We had last summer a very important Conference on rail and road developments. We had a Sugar Conference. We have just had here in Delhi a Conference of Co-operative Societies, and we are shortly to have in another two or three weeks a very important Conference with provincial representatives on the general economic position. I do not think any one can criticise the Government of India for not having tried to tackle that possible difficulty in the way of achieving a policy of planned economy, and I would ask my Honourable friend, who moved this Resolution, to appreciate how limited the powers of the Government of India are in this matter by the fact that, in almost every field of direct economic activity, the real power rests with the Provincial Governments.

Having said that, I do not wish to leave my Honourable friends on the right under the impression that we do not think there is a great deal in some of the points which they have made. I think that, in order to make clear to them what the views of the Government of India are on this matter, I may conveniently read a paragraph from a letter which has gone from the Department of Industries and Labour to all Provincial Governments recently on this question of co-ordinating machinery for road and rail transport. The letter is a recent one, which was dated only the 28rd February. One paragraph runs as follows:

"It appears to the Government of India that it is most desirable both at the centre and in the provinces to have all subjects dealing with transport and communications placed under the control of one member of Government. Not only would this arrangement facilitate the formation and deliberations of the Central Transport Advisory Council"—(a topic dealt with in this letter),—"but it would make for a more coherent policy of control and development. It is the intention of the Government of India to investigate the possibility of such a redistribution of subjects among the portfolios of the members of the Government of India as soon as a convenient opportunity presents itself and they would strongly commend a similar investigation to the Local Government and the adoption of the proposal as far as circumstances and the constitutional position permit."

That, Sir, will satisfy my Honourable friend, that at least we are taking action on that matter and that, as soon as a convenient opportunity arises, that will be most seriously considered. Honourable Members, of course, appreciate that at the present moment, with constitutional changes hanging over us, the decision on this question is not so easy, and I am sure they will also appreciate that a convenient occasion must be chosen for a change of that kind. Taking away work from one Member who knows it well and giving it to another Member who does not, is apt to produce dislocation and militate against the objects which my Honourable friend has in mind. But as soon as a convenient opportunity occurs, it is definitely the intention of the Government of India that the question of this change should be taken up.

The only other point with which I wish to deal is the question of an Economic Advisory Council. I think the experience of other countries in this matter throws a good deal of light on the subject. We have been asked to set up an Economic Advisory Council, because every other country, or a great many other countries have done it, and Honourable Members are fully acquainted with what has been done in other countries, because very complete information on that was given by Sir Arthur Salter in his recent report. My Honourable friend, Mr. Mody, told us the other day that we

[Sir George Schuster.]

must take a leaf out of the book of His Majesty's Government and set up an Economic Advisory Council as they have done. Well, Sir, that Economic Advisory Council was started in England with a certain amount of flourish of trumpets, I think in 1930 or at the beginning of 1931. According to my information, that Economic Advisory Council has not had a single meeting since the year 1931.

**Mr. H. P. Mody:** It has got a staff which is functioning all the time.

**The Honourable Sir George Schuster:** Yes, I am well aware of that, and it is very interesting to follow out that particular development. Every one, I think, will admit that it is much easier to find in a country like England men of the right quality and experience to serve on such a Council than it would be in a country like India, where, first of all, the choice is necessarily more limited and, secondly, the difficulties of distance are so much greater; yet, even in England, it has not been found that the Council as a whole is a practical instrument of any value. On the other hand, as my Honourable friend points out, the secretariat of that Council has been used a great deal. It happens that the Secretary of the Council is an economist of very high standing and a man of exceptional qualities and I believe that he has been personally of very great use to the Prime Minister. And this seems to show that a permanent small secretariat may be of value, but that the occasions for using a large Council do not often arise.

Now, I think that that has been almost the identical experience of every other country which started one of these Economic Advisory Councils: and if that is the general experience, then one ought to be able to discover some cause—there must be some fairly obvious cause—why experience in every country has led to the same conclusion. And, indeed, I think the cause is not difficult to find, and the cause is this, that, when you take up important questions in the economic field, you immediately come up against questions of policy; and questions of policy must be decided by the Government themselves. If the Government have an Advisory Council—and that Council probably, as a matter of fact, will be very divided in its opinions—and that Council puts up opinions which are inconsistent with the policy of the Government, possibly a policy on which that Government have been returned by the electors, then the Government must reject such advice, and no Council of that kind can maintain its authority in the country or really perform useful functions unless its advice is always taken or practically always taken. Therefore, for a Government to set up an Advisory Council of this kind tends either to be a matter of mere eye-wash or to involve the relinquishment by the Government of their own responsibilities, in perhaps the most important part of the field of those responsibilities. So that there is a real difficulty in the way, I think, of setting up an organization which would perform the sort of function, which Honourable Members who have spoken in support of this motion have in mind, or which would be of the value which they anticipate. But having said that, I do not want the House to understand that we think that nothing should be done. As a matter of fact, our own plans in this respect are not yet fully matured, and, as Honourable Members know, we are awaiting the report by the two economists, Professor Bowley and Mr. Robertson, which

we hope to get very soon, before we finally decide what we are going to do. But already, as I told the House the other day, we have taken some steps. We have set up a central statistical and intelligence bureau at headquarters and the question really is what the next steps should be.

Now, I fully admit that what is necessary in the conditions to which every speaker referred—the conditions of the increasing need for some sort of planning and the conscious direction of Government's policy to that end—one must admit that if Government are to take action of that kind, they must have the fullest information as to their own position. They must be able to put their finger on the economic pulse of the nation at any moment, and they must have at their disposal people of the right qualifications not only to watch the situation, but to sit and think and work out plans or analyse problems. It seems to me—and here again I am only expressing at present an entirely personal opinion—that if Government are to be adequately equipped for these needs, that indicates the first step at any rate which ought to be taken. The first step is to improve our statistical organization and, as I have said, to have at our disposal economists, and possibly also men of practical experience, who will be available to do the thinking out on any question that arises. Honourable Members have referred to the need of bilateral trade agreements. Now, when a case of that kind comes up and any agreement as between two countries has to be made, it requires a tremendous amount of study, scientific study and thought to see in respect of what articles an agreement could be made, and to assess what would be the reactions of an agreement of that kind on the country's economic relations with other countries. I am sure, we should all agree that it would be a very welcome assistance to us to have an adequate organization for dealing with these matters. Experience during the last two years has shown the need of such a special organization, for the tackling of these problems has meant taking officials very often from their daily tasks—and it has also meant a great deal of work for the particular officials—in order to work on these special problems, in a way which sometimes has reacted unfavourably on the possibilities of their performing their normal administrative duties. On those lines, undoubtedly something is required. I might go on from that and, again expressing a purely personal opinion, I would say this that I fully recognize the advantage of having some sort of Economic Advisory Council in the sense of having a body which would satisfy the public that it was properly represented in the discussion of these problems. But so far as the Central Government are concerned, I do feel that there would be the greatest difficulties in providing a Council which will be able to devote sufficient time to afford really useful service.

My Honourable friend, Mr. James, said that he was very modest in his proposal and he would suggest only a Council of fifteen men. Well, I should like him among his own Group to set up a little Selection Board and start selecting his team of fifteen men and see what sort of a list he produces. I suggest that that task would be even more difficult than the task of selecting an all-India cricket team for test matches. And when he has formed his team, will he ask himself how many of those men, if they are really valuable men, are men who would be able to run up at any time all through the year from their place of business to Delhi or Simla, men who would be able to devote a large portion of their time to this work, because unless they are ready to do that, the whole thing becomes a wash-out and completely useless? Will he also ask himself how many of those

[Sir George Schuster.]

men are not already committed publicly to opinions either on politics or economics which are inconsistent with the definite policy of Government? And then let him ask himself what would be the result when we start discussing with them a particular economic policy. I think if my Honourable friend sets himself that practical task, he will realise what are some of the practical difficulties in this matter. I am, of course, continuing to express personal opinions. My own view is that as a first step in this direction it might be extremely valuable if Provincial Governments would set up Provincial Economic Advisory Councils. The task for Provincial Councils would be considerably easier. One knows, of course, that a step is already being taken in that direction by the Governor of Bengal. It will be very interesting to see how his Council works. It seems to me that if the Provincial Governments would make the first start, then valuable experience would be gained and possibly out of the personnel which would serve on the various Provincial Committees some sort of an All-India Advisory Committee might usefully be constituted.

To sum up then the view of the position which I have put before the House is that so far as the Central Government are concerned, the first step should be the setting up of a small organisation to help the members of Government in working out their own policy. As a second step, Economic Advisory Councils may usefully be set up by the Provincial Governments, and, as a third step, arising out of that, possibly a Central Advisory Council may usefully grow.

I think that I have covered all the main subjects which have been dealt with. I trust that I have given some satisfaction at least to my Honourable friend, Mr. James, whom I should like to thank again for having in a sense taken up my own challenge in my Budget speech and brought this subject up for further discussion.

**Mr. F. E. James:** Sir, I should like to acknowledge in the first place the co-operation which this discussion has received from different parts of the House and from representatives of various Parties. I must confess that I was most disappointed with the outlook on our proposals evinced by my Honourable friend, the Leader of the Opposition. His attitude reminded me of the attitude of an elderly gentleman in a London Club to a young man who burst into the room and said "I have got a magnificent idea". He looked up from his newspaper and asked him if the idea was a new one. He said "Yes". Then said the elderly gentleman: "I do not want to hear it" and went on with his paper. A person who has a closed mind to new ideas can never be a Leader of a great Party and certainly can never lead a big Party, and I do suggest to my Honourable friend that, in a world that is changing daily and when the impact of new ideas cannot be avoided, he should have a more receptive mind to some of these rather tentative proposals.

**Sir Abdur Rahim:** Will you come to this side and lead us? You will then find out your measure. (Laughter.)

**Mr. F. E. James:** If my Honourable friend could be influenced by some of my ideas, I should like nothing better.

Now, Sir, as far as the four main points which we stressed in my opening speech are concerned, much has been said by Members of Government and by Members on different sides of the House. We still feel that a redistribution of portfolios on the lines we suggested will make for saving of time in the consideration of problems, will make for greater concentration on allied problems and will make for more planned development. I understand that the position is that when an opportunity occurs, there will be a reshuffling of Departments. The difficulty is that we have to wait for that opportunity to occur and nobody particularly wants it to occur in the near future as far as the personnel of the present Cabinet is concerned. Our difficulty is that there is no general change such as takes place in a Ministry in a self-governing country when one Ministry goes out and another comes in. And when a change occurs, it generally occurs as far as one holder of the Executive Councillorship is concerned. Therefore, it means that those who remain in the Council have to undergo the disadvantage and the disability of having to learn new jobs. Whatever may be the case and whenever the change does take place, I am perfectly sure that those Members of the Cabinet, who today hold important portfolios, will not let precedent or departmental prestige stand in the way of a redistribution if the Government feel at that time that such a redistribution is essential.

Now, in the second place, I want to refer for one moment to the second proposals which have been made regarding the tariff. I should like to acknowledge with thanks what my Honourable friend, Mr. Hardy, has said, and I would once more like to say that throughout our proposals we have uttered no word of criticism of the Tariff Board. There seems to be a persistent and misguided feeling in certain quarters of this House that we were criticising the present Tariff Board. Nothing was further from my thought. Our whole point is that the Tariff Board by its present work has proved to be such a useful body that we are anxious to make greater use of it. We wish to make it more flexible and stronger and to give it wider powers and enlarged jurisdiction. I think that is a proof of our faith in the work of the Board up to the present. As far as the Economic Advisory Council is concerned, I understand from the Honourable the Finance Member that he agrees with the first part of our recommendation, namely, that there should be a permanent, small economic staff, studying problems from day to day without having the necessity of dealing departmentally with them, immediately. The Honourable the Finance Member referred to England's experience, and my own information confirms what he says, namely, that the larger council has been of little avail. There are various reasons for that, but I would like to put before him two reasons which make a difference in the case of India. The first is that in England you do have a responsible Government, and that men are returned to power on a definite mandate with definite instructions from the electorate. The position here is different. Here you have an irresponsible Cabinet, which may be responsive but is not responsible and does not, therefore, change from time to time according to the weight of public opinion on certain policies. One of the reasons why we feel that it is necessary to have an Advisory Council is this very fact that the Government in this country and their executive are irremovable. There is, therefore, all the greater need, in order that it may remain in touch with outside opinion in industry and commerce, to have some sort of machinery of the kind we have suggested. Then, Sir, the other reason why I consider that there is a difference in the position here and in England is that in England the problems of commerce and industry are highly concentrated. England is a small country highly,



[Mr. F. E. James.]

industrialised, whereas the position here is entirely different. India is a huge country which is mainly agricultural and is split up into Provinces and States. As I hinted in my opening speech, we feel that there is a genuine need—and will be so in the future—for some co-ordinating advisory body which will help to relate to the Central Government the experience of the Provinces throughout the country.

My last point is the question of commercial treaties and I am very grateful indeed to the Honourable the Commerce Member for the information which he gave to us on this subject. I would remind him that there never was any suggestion in our proposals that there should be an immediate and wholesale revision of the treaties. He seemed to suggest that it was up to us to point out to the Government where there were in existence today any treaties which were operating as a hardship to India's interests. I suggest to him most pertinently that it is the Government's first duty to know for themselves without any prompting from without wherein India's interests really lie. I would go further and say that, although I have not time at the moment to put my Honourable friend in touch with certain treaties which do today operate as a definite hardship against India, some of them will have the effect of hampering India's trade should the question of commercial treaties with other countries arise in the near future. There is also the important question of the balance of trade. Our trade with certain countries has definitely declined, and surely where our trade with countries is declining, there is a need to revise our relationship with those countries in order to secure the maximum possible benefit from any general recovery in trade and to be equipped to bargain with them when they are willing to bargain with us.

I have nothing more to add. We do not wish to press this motion to a division. I said at the very beginning that whatever contribution we made was made not in any critical spirit, but in a constructive spirit. We certainly should not be able on a motion of this kind to contemplate a censure upon the Government. But we do strongly feel that these are matters that merit the serious and earnest consideration of the Government and indeed of the whole country. If the debate has served no other purpose, I trust that it has given the Government at least the impression that there are people in this House who themselves are thinking over these problems who have definite suggestions to offer and who expect the Government to consider them in the spirit in which they are made. (Applause.) Sir, I beg leave of the House to withdraw the motion.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Is it the pleasure of the House to give Mr. James leave to withdraw his motion?

(Leave having been refused.)

The question is:

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

The Assembly divided:

AYES—4.

Ashar Ali, Mr. Muhammed.  
Das, Mr. B.

Mahapatra, Mr. Sitakanta.  
Thampian, Mr. K. P.

## NOES—43.

Abdul Aziz, Khan Bahadur Mian.  
Allah Baksh Khan Tiwana, Khan  
Bahadur Malik.

Anklesaria, Mr. N. N.  
Bajpai, Mr. G. S.  
Bhore, The Honourable Sir Joseph.  
Chatarji, Mr. J. M.  
Olayton, Mr. H. B.  
Cox, Mr. A. E.  
Dalal, Dr. R. D.  
Darwin, Mr. J. H.  
Dillon, Mr. W.  
Fazal Haq Piracha, Khan Sahib  
Shaikh.

Graham, Sir Lancalet.  
Grantham, Mr. S. G.  
Haig, The Honourable Sir Harry.  
Hardy, Mr. G. S.  
Hezlett, Mr. J.  
Irwin, Mr. C. J.  
Ismail Ali Khan, Kunwar Hajee.  
Jawahar Singh, Sardar Bahadur  
Sarda Sir.  
Metcalfe, Mr. H. A. F.

Mitter, The Honourable Sir  
Brojendra.  
Mujumdar, Sardar G. N.  
Mukharji, Mr. D. N.  
Mukherjee, Rai Bahadur S. C.  
Noyce, The Honourable Sir Frank.  
Pandit, Rao Bahadur S. R.  
Puri, Mr. Goswami M. R.  
Rajah, Rao Bahadur M. O.  
Ramasakrishna, Mr. V.  
Rastogi, Mr. Badri Lal.  
Rau, Mr. P. R.  
Row, Mr. K. Sanjiva.  
Roy, Kumar G. R.  
Ryan, Sir Thomas.  
Sarua, Mr. R. S.  
Sebaster, The Honourable Sir George.  
Sher Muhammad Khan Gekhar,  
Captain.  
Singh, Mr. Pradyumna Prashad.  
Sloan, Mr. T.  
Talib Mehdi Khan, Nawab Major  
Malik.  
Tottenham, Mr. G. R. F.  
Wajihuddin, Khan Bahadur Haji.

The motion was negatived.

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

"That a sum not exceeding Rs. 73,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1935, in respect of 'Executive Council'."

The motion was adopted.

## STATEMENT OF BUSINESS.

**The Honourable Sir Brojendra Mitter** (Leader of the House): With  
5 P.M. your permission, Sir, I desire to make a statement as to the  
probable course of Government business in the week  
beginning Monday, the 12th March. You have already directed that in  
that week the House shall sit for Government business on Monday, the  
12th, Tuesday, the 13th, Wednesday, the 14th, Thursday, the 15th and  
Friday, the 16th.

On Monday, a motion will be made for the election of members to the  
Standing Finance Committee. Leave will then be asked to introduce  
the following Bills, namely:

- (1) A Bill to provide for the imposition and collection of an excise duty on sugar;
- (2) A Bill to provide for the imposition and collection of an excise duty on matches;
- (3) A Bill to regulate the price of sugar-cane intended for use in sugar factories; and
- (4) A Bill to give effect in British India to a Convention for the unification of certain rules relating to international carriage by air.

[Sir Brojendra Mitter.]

Thereafter, a motion will be made to refer to a Select Committee the Indian Tariff (Textile Protection) Amendment Bill. It is hoped that the consideration of this motion will be finished any time after Tuesday evening. The rest of the week will be occupied by motions for the consideration and passing of the Indian Finance Bill.

I may add, Sir, that towards the end of the week, if you are in agreement with us in considering that sufficient progress has not been made, we shall ask you to direct that the Assembly shall sit on Saturday, the 17th March.

---

**Mr. F. E. James:** Sir, may I be permitted to make one observation? I have come to learn that, in the course of my remarks at the close of the debate, I caused unwitting offence to the Honourable the Leader of the Opposition. He is an old and respected Leader of this House and an old personal friend of mine, and nothing was further from my intention. Therefore, if I have said anything which may be interpreted by him or anybody else as being unfair or unpleasant, I most unreservedly apologise to him.

**Sir Abdur Rahim:** Sir, in view of the statement made by my Honourable friend, Mr. James, I regard the incident as closed.

---

**Mr. C. S. Ranga Iyer:** Sir, I rise to a point of order on which I want your definite ruling. I believe that the cut motion that was moved by Mr. James on behalf of the European Group was the result of an all-Party decision; and, therefore, I should like to know whether when such an agreement is reached between all the Parties that each Party can take up a cut motion, other Parties or responsible office-bearers of those Parties are within their rights in preventing the Party which initiated the motion from withdrawing that motion.

**Mr. President** (The Honourable Sir Shanmukham Chetty): So far as the question of any Member of the House refusing to give his consent to the withdrawal of the motion is concerned, it is the inherent right of every Member and that cannot be changed or altered by any agreement among the Parties or even by unanimous agreement among all the Members of the House. As a result of experience what the Parties must in future do is this. Before they come to an agreement with regard to matters that they take up, they must make these subsidiary agreements also. (Laughter.)

Before adjourning the House, the Chair would just like to make one observation. From the week beginning next Monday, the House will be entering on a very heavy legislative programme, probably the heaviest of all experienced during the course of the last ten years. The House has at least four very important Bills which will immediately come up for discussion,—the Textile Protection Bill, the Sugar Excise Bill, the Matches Excise Bill and the Indian Finance Bill. In addition to these, the Chair does not know what the intention of Government is with regard to the other measures like the Princes Protection Bill and the Factories (Amendment) Bill which are before the House. Honourable

Members would have observed that on legislation there is no time-limit on speeches and very often closure has been applied. Even though the Chair felt that there has been a fair discussion, some Members who might have taken part in the debate are thereby precluded. That can be avoided if there is more co-ordination amongst the various Parties and within the Parties themselves. In view of the very heavy programme that lies before the House the Chair would advise the Parties to put their heads together and have some co-ordinated action with regard to the speakers on the various Bills. The Chair thinks that will facilitate discussion of all the measures.

The Assembly then adjourned till Eleven of the Clock on Friday, the 9th March, 1934.