

'It is common knowledge that before the Indian hides trade was monopolised by the Germans.'

That was true only of Calcutta; it was utterly untrue of the Karachi trade, and it is impossible that the Germans should recover their monopoly at Calcutta as they have lost their shipping. The Germans had no monopoly of the skins trade anywhere.

The Chamber Report goes on to say :

'We have already mentioned in certain paragraphs the difficulty there is in marketing the lower grades. Yet under the system adopted, these goods have to pay the same export duty as the higher grades, thus adding to the natural difficulties of the case.

The collection of duty is a cumbersome affair involving much extra clerical labour, and is a genuine obstacle to business when prompt and immediate shipment is required, the bonds required for shipment to British ports are even more troublesome.

The idea of the duty as per (1) is to protect Indian industry. Great labour is expended on the fleshing, stretching and preparation of 'framed hides.' The essential difference between an ordinary and a framed hide lies in this labour. The higher export duty on the 'framed' is therefore a tax on the labour expended. It is in fact a higher tax on a partly manufactured article. But if an export duty is leviable, we admit a higher schedule value for framed hides is unavoidable.

India has no monopoly in the supply of goat and sheep skins. Under the duty it is an undoubted fact that she is finding the greatest difficulty to market her surplus production.

The bazar price for hides and skins necessarily has to cover the cost of their collection and transport. At the present prices ruling for the lower grades of hides and skins, there is no incentive for the country folk to collect and market these. The result is a distinct economic loss.

If the object of the export duty is to support Indian tanneries, it can only be by reducing to them the cost of their raw material.'

And there that Report seems to stop, though to the best of my recollection the original had :

'It would only be reducing to them the cost of their raw material at the expense of the producer.'

All that, of course, has been substantially admitted already. Sir, by Mr. Innes So I do ask the House to remember that this amendment is not against any form of protection. The House is undoubtedly protectionist,

I think. It amazed me, therefore, that they willingly taxed an Indian industry just now like the tea industry. It will amaze me more, therefore, if they want to go on and tax an Indian industry like this. But I want to appeal to another point, Sir, that I mentioned in my speech on the 8th of this month, that I do not think anybody quite took up. When Government interfere in this extraordinary way with an established business, they in fact attack a business that was the monopoly of the Muhammadans as far as the Punjab and Sind are concerned. I know many of these men, in the trade for many years, and the Muhammadans of the Punjab and Sind are not great adepts at business. This was one business that the Hindus let wholly to them, as you will understand. The interference with that trade has come very hard indeed on these men, and, I understand, that there are some other points more intimately connected with the drawback to these people that Mr. Chaudhuri Shahab-ud-Din wishes to explain as he knows them better than I do. I may say also that, as far as I remember, there are four European firms in Karachi connected with this trade and all the firms in Amritsar, Lahore, Multan, Sukkur, Hyderabad and in Karachi are of course Muhammadan Indian firms.

This is not a European question or anything of the sort. This is, if anything—if it is confined to any particular section of the community,—it is really a Muhammadan question, for it is undoubtedly their trade in my part of the country.

MR. C. A. INNES: Sir, the hour is late and I do not propose to detain the House very long. My position is very much the same as it was in respect of the export duty on tea. I should, in the first place, like to remind the House that when we introduced this export duty on hides and skins last year we did it with the trade behind us—in fact, at the instance of the trade....

MR. E. L. PRICE: What trade, Sir?

MR. C. A. INNES: The Hides and Skins Shipper's Association, as the Association was then constituted, was in favour of an export duty on hides.* The Southern India Skin and Hide Merchant's Association was strongly in favour of an export duty of 20 per cent. *ad valorem*, and we had the Bengal Chamber of Commerce behind us. When we introduced the Bill into the Indian Legislative Council, it was welcomed on all sides. I am free to

*NOTE—See pages. 122-129.

mit, Sir, that when we introduced that Bill, we were probably a little too optimistic, but everybody else was too optimistic. We all thought that the war would be followed by a trade boom which would last at least for five years. We thought there would be a tremendous demand and great competition for our raw materials. We thought we should be able to dictate the terms on which that raw material should leave the country, and we put on this export duty, as Mr. Pickford said, not as a revenue producing measure, but partly for the purpose of fostering the tanning industry in this country and partly for keeping a key industry within the Empire. Now, Sir, whatever the merits or the demerits of export taxes may be, they, at any rate, have this disadvantage. If when you have an export duty upon a trade or an industry that industry drifts into a period of depression and stagnation, then Government is at once attacked for having put on an export duty. The export duty is accused of being the cause of all the troubles under which the trade is labouring. Now, Sir, in this particular case, as Mr. Pickford admitted, nobody is able to say or indeed has said that our export duty is the cause of the stagnation of the hides and skin trade. Everybody knows what that cause is. Owing to the collapse of the foreign exchanges, owing to the fact that Germany and Austria cannot buy, there is practically no outlet for our hides and skins. The tanning trade throughout the world is depressed. It is depressed in the United Kingdom, it is depressed in Europe, it is depressed in India. The result is there is no demand for our hides and skins, and that is the main reason why this industry is in a state of depression. But, Sir, it is just here that the danger of the export duty comes in. We have this depressed trade. Later on we may hope—probably towards the end of this year—that trade will begin to revive, and the point, the real point and substance which has been put to us by those interested in the hide trade in India, is that when trade begins to revive, it is just then that your export duty of 15 per cent. may do us harm. That is the main point which has been put before us. Well, we have considered this question. The position is precisely the same as it is in respect of the tea industry. We have got this export tax. We estimate that during the coming year it will bring in one crore of rupees. The trade has asked, and asked with a certain amount of reason, that the tax should be taken off. Well, if that tax is taken off, it means that we shall lose a crore which we have to make good in some other way. It is for the House to consider that if we take off this duty and give up that crore, we have got to find that crore somewhere else, and that is the position which I wish to place before the House.*

*NOTE.—It will be noticed that the only defence of the tax is the *Law of Necessity*. My readers may remember that vicious theory as propounded on 4th August 1914.—E. L. P.

RAO BAHADUR T. RANGACHARIA : Sir, I propose that the question be now put.

CHAUDHURI SHAHAB-UD-DIN : Sir, the question is an important one. It is rather too late now and I mean to address the House for about half an hour.

It is an important question, and touches the Muslim commercial community throughout India. I have received complaints and representations. Therefore, I would request the Chair to give me time to-morrow unless, of course, the House is prepared to sit now. I shall try to be brief...

THE HONOURABLE THE PRESIDENT : I may say for the Honourable Member's information that I did not accept the motion for closure moved on my left, because he had been specifically mentioned by name by the Honourable Member from Karachi. It is a well-known Parliamentary practice—that, when a member has been particularly mentioned by name by a previous speaker and that member rises to speak, he is called by the Chair. He has a kind of prescriptive—not an absolute—right owing to the mention of his name in debate. Otherwise I should have accepted the closure.

CHAUDHURI SHAHAB-UD-DIN : Sir, it was on the 11th September 1919, that the export duty of 15 per cent. was imposed on hides and skins. The reason which was then assigned by the Government, and I believe the reason which is yet maintained, is that tanning in India is to be encouraged, that the tanning industry has to be improved ; we are told that it is in our interests that this export duty was imposed and that it is in our interests that it has been continued. Let us see what are the facts, and whether the purpose which was in view of the Government has been achieved or whether it has failed. In reply to a question which was answered by the Government on the 1st of this month, Government stated as follows. I shall only read the relevant portions. The question was No. 340—'What quantity of raw and tanned hides and skins were exported in the 12 months preceding the 11th September 1919, when an export duty of 15 per cent. was imposed on raw skins and hides, and what quantity has been exported since then?' The reply was 'that during the 12 months preceding the imposition of export duty 32,960 tons of raw and 29,577 tons of tanned hides and 33,006 tons of raw and 5,033 tons of tanned skins were exported.' As against these figures let me quote the figures of exports during the year 1920. From January 1920 to the end of December 1920, the figures are :—Raw hides—24,952 tons, tanned hides 7,178 tons ; raw skins 16,186 tons and tanned skins 3,135 tons. A comparison of these figures clearly shows that the

export of raw hides and skins has gone down considerably; and that the export of tanned hides and skins, as compared with the figures for the 12 months preceding the imposition of the export duty, is ridiculously small as against 30,000 tons before we had only 7,000 tons of hides and as against 5,033 tons we had only 3,135 tons last year. These figures speak for themselves. Do they show that the tanning industry in India has received a stimulus by the imposition of this taxation, or that, on the other hand, it has received a set back? Sir, this much on facts. There are some other considerations, very weighty and important considerations bearing on the point. I would like to refer the House to the book called the Handbook of Commercial Information for India by C. W. E. Cotton, 1919 edition. A reference to this book will show that in 1917 when skins and hides were not needed on the Continent, an embargo was placed on the trade of Indian skins and hides. Those who deal in skins and hides not only suspect but believe and say, they have said so in newspapers, that they have been treated harshly. I have got cuttings from some newspapers to this effect, but as I did not expect this matter to come up to-day, I have not brought them with me. They say that as the market was over-flooded in Europe, the Indian interests were ignored and this customs duty of 15 per cent. was imposed upon the export of hides and skins. That is what they say. Of course, I do not do business in hides and skins. Therefore I cannot vouch for the accuracy or inaccuracy of this assertion, but the assertion is there. Now, this Handbook on page 207 says :—'Gradually, however, the capacity of the English tanners has been extended to deal with the increased supplies of raw hides from India.' On the one hand tanneries have been opened in England and their capacity has been extended. It has been increased,—for what purpose? For the purpose of tanning *Indian* hides and skins or the hides and skins of other countries. On the other hand, we are told that tanning in India is to be developed and that this taxation has been imposed accordingly. Sir, this duty, as was very rightly pointed out by Mr. Pickford, has ruined many a Moslem trader in India. Trade in hides and skins is perhaps the only trade in the hands of the Mussulmans of India, and it has received a rude shock and a severe blow by this taxation. Sir, it is said that when Indian skins were exported to the United States of America, they were sent back as chrome leather, very well tanned and fit for uppers of gentlemen's boots. It was intended that this should be stopped, and that India should tan her own skins for her own use. Does not the same argument apply to cotton? Why is it that cotton is not subjected to any export duty? Is not cotton wanted in India? Is it not a fact that the very cotton which is

exported from this country in enormous quantities, is returned to this country in the shape of fine manufactured goods ? Does not the same argument apply in the case of hides and skins ? Sir, I may tell the Assembly that all people, especially the Mussulmans, are suspicious, and I for one would say that they are fully justified in their suspicions.

The Honourable members of the Assembly, I hope, will agree with me that the climate of India is not so suitable for tanning as the cool climate of England, America or Germany. Tanned hides of India can never compete with the tanned hides and skins of the Continent or the United States of America. Therefore, however good the intentions of the Government may be in imposing an export duty with the object of developing and promoting the tanning industry of India, it is yet a question, whether Indian tanneries will ever be able to hold their own against the English, Continental and other foreign tanneries. Therefore, the argument advanced by Government has no force. Sir, one very important result of this taxation is that the price of hides and skins has fallen. With the fall in the price of hides and skins, the price of mutton and beef has gone up. Where we used to buy mutton at 4 or 6 annas a seer at Lahore, now we can get good mutton at Re. 1 a seer. If the skin *plus* mutton is worth Rs. 5, and if the skin sells for Re. 1 only the seller must try to get Rs. 4 out of the mutton. But if, on the other hand the price of the skin were Rs. 4, the price of mutton would naturally be Re. 1.....

THE HONOURABLE THE PRESIDENT : Order, order. I do not think we are considering anything but the outside of these animals.

CHAUDHURI SHAHAB-UD-DIN : It is, a notorious fact and within my personal experience, that when the price of skins was high, the price of mutton was low, and *vice versa*. There can be no two opinions on this point.

Then, Sir, those who are very anxious in this House to reduce cow-killing in India, must remember that if the price of mutton goes up every day those who eat meat must perforce resort to beef. Those who want to protect cows from being killed, must help the noble cause. It has been already alluded to by one of the speakers that had this duty not been imposed upon the export of hides and skins, their export value might have, to a certain extent, turned the balance of trade in favour of India and thus ameliorate the condition of exchange to some extent. These, Sir, are some of the considerations which I wished to place before this Honourable House.

I request the House to vote in favour of the abolition of this tax. When one community—one of the most important communities in India—is, as a body, suffering and many of its members have been ruined already and many others are on the brink of ruin, I think this House should take some notice of its grievance. They have sent memorials to Government, they have appealed to Government, they have requested their representatives in this Assembly to represent their case to Government, and it is in compliance with their wishes that I have said all I have said on this subject to-day. As I said at the outset this is a very important matter and I am very sorry that my Mussulman colleagues who were present in the morning*, are not now present to give me their support. But I hope that my Indian as well as my European colleagues will lend their support to Mr. Pickford's amendment and get this objectionable tax removed.

THE HONOURABLE THE PRESIDENT : The question is :

'That to clause 2 the following new sub-clause be added :

'(3) With effect from the 1st day of April 1921, in the Third Schedule to the Indian Tariff Act, 1894, the third entry relating to 'Raw Hides and Skins' shall be omitted, and entries 4 and 5 shall be renumbered 3 and 4 respectively.'

The motion was negatived.

•NOTE.—The day was a Friday.

NOTE.—With regard to Mr. C. A. Innes, claim (page 116) that the old Government had the Trade behind them when in September, 1919, they introduced the Preferential Export Duty on Raw Hides and Skins, I put in following letters from the Calcutta Hides and Skins Shippers' Association, and my reply, also a Mohammedan protest.

CALCUTTA HIDES & SKINS SHIPPER'S ASSOCIATION.

No. 79-H.S.

ROYAL EXCHANGE:

To

Calcutta, 7th May 1921.

E. L. PRICE, ESQ., M.L.A.,

KARACHI.

DEAR SIR,

THE EXPORT DUTY ON HIDES AND SKINS.

At a special general meeting of the members of this Association held on 29th April, I was instructed to convey to you an expression of the hearty thanks of the Calcutta shippers of hides for the efforts made by you, in the Indian Legislative Assembly, to secure the removal of the duty. It is a matter of great regret to the Association that these efforts were unsuccessful, but at the same time they recognize the material assistance you have given them, and they trust that, when the proposal next comes before the Assembly, the result will be more satisfactory.

2. I am to attach for your information a copy of a letter No. 77 H.S., dated 7th May 1921, which the Committee have addressed to the Government of India on the subject of the export duty. This communication will make clear to you the attitude taken up by the Association in the matter. The telegraphic protest referred to in paragraph 3 of the letter was dated 23rd August 1919, and was addressed to the Department of Commerce : it was in the following terms :—

“ 44. Following resolution adopted at special general meeting of the Calcutta Hides and Skins Shipper's Association held 22nd begins : That this Association whilst upholding the principles of supporting British and Indian Tanneries is of

opinion that this should not be done at the expense of the Indian raw hides trade which the Association believed will be the ultimate result if the export duty on raw hides and skins is imposed. This Association wished to emphasise the fact that when the recommendation was first supported by the Association the members of the Association were not representative of the bulk of the trade which the Association now claims itself to be. This Association strenuously opposes the proposed imposition of an export duty but supports clauses 1 and 2 of the resolution referred to in paragraph 6 of letter No. 2 H.S., dated 14th January 1919, addressed by Association to you substituting approved for British ends. A formal representation is being forwarded and Government is requested to withhold further action in the meantime."

Yours faithfully,

(Sd. H. M. HAYWOOD,
Secretary.

Enclosure:—As specified.

CALCUTTA HIDES AND SKINS SHIPPER'S ASSOCIATION.

ROYAL EXCHANGE,

Calcutta, 7th May 1921

No. 77-H.S.

FROM

THE SECRETARY,

Calcutta Hides and Skins Shipper's Association.

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Department of Commerce.

SIR,

I am directed to acknowledge receipt of your letter, No. 3284, dated 125th April 1921, with reference to the export duty on hides and skins.

2. It is, to the members of this Association, a matter of much regret that the Government of India were unable to see their way to propose to the Legislative Assembly that the duty should be repealed. They of course recognize that, as you suggest, the Fiscal Commission will afford them an opportunity of again raising the question. But even if they can convince the Commission that the duty should be withdrawn, and the Government accept the finding of the Commission, it will be a very long time before the necessary legislative action can be taken. Meanwhile the position of the trade is steadily going from bad to worse. Indeed it may be safely affirmed that, so far as hides are concerned, the trade has never been in so grave a state as it is to-day. And it is feared that before the duty is abolished, most of the firms of allied nationality who are now in the hides business will have been forced to withdraw from it. For not only have they to contend with the difficulties created by the duty but, as you will have observed from my No. 71 H.S., dated 7th May, determined efforts are now being made by German manufacturers, to re-establish their pre-war control of shipments from Calcutta to Germany.

3. In connection with the debate in the Legislative Assembly I am to invite attention to the following remark which was made by Mr. C. A. Innes:—" I should in the first place" he said " like to remind the house that when we introduced the export duty on hides and skins last year we did it with the trade behind us—in fact at the instance of the trade."

" Mr. E. L. Price : What trade Sir ?

" Mr. Innes : The Hides and Skins Shipper's, Association, as the Association is now constituted, was in favour of an export duty." The members of this Association gladly acknowledge the sympathetic manner in which Mr. Innes referred to the case for the withdrawal of the duty ; and they hesitate to criticise his statements. But they feel that they ought to make it clear that the particular statement which I have quoted is not strictly accurate. The facts are, briefly, that in a letter dated 14th January 1919, the Association, as it was then constituted, urged the Government of India to impose an export duty. But when, in August of that year, the proposal was actually under consideration by Government a large majority of the members of the Association as it was then constituted—its membership having been materially enlarged in the meantime—strongly objected, and telegraphed a vigorous protest to the Department of Commerce. This list of members in January and in August 1919, was as follows :—

January.

- | | |
|--|---------------------------------|
| 1. Messrs. Graham & Co. | 5. Messrs. M. Arakie & Co. |
| 2. Messrs. Gladstone Wyllie & Co. | 6. Messrs. M. M. Isphani & Sons |
| 3. Messrs. Walker & Co. | 7. Messrs. Bird & Co. |
| 4. Messrs. David Sassoon & Co. Ltd. | Messrs. A. H. Wheeler & Co. |
| 9. Messrs. Allen Bros. & Co. (India), Ltd. | |

August.

- | | |
|---|---|
| 10. Messrs. A. Forbes & Co. | 16. Messrs. Mogi [*] & Co. |
| 11. Messrs. Charles Booth & Co.
(Calcutta), Ltd. | 17. Messrs. Mitsui Bussan Kaisha,
Ltd. |
| 12. Messrs. Enrico N. Stein. | 18. Mr. K. L. Mohamed. |
| 13. Messrs. C. J. Mathews & Co. | 19. Messrs. Grace Brothers (India),
Ltd. |
| 14. Messrs. Burke Brothers. | |
| 15. Mr. Hafiz Md. Halim. | 20. Messrs. Grandage Moir & Co., Ltd. |

4. As I have indicated, the Association refers to the point now not with the object of criticising but merely to place on record the fact that, as soon as it became a body fully representative of the trade, it took up an attitude strongly antagonistic to the imposition of a duty. That attitude which was defined clearly to the Government of India at the time, it has ever since maintained. And those few shippers who supported the duty in January 1919, and who were in the minority in August of that year are now firmly convinced that the duty ought to be removed.

I have the honour to be,

Sir,

Your most obedient servant,
(Sd. H. M. HAYWOOD.)
Secretary.

Karachi, 14th May 1921.

To

THE SECRETARY,

The Calcutta Hides and Skins Shipper's Association,
CALCUTTA.

DEAR SIR,

EXPORT DUTY.

Your letter No. 79 H. S. of the 7th instant with enclosure to hand, for which many thanks.

2. I have submitted copies to various Trades bodies in this constituency which are interested.

3. The nett result of the Debate was that Government declined to discuss the subject on its merits, and simply said they had budgetted to get 100 lakhs out of this duty, and *must have the money!* They, in fact, pleaded the so-called "law of necessity," a vicious theory which may be used to justify anything.

4. I trust you will keep in view the important fact that export duties are far more severe on the producers (who are many) than on the shippers (who are few).

5. The final word in this matter of course rests not with the Government but with the reformed Legislature.

To get justice you must keep your case before the public, the electors in and out of season.

I suggest, therefore, you send to the Press all this and similar correspondence.

Such action is the more necessary because the Agrarian interests of the country are being attacked in many other directions besides their Hide and Skin production, by all round Legislative attempts to prohibit and hamper the marketing of their products.

Yours faithfully,

E. L. PRICE,

M.L.A.

Karachi, 23rd May 1921.

To

The Secretary to Government,

Department of Commerce and Industry,

Government of India,

SIMLA.

SIR,

We, the undersigned dealers and shippers of Hides and Skins, working in Sind and the Punjab, have the honour to say that we desire to record our support of the Calcutta Hides and Skins Shipper's Association.

We wholly endorse the terms of the Calcutta letter No. 77 H. S., dated 7th May 1921.

We also desire to record that the speeches of Mr. E. L. Price, M.L.A. and Mr. Chowdri Shahab-ud-Din, M.L.A. made in the Assembly on 18th March last accurately represent the feelings of Sind and the Punjab on the necessity of cancelling the Export Duty at the earliest possible moment.

We have the honour to be,

Sir,

Your most obedient servants,

1. Khansahib Alijah Alidina Alimahomed, 1st Class Honorary Magistrate, Karachi.
2. Alijah Bandalli Kassim, Honorary Magistrate, Karachi.
3. Muki Rahuimtulla Lutfalli, Karachi.
4. Fuddoo Peroo Khalikdina, Karachi.
5. Sabzalli Ramzanalli, Karachi.
6. Shaban Mohib, Karachi.
7. Ahmeddin Illahibux, Lahore.
8. Sudderdin Mohamed Sidik, Lahore.
9. Amerdin Dostmohamed, Lahore.
10. Muneerdin & Co., Lahore.
11. Amerdin Alladitta, Lahore.
12. Sheikh Khudabux, Lahore.
13. H. Abdul Rahman Karamillahi, Lahore.
14. Haji Mohamed Varas M. Ismail, Lahore.
15. Nizamdin M. Sharif Nabibux, Lahore.
16. Chakhdin Gulamhussain, Lahore.
17. Khizir Hyat Sodagardin, Lahore.
18. Fazaldin Mohamed Sayed, Lahore.

19. Pirmahomed Mohamedan, Lahore.
20. H. Pirmohamed & Sons, Amritsar.
21. H. Pirmahomed Sadrudin, Amritsar.
22. H. Noor Hussain M. Ismail, Amritsar.
23. Charakdin M. Ismail, Amritsar.
24. Mohamed Sharif A. Rahman, Amritsar.
25. Mohamed Hasan Allabux, Amritsar.
26. Haji Kadarbux Molabux, Amritsar.
27. Allajirea Dostmohamed, Amritsar.
28. Shamasdin Meherbux, Amritsar.
29. H. Gulamhusen Khudabux, Amritsar.
30. H. Gulamhusen Noormahomed, Amritsar.
31. S. Buda Dostmohamed, Amritsar.
32. S. Allibux Inayutulla, Amritsar.
33. Fatehmahomed D'mohamed, Amritsar.
34. Nizamdin M. Sharif, Amritsar.
35. Jhindas Khanmahomedbux, Amritsar.
36. S. Budha Allimahomed, Amritsar.
37. Mukhi Jamadin Inayutulla, Amritsar.
38. Haji Gulsher Makamdin, Sukkur.
39. Fazulkarim M. Syed, Sukkur.
40. Fazuldin Mohameddin, Sukkur.
41. Allahbux Nabibux, Sukkur.
42. Haji Sultan M. Omerdin, Sukkur.
43. Haji Goolsher Charakdin, Sukkur.
44. Fazul Illahi, Sukkur.

45. Abdul Majid M. Amin, Sukkur.
46. Mohamed Sharif A. Rehman, Sukkur.
47. Mohamed Ismail M. Ashrif, Sukkur.
48. Jooma Subzalli, Sukkur.
49. Karim Bundalli, Hyderabad.
50. Hood Shalloo, Karachi.
51. Makomedalli Bhaloo, Karachi.
52. Piroo Jiand, Hyderabad.
53. Khoja Ismailia Trading Co., Karachi.

Note.—Copy kindly supplied to me by Mr. Fuddoo Peroo Khalikdina.

E. L. P.

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IMPORT DUTIES AND EXCISE.

“With an import tax it can always be said that it eventually comes down upon the consumer.” (*Vide* Legislative Assembly Debates, page 1303).

“As an importer, I shall see that the added duty passes on to my consumers, to whom I consider it is really addressed.” (*Vide* Legislative Assembly Debates, page 673).

“Again take cloth. You say you are forced to raise the duty on the clothing of the millions of India, and, if you say that Manchester goods of the finer sorts will not so much affect the masses, I shall again have to say that behind the new tariff wall that you are raising, the indigenous products will rise in price. The extra income-tax, the higher super-tax that you try to impose on the mill-owners, behind that tariff wall will be easily passed on to the consumer, and the tax will undoubtedly affect the masses.” (*Vide* Legislative Assembly Debates page 1334 .)

INVESTIGATIONS AND REPORTS

THE following reports were prepared by the various committees and sub-committees of the Board of Directors of the American Society for the Advancement of Science, during the year 1900.

1900-1901

REPORT OF THE COMMITTEE ON THE PROGRESS OF SCIENCE, prepared by the Committee on the Progress of Science, during the year 1900-1901.

REPORT OF THE COMMITTEE ON THE PROGRESS OF SCIENCE, prepared by the Committee on the Progress of Science, during the year 1900-1901.

3rd March 1921.

RESOLUTION *RE* : REMOVAL OF EXCISE AND CUSTOMS DUTY.

The HONOURABLE MR. SETHNA : Sir, I beg to move the Resolution which stands in my name and which runs as follows :—

' This Council recommends to the Governor-General in Council that the excise and customs duty of six annas per gallon on motor spirit which is being levied since March 1917, be now removed,

In March 1917, on behalf of the Government, the Honourable Sir George Barnes brought forward a Bill before the Imperial Council, the object of which was to levy a duty both excise and customs on every gallon of motor spirit consumed in the country. In introducing the Bill the Honourable Mover explained, and explained in very emphatic terms, that there was no desire on the part of Government thereby to raise revenue, but that the sole object was to introduce the measure as a war necessity — a war necessity in the sense that because petrol was arriving in smaller quantities there was not enough for military requirements and it was necessary for Government to control the supply available for the military and consequently for purposes of the war. The Honourable Mover further explained that he had a precedent to go upon in regard to what he proposed to do in the fact that the Home Government were also levying a duty of 6 pence per gallon on motor spirit imported in the United Kingdom. He added further that in the United Kingdom in addition to the duty of 6 pence per gallon they also rationed the supply of every individual consumer of motor spirit. He explained, however, that, so far as India was concerned, he would be content with just a levy of 6 annas per gallon, and would not ask for rationing the supply of consumers for the good reason that it would involve a very large administrative machinery for collection, and that further, if there was rationing in India, it would bring in its train both evasion and friction. After this explanation and the assurance that it was purely a war measure, the Honourable Mover requested the House to support the Bill ungrudgingly. The Council gave a ready response and the Bill passed its three stages on the very day on which it was presented. There was hardly any discussion on the subject : the only other speaker who followed the Honourable Sir George Barnes was the Honourable Mr. Bhupendranath Basu, and his speech was more in the nature of a question. He pointed out that, prior to the war, the price of a tin of two gallons of petrol was Rs. 1-12, but since the war it had risen to Rs. 2-12 and he inquired if the duty now proposed would raise the price per tin of two gallons to Rs. 3-8, to which of course the Honourable Member replied in the affirmative.

Now, Sir, Honourable Members in this Council are aware that it was hardly ever the practice of the Imperial Council to allow any Bill, and particularly any Bill which had anything to do with increased taxation, to pass unchallenged. But this Council will also admit that it was the practice of the same Imperial Council during the strenuous years of the war to extend every possible help to Government in passing, and in passing unanimously, any measure which was conducive to the successful termination of the war. This accounts, Sir, for the Bill having been passed without any change. If there was anything in the speech of the Honourable Mover or in the wording of the Bill which might have given any indication that after the war was over this duty would be continued, in any shape or form, I for one am confident that that Council would not have allowed the Bill to be passed without proper reservations. No reservations were made and the Bill was allowed to pass because of the emphatic assurance of the Honourable Sir George Barnes that it was absolutely a war necessity.

The war has been over for two years. Government have neither repealed the duty nor have they given any indication as to when, if at all, they propose so to do. The only inference the public can draw from this attitude of Government, is that the revenue yielded is so fat and tempting that the Government are now chary and very unwilling to give up a source of revenue which has come to them as a windfall. But Government have received no more than what they expected. The Honourable Sir George Barnes explained that in 1915 there was consumed in this country $4\frac{1}{2}$ million gallons of petrol and he expected that in 1917, namely in the year in which the Bill was moved, the consumption would be 7 million gallons, of which at the rate of 6 annas, the duty would amount to $26\frac{1}{4}$ lakhs of rupees. Now, Sir, the consumption of course has naturally gone up as might be expected in a progressive country like India, and I am obliged to the Finance Department for the figures they have furnished me with. According to the same, the excise duty on petrol in the year 1917-18 was $23\frac{1}{2}$ lakhs in 1918, $34\frac{1}{8}$ lakhs, and in 1920, $41\frac{1}{2}$ lakhs. I leave out or count the duty derived from customs because it is a negligible quantity inasmuch as the bulk of our petrol supply comes from Burma on which excise is charged.

I quite realize that I shall be taken to task, and perhaps taken to task severely, for my audacity in bringing forward my Resolution even two days after the Honourable Mr. Hailey has presented his Budget estimates for the year 1921-22 showing a deficit of $18\frac{1}{2}$ crores of rupees. I admit

that Government needs all the revenue it can possibly get. But my point is that here is a duty which was charged at a time when it was needed for a particular purpose. Government knew that they had to withdraw it. Government might have withdrawn it before our Budget estimates showed a deficit a year ago, and yet Government did nothing of the kind. The public had a right to expect that this duty would have been withdrawn immediately after the cessation of hostilities, and the more so as this duty has been recognized to be very irksome. Sir, that is not my description of this duty. It was the Honourable Member himself who in his opening speech so labelled it, and I hope, therefore, the Government will recognize the necessity of removing it.

Motor cars and motor lorries are fast substituting horse and bullock traction all over the country. It is fortunate that it is so. But in the larger cities, in addition to helping the people to carry on their work more expeditiously, they contribute in a measure to improve the sanitation of those cities by the fact that a larger number of motor cars and motor lorries bring about a diminution in the horses and cattle stubble, and consequently the roads are kept cleaner. We are living, Sir, in an age of competition, when one has to go through as much work as possible in as short a time as possible, and for this reason the motor car is no longer a matter of luxury but a matter of necessity to a business man. A business man does on an average about 25 to 30 miles a day and he consumes about 2 gallons of petrol on which the duty is 12 annas, and the duty per mensem amounts to as much as Rs. 20 to Rs. 25 to Government, which at a time when the cost of living has gone up so high, is indeed a burden and a hardship to motor car owners, particularly so because it is a direct tax. It is not the individual alone who is affected. Take the case of smaller industries, those industries which require for their use motor spirit. In his very able Budget speech the Honourable Mr. Hailey only two days ago observed that the trade boom has passed away with uncanny rapidity and it has left behind it a trough of depression of which it is possible we have not yet seen the worst. This applies equally to large as well as small industries, and I think it is the bounden duty of the Government to promote and further the success of these small industries. The continuance of this duty will, in my opinion, cripple the smaller industries to a very great extent. Government are providing ways and means to meet a deficit of as much as 18½ crores. It is certain that Government, if they so will it, can also arrange for the levying of a further 40 to 50 lakhs from other sources than a duty on petrol. If they do this, they will thereby

redeem a solemn pledge and not break faith with the public, but the public will be rid of a duty which is all the more irksome because it is a direct tax.

The HONOURABLE MR. E. M. COOK : Sir, if I rise so early in this debate it is because, I think, that I may be able materially to shorten the discussion. I think that in moving this Resolution my Honourable friend must have the sympathy of the Council, not indeed on the merits of the Resolution, which are extremely slender, but because of the circumstances in which he has brought forward his motion. If it had come up on the day for which he obtained a place for it in the ballot on the first occasion, *i.e.*, before the presentation of the Budget, he would have had an easier task. For, in that case, he would, with his considerable forensic skill, have been able to make out a fairly plausible—I do not say at all convincing—case for the acceptance of his Resolution. As it is, he is confronted with a position of considerable difficulty, in the shape of a very large gap between the expenditure and the revenue of this country, which has, by some means or other to be filled up. He has, therefore, it seems to me, Sir, been thrown back on an attempt to expose the methods by which an unscrupulous Government—he did not use the word ‘unscrupulous,’ he is much too polite—the methods adopted by an unscrupulous Government to find money at the expense of the payers of this particular tax. In short, not to put too fine a point on it, and to put the matter somewhat bluntly, the proposition that he has put before the Council is this :—Once an item of revenue has disappeared down the voracious maw of the Finance Department, then, it does not matter what promises were made—it is perfectly hopeless to endeavour to get the monster to regurgitate it. Sir, I think I can give a very simple answer to this accusation. My Honourable friend said that this taxation was imposed for certain specific administrative reasons arising out of the war. I quite agree. He then went on to point out that those administrative reasons have now disappeared. I entirely agree. My answer is that, if the reasons for which the tax was imposed in 1917 have disappeared, so also has the tax. The tax which is now being levied is not the same tax that was imposed in 1917. The fact which my Honourable friend has overlooked in his researches into the matter is that, when those administrative reasons disappeared, the Government considered, and the Legislative Council also considered, whether the tax should then expire, or whether it should be reimposed, not as a war measure, but as a definitely revenue-producing measure. The result of that deliberation was the Act of 1919, which my Honourable friend has not mentioned. I think I need only read from the

Statement of Objects and Reasons. 'The tax, though it originated in administrative necessities, has become a useful source of revenue, and the Government of India consider that it cannot conveniently be rescinded at a time when it is necessary, to impose additional taxation. Signed J. S. Meston, 5th February 1919. I find by reference to the Legislative Council Proceedings that this came up on two occasions for debate. Not a word was said against it ; not a voice was raised against the reimposition of this tax as a revenue-producing measure. I submit that it is rather too late now to come up, two years afterwards, and say that this ought not to have been done, or to ask this Council to pass a vote of censure upon the doings of the Old Imperial Legislative Council. I must decline, therefore, Sir, and I hope this Council will also decline, to assist in the exhumation of the body of this war measure, which died and was buried with all fitting solemnity two years ago here in this very place.

I think, however, we might be a little generous to my Honourable friend, in view of the courage with which he has brought forward his Resolution. Let us endeavour to stretch our imaginations. Let us suppose that, instead of being empty, our coffers were full, that there was a surplus, and therefore a case for remitting taxation. Would this Council then agree that the users of motor spirit should have the first claim upon any remission of taxation ? I have heard of other taxes which are paid by other classes of the community, not so well-off and not so easily able to bear taxation. I have heard of the export tax on tea, regarding which there is considerable feeling, I believe. I have also heard of the export tax on hides, which is now alleged to be ringing the death knell of that industry. I have also heard of a large number of other taxes. Therefore, I think, if it is a question of remitting taxation to the extent of something like half a crore a year, this Council would be extremely well-advised to consider what other objects it could devote that half a crore to. But, as I have said, that is all completely academic, and I submit, Sir, that my Honourable friend has not made out a case, either that there has been a breach of our promises, or for a remission of taxation in the way that he suggests.

The HONOURABLE MR. W. G. KALE.—I rise, Sir, to oppose the Resolution. After the remarks which have fallen from the Honourable Mr. Cook, it is really superfluous on my part to add any arguments of my own to show the unreasonableness of the proposal of my Honourable friend Mr. Sethna.

His first argument was that this tax was a war necessity and that it was imposed as a war measure. But we know that many war necessities have the awkward knack of sticking on even in peaceful times. There are many taxes which were imposed in critical times, but have had to be continued on the ground that they were absolutely necessary. Take the case of the salt tax. The salt tax was enhanced as an extraordinary measure, but it has not been found possible for Government to remit or to reduce that tax. In reducing or remitting a tax altogether, one important matter has to be taken into consideration, and it is this. What is the kind and nature of the tax which it is sought to remit? Here is a tax upon petrol, and my Honourable friend has drawn a very piteous picture of the motor-car owner who has to pay such a large additional amount a Rs. 25 a month on account of the increased cost of petrol. In the new Budget which has been placed before us, various new taxes have been imposed upon all classes of the community, upon the middle classes, upon the lower classes, and upon the humble classes; and all of them have to suffer more or less from an extra burden of taxation. And here is a proposal for relieving the motor-car owners from the alleged onerous burden of the tax which falls upon them.

Another remark of my Honourable friend was that some other source of taxation may be found to take the place of the petrol duty. The Honourable Finance Member has exhausted almost all sources of taxation, and he has distributed his taxes in such a way that not a class of the community has escaped scot-free. Under these circumstances, it would be very difficult to find out an altogether new source of taxation at all, and my Honourable friend has not pointed out what that source should be. I am afraid that the proposals of the Honourable Finance Member will have to be scrutinized, and we may have to ask him to give up some of his proposals in order to give relief to the humbler classes of the community. We cannot, therefore, afford to lose this existing source of revenue. I am not at all impressed by the argument of the violation of a pledge. I do not think myself that there was a pledge given. It was a tax which was necessitated by extraordinary circumstances. Are not the extraordinary circumstances continuing to-day? We are told that the war has ended. Has the war ended from the point of view of economic and social conditions which have supervened after the close of the hostilities? So far as the consequences of the war are concerned, we may say that the war is going on even to-day, and consequently, the war measures have had to be continued. There are a number of war measures—extraordinary measures that were taken in war times—which have been, therefore, con-

tinued. I do not, therefore, think that this Council should recommend to the Government that this source of revenue should be abandoned, especially on account of the fact that the burden of new taxation will fall upon the lower classes of the community, and this is not the time when the motor-car owners, the richer people in the country, should be relieved of the so-called burden with which they are oppressed. With these few words I oppose the Resolution.

The HONOURABLE LALA SUKHBIR SINHA : I move that the question be now put.

The motion was adopted.

The HONOURABLE THE PRESIDENT : The question is that the Resolution, which runs as follows :—

‘ This Council recommends to the Governor-General in Council that the excise and customs duty of six annas per gallon on motor spirit which is being levied since March 1917, be now removed.’

be accepted.

The motion was negatived.

LEGISLATIVE ASSEMBLY.

1st March 1921.

FISCAL COMMISSION.

QUESTION.

MR. JAMNADAS DWARKADAS : (a) Are the Government in a position to say whether, in accordance with the recommendations of the Committee of the Indian Legislative Council, they propose to appoint a Fiscal Commission ?

(b) If so, what are the terms of reference to the Commission ?

(c) If the question of the adhesion of India to any scheme of Imperial Preference is included in the terms of reference, can the Government give any assurance, that no decision will be taken as to Imperial Preference until the Commission has submitted its Report and it has been discussed in the Legislative Assembly ?

ANSWER.

MR. C. A. INNES : With the approval of His Majesty's Secretary of State for India, the Government of India have decided to appoint a Fiscal Commission with the following terms of reference, ‘ to examine with reference to all the interests concerned the Tariff policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations.’

The Government of India desire to take advantage of the Honourable Member's reference to the question of Imperial Preference to make their own attitude in regard to this subject clear. In the event of some scheme of Imperial Preference being found consistent with India's interests, the Government of India hope that India will not stand aloof from such a scheme, so that India's solicitude for the solidarity of the Empire may be established. But they propose to take no decision until the question has been examined by the Commission. If, on the Report of that Commission, the principle is accepted, the principle can be given effect to only by legislation, and it will be for this Assembly to decide whether that legislation should be passed or not.

MR. JAMNADAS DWARKADAS: May I put a supplementary question, Sir? Is the Honourable Member in a position to give us the approximate date of the appointment of the Commission?

MR. C. A. INNES: We hope that we shall be able to get the Commission started early next cold weather.

LEGISLATIVE ASSEMBLY. EXTRACTS FROM GENERAL BUDGET DISCUSSION.

7th 8th March 1921.

RAI J. N. MAJUMDAR BAHADUR: The increase of duty on sugar, matches, tobacco, wines and liquors are some silver linings of this dark and ominous Budget, which imposes fresh burdens on the taxpayer by increasing the postal rates on cards, letters and newspapers as if the existing repressive laws are not enough for their suppression.

I quite appreciate the tenderness of my Honourable friend in not raising the existing cotton excise of $3\frac{1}{2}$ per cent., but it is liable to be misinterpreted. India is poor, England rich, hundred times richer than India; and it could be easily explained, as was done previously, that the war, for which we were not responsible, has brought on us financial difficulties, and that the increase is to be considered as only a revenue measure. Great Britain still remembers what the Indian soldiers did in France 'and saved the cause of the Allies and civilization,' to quote Lord Curzon, 'after the sanguinary tumults of the opening weeks of the war' it still remembers our sacrifice in men and money, and the Honourable the Finance Minister might not have shown anxiety for trade distress and unemployment in Great Britain, for they can well take care of themselves forgetting poor India which has to maintain the most costly civil and military services in the world.....

India is now essentially an agricultural country, though it was not so before the advent of the English here. It was sugar, cotton, silk, indigo

and other industries that brought the Europeans here. Sugar was first manufactured in India, and the word has been derived from the Sanskrit *sarkara*, from which comes the Latin *sachurus*.

It is now admitted by all eminent economists that a purely agricultural country can never flourish. It must have industries as well.

Does the Budget hold out any prospect of improving any of our industries? I come from a part of the country which was once famous for its sugar and cotton and silk industries. They have all disappeared, as if by the touch of a magician's wand. Our weavers and our sugar men, Hindu and Muhammadan, have been compelled to take to the plough. You cannot imagine a more deplorable state of things. If Java, Mauritius, Fiji lands can grow sugar for the world, what prevents us from doing the same?

MR. R. A. SPENCE : Railways are of vital importance to the country and their earnings should be devoted in the first instance to working expenses, in the second to the replacement of wear and tear, in the third to some measure of reserve for the future and only that portion of the earnings should find its way to the coffers of Government as the Capital Owner, as would ordinarily find its way in the form of a dividend into the pockets of the shareholders of a company. You cannot starve the Railways and feed the country.

It is idle to load upon a Budget, already crushingly heavy, new burdens such as I have suggested without some constructive suggestion as to how they might be borne. May I, therefore, offer a few words of criticism on the proposed new taxation. I approve definitely the proposed additions to the Customs Revenue in principle, but I doubt if the addition proposed to general import duties will in effect yield what is expected and I consider the increase should be from $7\frac{1}{2}$ to $12\frac{1}{2}$ in place of 11 and this will add to the revenue a further $1\frac{1}{2}$ crores, if the Honourable Member's anticipations are correct. Any measure, which for the moment checks the influx of imports and allows our trade to resume its former balance, will be of advantage to the country at the present stage. On the remaining duties I have little to say. As an importer of liquor, I shall see that the added duty passes on to my consumers, to whom I consider it is really addressed. With the tax upon luxuries imported, I am in sympathy, save that I think that if the Honourable Member passed his monsoons where I habitually do, he would consider an umbrella a necessity and not a luxury. The duty on imported sugar should serve to strengthen a growing agricultural interest of this country.....

KHAN BAHADUR SARFARAZ HUSSAIN KHAN : Sir, the duty on cotton manufacture will no doubt increase the price of cloth. The poor people chiefly have already been hard hit by the existing price of cloth. They have always had this grievance, and if further taxation is put on them, the price of cloth instead of being reduced will be increased, and not only will they be disappointed but will be seriously affected.

CHAUDHURI SHAHAB-UD-DIN : As regards the proposed taxation, Sir, I proceed to say at once that if the customs duty is to be increased above $7\frac{1}{2}$ per cent., it should be increased not to 11 but to $12\frac{1}{2}$ per cent.—with only this reservation, that we should not tax umbrellas, or should tax only silk umbrellas. An umbrella is a necessity, whereas a silk umbrella is a luxury, and it is luxuries which should be taxed and not necessities.

MR. NARAIN DAS GIRDHARDAS : As for the increase in customs tariff, I believe the country welcomes this step, though it was come to, as the Finance Member puts it, 'with the sole object of producing additional revenue and with no ulterior motive of a protective or any kind.' Sir, while on this subject, it will not be out of place if I give expression to my opinion on the announcement made by Mr. Montagu, in the House of Commons, 3 or 4 days back, in reply to Sir John Randles that a commission would be appointed to examine, with reference to all the interests concerned, the future fiscal policy of the Government of India, including the desirability of adopting the principle of Imperial Preference. It is a long-cherished dream of India that she should be given complete freedom to determine her own fiscal policy. While welcoming this announcement, I would like to point out that it would be an egregious blunder if the Secretary of State proposes to tie down the hands of the committee to devise ways and means of adopting a policy of Imperial Preference. Not that I, for a moment, forget the claims of the Senior Partner of the Empire, but the fact should be borne in mind that India is merely a producing and industrially an undeveloped country. The volume of educated Indian commercial opinion which has been ignored all along is that her industrial advancement should be fostered by a judicious system of protection. I say that any step that we take must primarily view the question from the Indian standpoint and *such* a policy should be adopted as would suit the special circumstances and needs of India. In my opinion, it is essential that in the commission to be constituted, the Indian element should predominate, especially Indian industrial and mercantile interests.

LIEUT.-CONOLEL H. GIDNEY : The Honourable Finance Member in his speech expressed satisfaction that the signs pointed to lower price levels, but *my* experience of the past few days is that the shopkeepers are of a different mind and these, Sir, are the shopkeepers who supply the community I have the honour to represent with their necessary articles of existence. The shopkeepers tell me that the cause is the new import duties and I am afraid I must believe them. Sir, speaking on behalf of my community and of the less opulent Europeans living in this country, I say, without fear of contradiction, that the increased import duties will provide another excuse to the middleman to profiteer, and will make the lot of these people still more intolerable than the war has already made it. Indirect taxation falls on the consumer with double force, and rather than see this I would have welcomed a wholesale revision in direct taxation, even though some of the burden had fallen on the lower incomes. This increase in the cost of living is bound to react on the Government itself. The Government has spent, so I understand, large sums of money in the past two years on making revisions of pay. From the murmurs I hear wherever I go I have got a feeling, that considering the sum involved, the Government have not spent even this money wisely.

It is the members of my community, those who live on small salaries and who depend, to a large extent, on overseas supplies, who are hardest hit by high prices, and who are likely, as far as I can see, to be most affected by the new import duties. Most of them are already living on the barest minimum and the consequence of the still higher prices will be an inevitable demand for higher wages and most of these people are employees of the Government. They are the backbone of our Railway and our Posts and Telegraph Departments, for which, as the Honourable Finance Member himself admits, the Government keeps its accounts in such a form that it cannot tell whether they are run at a loss or a profit. If the prices of the necessities of life for these people are now to be increased, they will ask for higher wages, and frankly I cannot see how the Government will be able to resist such a demand.

RAJA SIVANANDAN PRASAD SING : With regard to the increase in the *ad valorem* duty on certain imports, I am in hearty agreement with the Finance Member and I congratulate him on the measures he has adopted for the protection of Indian interests. The rise in the import duty will afford protection to Indian industries and articles manufactured in India and a duty of 11 per cent. on foreign

goods will enable the textile industry of India to compete with Japanese goods which once flooded the Indian market.*

MR. N. C. SIRCAR : An import duty is really beneficial to the country's industry in so far as the import of articles which are manufactured here is concerned. As a coal man I would welcome a prohibitive import duty on coal from foreign countries, and my friends from Bombay, the millowners will hail a duty on piece-goods. But it will fall very heavily upon consumers who are the men who actually pay for it, and thus import duty on the articles in general use by the poorer classes and middle-class men will be a great burden on them.

MR. J. P. COTELINGAM : My last remark, Sir, will be with reference to the new taxes which are proposed to be levied. I have no objection to the levy of a tax of 12 annas per gross on match boxes if that will result in the manufacture of matches in our country. I hope that will result in the development of local industries and enable the country to produce or manufacture the matches that we require.†

MR. S. C. SHAHANI : Of the proposed new taxation, while I would welcome the increase of the general *ad valorem* duty of $7\frac{1}{2}$ per cent. to $12\frac{1}{2}$ per cent. as suggested by my Honourable friend, Mr. Spence, I would not, in the interests of India's industrial development, withdraw the concession allowed by the existing tariff by which machinery and stores imported for use in a cotton spinning or weaving mill are admitted free of import duty. I hate the levy on matches of a specific import duty of 12 annas per gross boxes in place of the present *ad valorem* duty of $7\frac{1}{2}$ per cent. This rate would in practice work out to at least three pies per box of matches and affect the poor injuriously. The increase of duties on imported liquors and manufactured tobacco or the raising of the general *ad valorem* duty of $7\frac{1}{2}$ per cent. to 20 per cent. in the case of certain articles of luxury, such as even *umbrellas* is to be approved. I might inform my Honourable friend, Mr. Spence, that umbrellas, a necessity in places knowing monsoons, are very well manufactured and on a large scale in Madras and other places and can mostly meet the demand that there is in India for umbrellas. The raising of the import duty on foreign sugar from 10 to 15 per cent. will prove a boon to the sugar industry of India.

*NOTE.—See Preface.

†NOTE.—The Assembly saw no hope apparently for this industry in India.—E.L.P.

MR. A. D. PICKFORD : Yet one more point, the question of Cotton Excise. I do not suggest for a single moment that the tax should be removed in a year like this. It has existed now for a considerable time but I do feel most strongly having regard to the original history of this tax and of the accusation which with a very great show of justice can be brought against Government that the tax was imposed as a sop to Lancashire. I say, that in view of the history of that tax, it will be to the credit of the Government of India to have it removed at the very earliest possible opportunity.†

LEGISLATIVE ASSEMBLY.

17 March 1921.

THE FINANCE BILL (Extracts).

SIR P. S. SIVASWAMY AIYER : Sir, before proceeding to deal with the constitutional question which has been raised by the Honourable Dr. Gour, I should like to address a few remarks which I think the rules permit me to make on the general principles of the Finance Bill. While I do not wish to commit myself in any way to any expression of approval or disapproval of the policy of the Government which has landed them in the necessity for raising an additional taxation of 18 crores, I wish to express my gratification that the Government have not hesitated to resort to raising the tariff. I am wedded to no particular theory of economics. I do not worship at the altar of Free Trade or at the altar of Protection. I worship only at the altar of India. The welfare of India is my first concern and the welfare of the Empire is the second object of my thoughts. In this connection, I am sure, everyone of us here must have read with feelings of amazement and indignation the attempt which has been made by the meddlesome merchants of Manchester to dictate to us on the question of our taxation policy. We have suffered too long from the meddlesomeness of Manchester, but now that we have got a representative legislature, we shall no longer submit to this dictation and we are determined to make that clear to Manchester. Sir, there is no ground whatever for this easily excited alarm of the Manchester merchants. The Honourable Mr. Hailey has explained in his speech that the duties he has proposed are not of a protective character, but even if they had been, this House would not on that ground alone have refused to support them. He has clearly explained that they are entirely for revenue purposes. Is there any country in the world which

†NOTE.—I have never known in 16 years in India a dissident from this opinion. In what other country in the world is there an Exciseman in the weaving shed? . . . E.L.F.

would hesitate to levy import duties for purely revenue purposes ? Does England hesitate to levy import duties for revenue purposes ? I believe, there is no country in the world which does so.

MR. E. L. PRICE : Sir, on a point of order, do these remarks arise on the motion we are discussing ?

THE HONOURABLE THE PRESIDENT : Order, order. In case there should be any doubt about the matter, Standing Order No. 39 makes it quite clear, that when a motion, such as has been moved by the Honourable the Finance Member, is moved, the principle of the Bill is open to discussion as well as the particular procedure proposed to be adopted.

SIR P. S. SIVASWAMY AIYER : Sir, tariffs are generally devised by countries with various objects, not necessarily for the purpose of protection. Very often they are devised for revenue purposes, and one of the best sources of revenue which can be easily manipulated from year to year is the revenue derived from customs. Another argument among many in favour of a tariff duty is, that it gives us a margin for negotiations with other countries in respect of tariffs. It is not, however, necessary for my present purpose to enter at length into the theory of tariffs or into a justification for the imposition of tariff duties. It is sufficient for me to say here, that we do not believe in the professions of free trade which Manchester finds it convenient to follow. Manchester very often expresses without any abashment the sense of danger which it feels itself from any proposals for revision of tariffs in the countries with which England may have dealings. Sometimes it utters philanthropic wails over the lot of the poor consumer in India, but we value them no better than we should value crocodile's tears. Now, Sir, I shall only say that it is a preposterous claim, and that if the merchants of Manchester wish to render more acute the situation in India which has been described by certain worthy gentlemen in England as a dangerous situation, I advise them to go on persisting in this policy which they have followed. If they wish to bring about a disruption of the Empire, they have only to pursue this policy. But I hope that Manchester does not represent the enlightened conscience of England or the enlightened public opinion of England any more than the House of Lords represented the enlightened conscience of England on the Punjab affair.

MR. N. M. SAMARTH : Sir, I propose that to clause (1), the following be added, namely :

It shall remain in force only till the 31st March 1922.

Well, Sir, the object with which I have proposed this amendment is, that so far as possible, this House should develop the traditions and conventions of the House of Commons. Yesterday there was a debate upon a question which raised a similar matter for disposal before this House. I will not refer to it, but I will say this, that every Member of this Assembly, whether official or non-official, European or Indian, will, I hope, be imbued with the idea of developing in this Assembly the conventions and traditions of the mother of Parliaments. No precedent should be created, as far as possible, which will thwart and not facilitate the development of these conventions. I have placed this amendment before the House in order that, in course of time, we may have in this House something like a Consolidated Fund Bill, an Appropriation Bill and an annual Finance Bill. In the House of Commons, certain taxes are annually voted, giving to the Members of the House of Commons an opportunity of bringing practically a vote of censure on those in power. If their policy has been such as not to be in accordance with the general public interests, then it is open to the Opposition to throw out their annual Bills with the result that they go out of power. I wish that this Assembly, although it has not the power to turn out the Government by a vote of censure, will develop at any rate this, namely, that every year the Finance Member and the Government will come before this House and render an account of their stewardship, so that if the taxes that they have levied during the year are justified, and their financial arrangements are justified, we may renew them or modify them just as may seem proper. It is with that view that I have brought forward this amendment, and I trust that it will commend itself to the Assembly.

THE HONOURABLE MR. W. M. HAILEY : I wish to draw the attention of the House to the items of which this Bill is composed. There is the Tariff Act, the Post Office Act, the Income-tax Act, the Super-tax Act and the Freight Act. Now I can quite see the attraction of forcing us to render a full account of our stewardship every year, though I may say that I was under the impression that the existing Budget procedure already forced us to do so. And I quite see the attraction to this House of the proposal that our taxation shall be renewed at the will of the House every year. I see no reason, for instance, why the procedure of renewing income-tax every year should not be followed. That suggestion seems to me to be unobjectionable, because people do not enter into large commitments or expectations on the basis of the prospects of the rates of income-tax for the coming year. Then, again,

Sir, I see no reason why such a charge as that on freight should not, if necessary, be renewed every year ; indeed, as I pointed out in my Budget, we hoped that the freight sur-tax would be of a temporary nature only and that the revision of goods freights would take its place before the end of the year. There would, in any case, seem to me no reason why this should not be of a temporary nature because, here again, I do not think it would disturb greatly the course of trade if it were so arranged. Again, as regards the Post Office, I see no reason why rates taken under the Post Office Act should not be fixed year after year as long as reasonable notice is given to people in advance.

I have taken the items of the Bill in inverse order because I desired to leave the most difficult item to the last; that I mean relating to tariffs. That is a question on which the opinion of the commercial members of this House would be very valuable, both to us and to the House itself. Would it, or would it not, be embarrassing to trade if it realized that our tariff duties were fixed definitely only 12 months ahead ? Would merchants, or would they not, be able to make their commitments well in advance as they always desire to do ? Would it, or would it not mean that towards the end of the year people so far from taking their goods out of customs, would leave them there in the hope, that Government having been forced to retrenchment, might reduce the tariff ? I say that these are the doubts that occur to me and I should like to hear what the commercial members in this House have to say in the matter. My own view is, that it will lead to a very great state of uncertainty on the part of trade if our tariff came definitely to an end at the close of the year and the whole scheme of charges were open to revision every twelve months.

We have heard a great deal regarding the disturbance of trade due to exchange ; I am not at all sure that an addition to these uncertainties due to the indefinite duration of the tariff might not seriously damage the trade of the country. It cannot again be a very welcome prospect to this House that those differences of opinion that are being voiced as between Lancashire and India should be repeated year after year when the tariff comes under reconsideration. I am perfectly prepared as regards the remaining items to admit the suggestion put forward for annual legislation, but I say that there are very grave doubts as to the wisdom of fixing the tariff changes on a temporary basis.

MR. A. D. PICKFORD : Sir, I respond as promptly as I possibly can to the invitation that has been extended to the commercial members of this House by the Honourable Mr. Hailey.

I endorse in as strong a manner as possible, and I am quite sure I will have with me all those members, who are connected with industry and commerce in India,—every word that has fallen from the lips of the Honourable the Finance Member.

Already the element of uncertainty with regard to the alterations in tariffs is one of the disturbing factors in the commercial and industrial operations in this country, and, if I may say so, I think the House should be very careful before adding any further uncertainty to the difficulties which at the present time are in any case abnormal.

It is not merely the direct effect of possible cataclysmic changes hanging over commerce for the last few months of the financial year, but there is a subtle sense of uncertainty involved in a proposal of this sort which will undoubtedly act to the detriment of commerce and industry in this country. At the present time when everybody, whether engaged in business or otherwise, is especially concerned in encouraging commerce and industry as being the great hope of the economic future of the country, I say that in these circumstances, a proposal of this sort should be very carefully considered, indeed, before it is accepted and I can say that it is beyond all question that those engaged in commerce and industry in India will be very deeply disturbed should any such proposal be carried.

RAO BAHADUR T. RANGACHARIAR : Sir, I can see that there are advantages as well as disadvantages in this question. But the question which we have to consider is as to whether the advantages outweigh the disadvantages. The first point which occurs to me is that we are now passing through a transitional stage and it is necessary for the Assembly to learn by the experience of one year or more as to how far the finances of this country can be kept under control. With that view in mind we must see exactly where we are financially. We must also see whether the new rates which we are enforcing as regards customs duties are suitable or not. We cannot foresee what the effect of the imposition of those rates will be on the imports and exports of the country. If we work on a permanent basis, we may not be able to review the question as easily as we could if the rates were enforced for one year only. After all, we are imposing a higher rate on customs duties because of our financial stringency and not as a matter of protection of our commerce and industry, it is only a question of improving our financial position. If our financial position improved in the course of a year in the sense that we could cut down expenditure, then it would not be necessary to impose such a high tariff on goods. And whereas now we are willing to impose a certain tariff on

goods which we consider to be luxuries, we may be inclined to renew the rates at the end of a year and in certain cases we may be able to abolish the tariff.

At a time like this when we are learning our business in this Assembly, I think it should be considered that we are making an experiment and that we should try these rates for the time being and see how they act ; especially as regards customs duties—take tea for instance—it would be much better if the rates were renewed annually by legislation as in England.

And as many of these goods are imported, and as our industries in the country have not progressed as fast as we could wish, and as we have to see whether the trade of the country, the industries of the country are going to suffer or benefit by this new taxation, I think it is highly desirable that we should keep it in force for one year only. And one great thing which I have in view is this, as I have mentioned already, that it will put a check upon the growth of expenditure if the Finance Member knows he will have to come to the Assembly again and give an account of any extravagant expenditure either on the military or the civil side—he will have to give a true and full account of his procedure. I, therefore, Sir, strongly support the amendment of Mr. Samarth and I have given notice of a similar one myself and I will ask the Assembly to accept the amendment.

MR. MANMOHANDAS RAMJI : Sir, I beg to support the views expressed by my Honourable friend, Mr. Hailey, especially on the Tariff Act, that if it is going to be an annual thing to come before us, it will upset the trade considerably, because, orders have to be placed months before the season commences, especially with regard to piece-goods, and it is very difficult for the people to foresee what changes are going to take place at the time of the Budget. I think if the Tariff Bill is not disturbed for some time, it would be much better and, therefore, it should not be compulsory to disturb it annually. In case of need, it is open to either the Finance Department or the Members of this Assembly to bring in propositions to make any alterations which they desire, at the time of considering the Budget.

DR. H. S. GOUR : Sir, as I have given notice of a similar amendment which is on the Agenda, I may be permitted to justify it in connection with the Honourable Mr. Samarth's amendment. I congratulate the Honourable the Finance Member on simplifying the issue. He has conceded, that so far as our amendments relating to post office, freight, income-tax, and super-tax are concerned, there is no objection to the Finance Bill being

limited to a year. But he says, that so far as the Tariff is concerned, the matter is one which could not be readily conceded without reference to the commercial interests of the country. And the Honourable Mr. Pickford and the other speakers have pointed out, that if the Tariff Bill is to become an annual Act, it will disturb the piece-goods trade. Now, Sir, the Honourable Members who have spoken on this subject have taken it for granted that the Tariff Bill will *ipso facto* cease to exist and it will not be renewed. But that is not the purpose of the amendment. All that the amendment demands and desires is that at the conclusion of one year the Tariff Bill should be subject to the review of this House and, if this House comes to the conclusion that a continuance of the Tariff Bill is necessary, it will be as a matter of course, renewed. The only difference between the Bill as it exists and the Bill as we wish it to be amended is this. The Bill as introduced will continue to be law till it is modified or rescinded. Whereas by limiting it to a period of one year, it will come up for revision at the conclusion of one year. I do not see any difference, therefore, so far as the commercial members are concerned. The commercial members apprehend disturbance of their trade if the Tariff Bill is limited to one year but I would beg to ask them what difference would it make if the Tariff Bill continues as it is and next year this Assembly moves for its revision. The difference is not a difference in principle but a difference merely in procedure and the difference in procedure is this, that while, in the one case, it will continue till it is amended or annulled, in the other case, it will *ipso facto* come up before this Assembly for the purpose of reconsideration. That is all the difference between the original motion and the amendment.

Then, Sir, one speaker remarked that this Bill at the end of the year will cease to have any effect and that, after that, people who have placed contracts in advance will be losers. But I have just pointed out that that is a contingency which exists in all cases, whether the Bill is limited or is not limited to one year. So long as the Budget is subject to a vote of this House, it is for this House to decide as to what extent the demands made by Government should be made and in what manner. Therefore, all measures of taxation are subject to the review of this House and I therefore submit that there can be absolutely no objection to this measure being limited to one year, so far as the Tariff itself is concerned. One word more, Sir, and it is this. The Honourable Mr. Samarth has made his amendment somewhat more rigid. He says it shall remain in force only till the 31st March, 1922. My amendment is, that it shall remain in force for only one year, that is to say, from the date of its enactment. I submit, Sir,

the more elastic provision contained in my amendment would probably be accepted by the Honourable the Mover of the amendment, Mr. Samarth, and, if he does accept it, the two amendments might be discussed and voted on together.

MR. E. L. PRICE: Sir, I should like to support the appeal of Mr. Pickford and Mr. Ramji, both commercial men, to this House not to press this amendment. It is not quite the fact that it is purely a matter of procedure. If this Tariff Act is looked on as something that comes up for complete revision every year, the Finance Member will be assailed from all parts of the compass, and other Members of this House too, by all those interests which seek to shift their natural burdens off their own shoulders on to those of other people. This does not apply merely to the piece-goods trade, Sir. Probably, Mr. Ramji mentioned that trade because it is an interest of his. It applies equally to the importers of sundries, of wines and spirits, of silver and every other commodity. There will be a determined effort at lobbying for months in advance, because all will look at the Tariff as something open to them every year by the manipulation of which they might lift the load from their own shoulders and place it on other peoples. So, I suggest, there is a certain amount of psychological importance attaching to this method of procedure, and that, though the Tariff Act is subject to revision every year by this House, to hold it out for twelve months as a sort of 'Aunt Sally' for everybody concerned to have a knock at would be, I think, a tactical mistake, and I am assured also, that it would have a very disturbing effect on the ordinary course of trade. Therefore, I ask these legal gentlemen not to press a point like this for political purposes, however worthy, dead against the consensus of commercial opinion.

SIR P. S. SIVASWAMY AIYER: Sir, I wish to support in principle the amendment which has been moved by the Honourable Mr. Samarth, though I should personally prefer the form in which it has been announced by Mr. Venkatapatiraju, namely, that it 'shall remain in force till the end of March, 1922.'

If we say 'till the 31st March,' it may give rise to some doubt as to whether the 31st of March is included or not. The point taken seems to me to be a very much more substantial one than the one about which Honourable Members were very keen yesterday. I think it is a matter of great constitutional importance that a certain proportion of the taxes and the revenue of the State should not take a permanent form but should be in this manipulable and annual form. It has the great advantage of

compelling the Government to come to us year after year and seek our sanction to the continuance or alteration of the annual and revisable taxes as opposed to the permanent taxes. It is quite conceivable that the Government may plead that some inconvenience may possibly be caused if steps are not taken at once to continue the taxes at the expiry of a year. But I have no doubt that measures can be taken to avoid any inconvenient results either by legislation of the kind which has been enacted in the Provisional Collection of Taxes Act or in some other manner. I would, therefore, strongly support this motion.

MR. T. V. SESHAGIRI AYYAR : Sir, I feel some little difficulty in voting with my friends, with whom I am generally in agreement, on this particular occasion. There is already an agitation in England set up by the Lancashire merchants and by the Manchester people against this customs duty, and if we make it clear that at the end of a year, the Finance Member will have to come here to review that taxation, it may be adding flame to the agitation which is already spreading in England and the position of the Finance Member here will become more difficult. And I also think that the voice of the commerce members who have spoken on this subject ought to have greater weight in determining a question of this kind than the voice of what Mr. Price called the legal men. Now, Sir, if it is possible for my Honourable friends to so word this amendment as to leave out the question of Customs Duties, I would have no objection to vote for it. But, as their amendment is not worded in that way, I feel great difficulty in supporting the amendment in the form in which it has been moved.

MR. B. VENKATAPATIRAJU : Sir, I have given notice of a similar motion. We are thankful to the Honourable Mr. Hailey that he has no objection to exempt the Indian Post Office Act, the Indian Income-Tax Act, the Super-Tax Act, and the Freight (Railway and Inland Steam-Vessel) Tax Act. The only objection he has taken is with reference to the Indian Tariff Act. It is true, Sir, that the practice is both ways with reference to this measure. There are cases where these are annually voted, and there are cases also where permanent provision is made. We have also seen a notice given by Mr. Rangachariar that if we did not approve at the end of a year the tariff which we are now imposing by this Act, the old duties would remain. There is another amendment suggested, that is, he suggests that at the end of a year, we should revive the old tariff. The question is, whether we should make a permanent provision by imposing this high tariff which we are now asked to impose on the several

goods which are imported into the country. It may be advantageous or it may be disadvantageous or disastrous. I respectfully urge that it is not at all wise to tie our hands and impose a burden on the country, because, after all, the person who actually pays is the consumer who will be liable to pay very heavy taxes. Perhaps, with facilities, we may rather increase or decrease the duties. The only objection taken by the Honourable Mr. Ramji and the other friends who spoke on behalf of business was, that there would be difficulty in trade, that goods would not be taken delivery of at the close of a year because of the uncertainty whether there would be a reduction or an increase in the duties, and that there would be difficulty also in entering into contracts as it will be necessary to take into consideration the rates that may have to be paid. Sir, it is perfectly well known that the tariff is liable to change, and that the increase or decrease will be taken as a separate addition to the price which will be contracted for by the parties. With reference to not taking delivery of goods, I am sure, Sir, that demurrage will have to be paid by the parties concerned if they refuse to take delivery. Besides, I do not see why we should tie our hands and not have the power of rectifying any mistakes we may have committed by this high imposition. Are we to say, Sir, that we are for ever going to be bound by this? The saving clause to this Bill says that it should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. In these circumstances, Sir, I would suggest, it is far better in the interests of this country as well as of the countries which are exporting merchandise to this country that we should take into consideration, year after year, what is necessary for our own purposes in the interests of our own country. I therefore strongly support the amendment moved by my Honourable friend, Mr. Samarth.

MR. C. A. INNES : Sir, in reply to what Mr. Seshagiri Ayyar said, I wish to say that Government are quite prepared to agree to an amendment which will be in the following form :

‘ That clause 1 be renumbered sub-clause (1) of clause 1, and that to the said clause, the following sub-clause be added, namely.

(2) Section 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.’

The effect of this amendment will be that the Finance Bill, in so far as the Indian Post Office Act, the Indian Income-tax Act, the Super-tax Act and the Freight (Railway and Inland Steam-Vessel) Tax Act are concerned, will remain in force only for one year. But we do think it most

important that this amendment should not be carried in respect of the Indian Tariff Act. In this matter I do appeal to the House to trust to commercial experience. The amendment of the tariff is a matter of vital importance to trade. I do not agree with what Dr. Gour said. I would like to point out that if this amendment were accepted, the effect of it would be that the Act would remain in force only till the 31st of March 1922. That is to say, on the 31st of March 1922, as far as our tariffs are concerned, we shall have an absolute *tabula rasa*. As pointed out by Mr. Price, all the interests in the country who have anything to gain or anything to lose by an amendment of the Tariff Act will be up here lobbying in this House. The whole of the trade will be upset and disorganized. Everywhere business will become very difficult. Mr. Rangachariar said that if the Tariff Act were put in force only for one year, it would act as a check upon the growth of expenditure. What I say, Sir, is that if the Tariff Act is put in force only for one year, it will act as a check upon the growth of trade, and will do vital damage to the country. Moreover, we shall not get our money.

I think that is all I have to say, Sir, and I again appeal to the House to listen to those gentlemen in this House who are representatives of trade and commerce and accept their views that as far as the Tariff Act is concerned, it should not be enforced for one year only.

THE HONOURABLE THE PRESIDENT: The Honourable Member, I understand, has moved an amendment, or is it only thrown out as a suggestion?

THE HONOURABLE MR. W. M. HAILEY: I felt that we could only throw that out as a suggestion, in answer to the proposal put before us by Mr. Seshagiri Ayyar. If, however, I am in order in putting it forward as a definite amendment, I should like to do so; but I place myself entirely in your hands in that respect.

DR. H. S. GOUR: May I ask the Honourable Finance Member a question? Are the Government prepared to give an undertaking to this House that on the conclusion of one year they will submit the whole question of tariff for the consideration of this House? If the Government are prepared to give an undertaking to that effect, the Honourable Members,—I, at any rate—will reconsider my position as to whether I should persist in bringing my amendment.

THE HONOURABLE THE PRESIDENT: There seems to be some confusion as to the bearing of the amendment moved by Mr. Samarth,

Mr. Venkatapatiraju several times used the expression 'to tie our hands.' That is precisely what he proposes to do. The amendment makes it inevitable that the tariff should be brought up next year. If the amendment is not carried, it is left open whether it shall be done or not.

THE HONOURABLE MR. W. M. HAILEY : With regard to the question which has been put to me, I cannot undertake that we shall put the whole question of tariff before the House before the 1st March next year. As the House knows, we are about to assemble a highly important fiscal commission, which will deal with the whole question of India's fiscal relations. If they present us with an interim report in time for us to bring the question before the House next year we shall be able to do so. But I think the House will agree with me that it would be unwise for us to attempt to reopen the whole question with the House while that commission is still sitting, and until we had received the result of their labours. As soon as we have received their recommendations, I need not say, that the Government will take the earliest opportunity of bringing the whole matter before the Legislature.

THE HONOURABLE THE PRESIDENT : Further amendment moved :

'That the following words be substituted for the amendment moved by Mr. Samarth :

'That clause 1 be re-numbered sub-clause (1) of clause 1, and that to the said clause the following sub-clause be added,' namely:

(2) Sections 3,4,5 and 6 shall remain in force only up to the 31st day of March 1922.'

Question put :

'That that amendment be substituted for the amendment of Mr. Samarth.'

MR. N. M. SAMARTH : Sir, having regard to the expression of opinion of the Members of the commercial community here and the motion which has been introduced in favour of retaining the tariff undisturbed for more than one year or, to any rate, until the Tariff Commission brings out its report, I think it is under the circumstances advisable for this Assembly to accept the proposed amendment. At the same time, I will say this, that if the arguments advanced by some of those Members of the commercial community who spoke on the subject are sound, they would logically lead to the conclusion that there should be no disturbance of the tariff at any time and as such they do not, at any rate, convince me or convince those who think with me. But I accept the proposed amendment as the Honourable Mr. Hailey has given us an assurance that when

the Tariff Commission meets and the whole question is gone into a fresh and their recommendations are placed before the Government of India, the tariffs will be remodelled in accordance with the view that the Government of India and this Assembly and the Secretary of State may ultimately take. One more point, Sir. Reference was made to the Lancashire agitation. Well, I may be pardoned, I hope, for telling this Assembly that I put forward before the Crewe Committee in my memorandum and in my evidence the proposal that whenever the Government of India and its Legislature agreed there should be no interference by the Secretary of State, and, therefore, none by Parliament. That proposition was accepted and approved of by the Crewe Committee. I again urged it before the Joint Parliamentary Committee, and as everybody knows, that Committee also accepted the view that ordinarily whenever the Government of India and its Legislature agreed, there should be no interference by the Secretary of State and, therefore, none by Parliament. I am not afraid, therefore, of this Lancashire agitation in the House of Commons or any where else, so long as you and I and all the rest of us, including the Government of India, are of one mind and speak with one voice on the subject.

MR. T. V. SESHAGIRI AYYAR : Supposing this amendment is accepted, and sometime later section 3 in the Bill which refers to the Indian Post Office Act is altogether deleted, what is the effect of it? If we accept the amendment and say, that all these sections shall remain in force until the 31st March 1922, and if what I have said happens in consequence of a discussion in the House, will that in any way affect the position?

THE HONOURABLE THE PRESIDENT : I think means can be found for that. I hesitate in view of the circumstances at the moment, to make the suggestion, but there is 'another place' in which any necessary amendment can be inserted.

The motion :

'That that amendment * be substituted for the original amendment.'

was adopted.

'That that amendment * be made in clause 1.'

was adopted.

The motion :

'That clause 1 as amended stands part of the Bill.'

was adopted.

*That clause 1 be re-numbered sub-clause (1) of clause 1, and that to the said clause the following sub-clause be added: (2) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March 1922.'

TEXTILE MACHINERY AND STORES.

LALA GIRDHARILAL AGARWALA : Sir, I move :

" That after* item 18 the following new item be inserted :

18-A. Textile machinery and stores."

In the Statement of Objects and Reasons of the Finance Bill, in paragraph 2 (2), this is stated : " The withdrawal of the concession allowed by the existing tariff under which machinery and stores imported for use in cotton mills are admitted free of import duty." I submit, Sir, that the cotton industry in this country is struggling—(Laughter). I cannot understand why my Honourable friends are laughing when I say that we cannot compete with foreign goods even now, and it is necessary that our industry should be protected. We cannot extend our textile industry unless we get a large number of machines, spinning and weaving machines throughout the country, and we cannot any more go on with Mahatma Gandhi's *charkhas*. I submit for these reasons that it is necessary that these articles should remain free of duty and should not be taxed. The result would be, if it be taxed, that we would not be able to import machinery for setting up weaving mills and we would suffer.

MR. C. A. INNES : Sir, the concession by which textile machinery and stores have up to date been admitted free of duty into India dates from the time when the import duty on piece-goods was first imposed and when a countervailing excise was placed on piece-goods manufactured in this country. It was realised at once that since in the matter of piece-goods manufactured in this country an excise duty precisely equivalent to the import duty on imported piece-goods had to be paid, the cotton mills here were placed in a disadvantageous position, in that they had to import from England machinery and mill stores they required for their mills. It was decided, therefore, that these machinery and mill stores should be free from all duty.

Now, Sir, the position is entirely different. The textile industry in this country has the benefit of a six per cent. duty. The excise duty on piece-goods manufactured in this country is 5 per cent. Under the proposals which we have placed before the House, the import duty on imported piece-goods will be 11 per cent. In view of this difference we

desire to remove the small concession whereby textile machinery and stores are admitted free. We shall get a small amount of revenue, say, about ten lakhs of rupees out of this. Moreover, we shall simplify very greatly our customs procedure. The objection that we have to the continuance of this concession is that it causes us very great administrative inconvenience. The working of these exemptions involves considerable difficulties, in that certain articles can be used for entirely different types of work, and others can be used for woollen mills which are not privileged. Again the question arises of importations by people who buy for stock, and who sell to cotton mills or elsewhere. The result is that in a large proportion of cases a provisional duty is charged in the first instance and is adjusted on production of the necessary proof of destination. In some cases the duty is charged subject to a refund being granted when the machinery has been erected or the stores have been used. Both processes involve a subsequent handling of the papers which have, in the meanwhile, been dispersed for audit, for statistical or other purposes, and the extent of the clerical and administrative labour involved is very great. The disposal of every refund application tends to clog the wheels of the customs machine and to be productive of slower work. Now that we are increasing the import duty by probably at least $3\frac{1}{2}$ per cent. without any increase in the excise, it seems to me equitable that we should remove this concession, which I venture to think that cotton mill industry no longer requires.

Mr. Agarwala referred to the "struggling industry." All I can say is, that I wish we had more industries struggling in this way in the country. I have here a list of the dividends paid by the Bombay cotton mills in the last year. I will just read them out in order : 36 per cent., 26, 25, 128, 22, 128, 70, 30, 45, 85, 52, 42, 30, 65 and so on. It seems to me, Sir that this industry is in an extremely strong position. It seems to me that it no longer requires this little concession which, as I have said, causes us a great deal of administrative inconvenience, and I suggest that the House should accept our proposal which means an additional revenue of about ten lakhs of rupees.

MR. MANMOHANDAS RAMJI : I have also an amendment standing in my name, item No. 35. May I know whether I shall be allowed to move it, or this proposition will dispose of it also ?

THE HONOURABLE THE PRESIDENT : The Honourable Member is raising quite a different question there. As far as I can see, he is raising the question of materials used in the industry.

MR. MANMOHANDAS RAMJI : Not stores as a whole, but only a part of the stores.

If I may be permitted to say a word, Sir, Mr. Agarwala's motion is, that the whole of the stores imported for mills is to be excluded, whereas my proposition says, that stores used for sizing purposes only be exempted.

THE HONOURABLE THE PRESIDENT : In order to give the Honourable Member an opportunity, I will put the amendment before the House in the following form :

" After item No. 18 the following new item be inserted :

" 18-A. Textile machinery."

The amendment was negatived.

MR. E. L. PRICE : Am I to move my amendment No. 32, because that and No. 59 are two component parts of a perfect whole ? I cannot very well move the one without the other.

THE HONOURABLE THE PRESIDENT : If they are parts of a perfect whole and we dispose of No. 32, then No. 59 shares the same fate.

MR. E. L. PRICE : I beg to move :

" That " Silver" be omitted."*

Of course, the House understands that this is attempted with the idea of collecting an import duty which, before the war, according to the evidence given in the Babington Smith Committee produced an annual revenue of a crore of rupees, a sum of money which this House would, probably, be very glad to have in hand in order to reduce some of the charges that must otherwise undoubtedly fall on the poorer sections of the community. I must apologise to this House if I speak with what in another place is called irresponsibility. Of course, I had prepared 20 pages of print, but owing to your appeal, Sir, for expedition, I prefer to put them behind me and shall be as brief as possible. I put it to this House, that India is rather afflicted with busy bodies outside. The latest of them is Lord Ampthill against whose proposed action we unofficial European Members, have recently sent a strong remonstrance. I cannot but feel that the Babington Smith Committee also, however appointed, was also something in the nature of some one of these outside busy bodies. It contained only one Indian Member and its whole results have been disastrous to this country. It sat at a time when, if one thing was more certain than another, as pointed out by the Exchange Banks,

*From Item 20, Schedule I, page 3 of the Bill as introduced.

conditions were absolutely fluid. There was no stability, and on this fluid basis they tried to erect a structure, and that structure has toppled down to the great discomfiture of all concerned. Now I am very sorry, really I feel I ought to apologise to the House, for mentioning this Babington Smith Committee Report at all, because I do not know that I can say a word in its favour; but, however, as my opponents resolutely mention it, it seems necessary to revert to it. First take paragraph 71 of the Report. It is thrown at my head from all over the place: "Oh, the Babington Smith Committee said, you *must* take off the duty on silver." Now, Sir, when I read the exact words to the House you will see they made no such statement without a certain amount of reserve. They said:

"For these reasons we recommend that when the prohibition of import of silver is removed, the duty should also be removed unless in the opinion of the Government of India the fiscal position demands its retention."

I would ask the House to note the words "the fiscal position demands its retention." Of course my contention is that the fiscal position seriously demands its retention at this time. Now, Sir, while on this question of the Babington Smith Report I must naturally take the minority report on the same subject and of course I quite agree that Mr. Merwanjee Dalal is unequivocally against any import duty, but I would refer to page 41 and quote Mr. Dalal against himself. Section 12 runs like this:

"I discuss in detail below these and other points referred to the Committee and now state the recommendations that I desire to make."

"(a) The money standard in India should remain unaltered, that is, the standard of the sovereign and gold mohurs (notice the words "gold mohurs") with rupees related thereto at the rate of 15 to 1."

Now this is the more important, Sir, because the gold mohurs that we coined at the Bombay mint, I think, in 1917, had stamped on the back Rs. 15, and of course they were exactly equal in weight and fineness to the sovereign. I am sorry, I have not got one of the coins here to show you, but they are unobtainable. Now it has often been stated that the minority report advocated the retention of exchange at 1s. 4d. It did nothing of the sort, Sir. From this section you will see that it wanted to retain exchange at 1s. 4d. *gold*, Rs. 15 for a gold mohur or for a sovereign, which is a gold coin of exactly the same weight and fineness as the said gold mohur. Now, Sir, what is the current value of

a rupee at 1s. 4d. gold ? I worked it out roughly and the answer is 1s. 9d. sterling. 1s. 4d. *gold* is 1s. 9d. *sterling*. There can be no doubt about it. That is what the minority report recommended !

Now as regards (b), (I am reading again from the minority report) :

“ Free and unfettered imports and exports by the public of gold bullion and gold coins.”

“ (c) Free and unfettered imports and exports by the public of silver bullion and silver coins.”

Now, Sir, I want to draw the attention of the House to this fact that Mr. Merwanjee Dalal divides up gold from silver. Why should he not lump them together like the Customs schedule ? Why should he label one (b) and the other (c) and take two extra lines of print for nothing ? The reason is, that Mr. Dalal is undoubtedly a very good economist and he knows perfectly well that gold and silver are altogether in different categories for international purposes, and therefore he so placed them. Gold will always pay your way. The greater the stress of the times the more favourable is gold. Silver is in an entirely different category. It very often will only serve the purpose of securities, and most of us know to our cost what little service securities will afford a man in times of stress. Now, Sir, leaving that report, I come to an item of evidence given before that committee and given by an expert called Mr. Bomanji. I have heard his name mentioned in this House in connection with exchange, showing how expert he was during the sale of Reverse Councils, and on that account I suppose we cannot do better than accept his recommendations now. He says:—

“ With a rise in the sterling value of the rupee, with no restrictions on the import of gold and silver and with a ratio fixed between sterling and rupee, under those conditions, I do not think that you can permanently keep exchange very high.”

and that leads me to the further question as to whether the Government of India wants exchange to rise, and whether commercial India wants exchange to rise. Well, Sir, there are the many commercial considerations that I stated on the 8th. The Honourable Mr. Sarma, will admit that one of his chief fears, I suppose, about releasing exports is, that at the present low exchange, prices might rise.* If exchange were at 1s. 8d. he would have far less reluctance, and from his point of view it would probably be a good deal more comfortable if exchange were a little higher. But there is another Member of Government, Sir, who is much

* NOTE.—Mr. Sarma acquiesced with a nod. Exchange was at the time about 1s 3d *sterling*, barely 11d *gold*. E. L. P.

more interested than even Mr. Sarma, and that is the Finance Member. From the 1st of April when this Budget comes into operation, there are home charges to be met to the extent of 27 millions against which the Finance Member has put an amount of 20 million, which he expects the other way, that is in payment for military services. Now, Sir, I am taking it, I may be wrong, I hope not, that what he means to say is, he is going to spend for the War Office 24 crores and at the rate of 1s. 8d. calculated Rs. 12 to the pound recover in London 20 millions. The operations begin on the 1st of April, that is almost next week. But, Sir, in spending these 24 crores, he has told us that the War Office will only repay him at the market rate. If the War Office pays him even at 1s. 4d. the amount he will get in London, will only be 16 millions, instead of 20 millions and at once on that item alone we have another deficit of 4 millions, which is an extremely serious thing. Now, Sir, the objections to this duty on silver have been very effectively stage managed. Most of us have seen some theatrical representation when an army is introduced. Four or five men armed with helmets, shields and swords march through. As soon as they pass out of sight, they "double" up and come in again. You watch them a little bit and think there is a large army passing through. I believe that that is what has really happened in the case of these protests against the import duty on silver. The main people who are interested are half a dozen bullion brokers who are extremely anxious that whoever has to pay, and whatever they have to pay, at all events no burden or restriction should fall on them. It was referred to in the *Statesman* as undiluted selfishness. I hope it is not quite that. There is something serious behind it too. But when the Finance Member replied on this question being first raised, he spoke about consulting the silver bullion dealers. Well, Sir, the Finance Member has put a duty on sugar. . .

THE HONOURABLE MR. W. M. HAILEY : I venture to interrupt, I said that I should have to consult Bombay, not the bullion dealers.

MR. E. L. PRICE : Well, Sir, I am sorry if I misunderstood the Finance Member, but I am not aware that he had particularly to consult Bombay over the import duty on sugar, which is a food of the people. And, even if you say to me that this sugar is not eaten by the poorer classes, I will admit that ; but, at the same time, the rise in the price of foreign sugar affects the price of the Indian article. Again, take cloth. You say you are forced to raise the duty on the clothing of the millions of India, and, if you say that Manchester goods of the finer sorts will not

so much affect the masses, I shall again have to say that behind that new tariff wall that you are raising, the indigenous products will rise in price. The extra income-tax, the higher super-tax that you try to impose on the mill-owners, behind that tariff wall will be easily passed on to the consumer, and the tax you place on food and clothing will undoubtedly affect the masses

Now, Sir, socially silver is a luxury. People do not need it to eat or to keep them warm, and I do say that it is a most important thing that admitted luxuries should be taxed. From the currency point of view also uncoined silver is a luxury because we have a nominal gold basis, *and that gold basis will never be made effective unless the volumes of silver that keep coming to India are restricted and penalised.*

I have been as brief as I could ; I am sorry if I have missed any important points.

DR H. S. GOUR : I am sorry, Sir, I have to oppose this amendment and I shall briefly do so by categorising my objections.

My friend's first point was that the exchange would improve if there is an import duty on silver. I submit, Sir, as I pointed out in my speech when the general debate on the Budget took place, that the amount of silver which is imported to this country is not such as materially to affect the exchange much.* I therefore submit that the question of exchange must be left out in considering the import duty on silver, and, even assuming for the sake of argument that it will reflect upon the exchange, I submit that the Government must not any longer tamper with exchange. They have done so before much to their cost and the cost of the country, and the exchange problem must now be left to solve itself.

My next objection is that the savings of the people of this country are mostly made in silver, and it would be a most suicidal policy for this Assembly to attempt to tax those savings.

My third objection to the Honourable Member's proposal is that silver is a currency metal and it is one of the axioms of economics that currency metals must not be taxed ; there must be a free flow of currency metals.

My next objection is that we have a considerable trade with China which is a silver currency using country. Our trade with China is already dwindling and it would seriously suffer if we were to put an import duty on silver.

* 6 crores nett in March, April and May 1921. The legal fraternity evidently think in bigger units than commercial folk! E. J. P.

On these grounds, Sir, I oppose the amendment.

The HONOURABLE MR. W. M. HAILEY : The House will readily understand, that when it places within our grasp the prospect of a crore of rupees, we should not lightly reject the offer ; it is no function of ours to look a gift horse too narrowly in the mouth. But, Sir, it is my duty to advise the House to the best of my ability, not only as to how to meet its immediate difficulties with the least inconvenience to itself and to the country, but how to regulate its finances over a period of years with the greatest safety to health and stability. It is because I feel it to be my duty to ask the House to take a long view of these matters, that I must criticise the proposal put forward by Mr. Price.

Let me take his last argument first. He said that silver was a luxury. Well, whether an article is a luxury or not is often a matter of opinion, and sometimes even a matter of verbal expression. But I am aware that people are frequently disposed to a decision on even the most important and vital questions by a prejudice derived from a classification of this nature. Now, Sir, is silver really to be classified as a luxury ? Certainly that was not the opinion of Indian publicists when we placed the tax originally on silver. We were then told, as Dr. Gour has told us again just now, that we were taxing the savings of the poor man. It has, it is true, long been a charge against India, a charge certainly levied against India by Europeans from the 17th century onwards, that it is a pit for the precious metals. A long succession of economists has deplored the Indian habit of hoarding the precious metals. As a matter of pure economics they were undoubtedly correct ; but the circumstances of India require that we should apply some qualification to this condemnation. If metal is hoarded, it does not necessarily follow that the metal so hoarded is a luxury. I will admit that for the European silver is a luxury ; for the richer Indian, except in so far as he seeks to meet the absolute necessities of ceremonial occasions, silver is a luxury ; but is it a luxury for the poor man ? He has no banking facilities ; he is not sufficiently educated to have acquired the Savings Bank habit, and, until he improves sufficiently by education to appreciate the investment habit, or until we can provide him with the necessary banking facilities, silver and gold are practically his only means of banking. To that extent at all events silver is not really a luxury, and I would deprecate any attempt to decide the immediate issue before us—a tariff issue—on the supposition that we are taxing a luxury pure and simple.

Now, Sir, that is not of course my main objection, though I have had to state this point in order that I might clear away any prepossessions derived from Mr. Price's statement of this aspect of the question. My main objection is far stronger, and is directed against what is after all also Mr. Price's main point, namely, that an import tax on silver would tend to rehabilitate exchange. I maintain, that in the present chaotic conditions of exchange there is unanimity only on one point, namely, that we should now cease to attempt to regulate it by artificial means. That has been the lesson of the Brussels Conference ; that has been the lesson that has been impressed on us by the majority of persons in this country qualified to judge of the situation. We are told that we have made a failure of things ; how far that is true, is a matter of opinion ; but it is certainly a matter of fact that we have been very freely told that we had now better leave things alone. Yet Mr. Price's proposal would, if accepted, constitute exactly one of these artificial attempts to regulate exchange which the country at large has protested against. Again, if in many quarters blame has been imputed to us with regard to what has been described as the failure of our exchange policy, yet it is nevertheless true that we have gained some credit from the fact that we have released the precious metals from all control, both import and export. Let me quote a short passage from a paper that I am fond of quoting because it not infrequently attacks, and attacks from a very well informed standpoint, our general financial policy. It says :

"We have gradually got down to unrestricted trade in most things including our precious metals and exchange, though in our economic Sahara some people are still clamouring for administrative interference with a free exchange and for the re-imposition of restrictions on the import of silver. But this very freedom makes it all the more necessary to strike off the last shackles from the limbs of trade."

I believe, Sir, that the great majority of commercial men in this country think that our one hope of stabilising exchange is to leave it to the operation of natural forces.* This particularly applies to restrictions on the precious metals ; because ultimately the precious metals must be relied on to re-establish the balance of trade ; they are the only resort when ordinary imports and exports fail to arrive at a balance. We may be told that if we really believe this theory, we should not have placed restrictions on the movements of metals during the war ? The consequence of such restrictions was seriously to affect exchange ; but they were due entirely to war conditions, and could not have been obviated by any means in our power whatsoever.

* NOTE—Natural forces can hardly be said to operate while control of Exports is maintained. E. L. P.

Now, to come to details, what is the exact effect of an import duty on silver? I have heard it said, that an import duty on silver does not in itself prevent silver being used for re-establishing the balance of trade; that is it does not prevent its export when required for that purpose. Well, Sir, it does; that statement is not correct. I will quote an authority; which most Members of this House would, I think, admit to be unimpeachable. That authority says:

‘It would be wicked to make India a bottomless sink for silver, and this had formerly been brought about by the imposition of a duty.’

The explanation of course is, that if we place a two-anna import duty on silver, India cannot use silver freely for purposes of export until the Indian parity rises to two annas above the London parity, or about 12 rupees per hundred tolas. It is perfectly true that the Customs Act does provide for a rebate of $\frac{2}{3}$ ths on re-exports of silver; but you cannot identify particular prices of silver; it gets broken up, and changes its form so that, as a matter of fact, that rebate can hardly ever be claimed.

My position then is, that the imposition of an import duty on silver practically prevents its export until the Indian parity rises strongly above the London parity. Now, Sir, that is not a theoretical consideration in any way, but it is a practical one. What is happening at the present moment? I am going to read to the House lest it should be thought that I am voicing merely my own views—another extract from the same authority. I quote it to prove that the free import of silver is not an unmixed evil, that in return for imports we get both exports of silver, and even of a more important factor in exchange, I mean gold.

‘The trade returns of last year show that since the abolition of a silver duty by the Secretary of State, India is importing as well as exporting silver bullion and coins. At the present moment, India is exporting gold at the level of Rs. 30 per tola and importing silver at the level of 85 per 100 tolas. It is advantageous for India to sell gold, the price of which, as measured in rupees, is high. Later on, India will be able to buy back its gold at least 25 per cent. cheaper. It is much better for India to buy cheap silver necessary for the ornaments of the people than to melt silver rupees. The silver demand of India is going to be limited. India, since the repeal of the import duty on silver last year, has exported silver to China at the level of 105 and is now advantageously re-purchasing it at the level of 85; India had bought its gold much under Rs. 23 per tola and is now selling it at a huge premium. India is exporting more gold than it imports silver.’

It is in fact true that if you import silver cheaply, you can export gold when it is to your advantage to do so. What are the facts? During the last eight months India has exported $16\frac{3}{4}$ crores worth of gold and has imported only 6 crores worth of silver, while exporting three. *

Now, Sir, it may appear that I am arguing not only against our own immediate interests in this matter, but also against the theories advanced by the Government of India when they placed the duty on silver. But the conditions are very different now to what they were then. Then it looked as if the gold exchange standard was firmly established and nothing that we could do in raising revenue by way of an import duty on silver would affect it. But, Sir, that condition of affairs has been dynamited by the war, and a very different state of things prevails now. I doubt if anybody now would care to use the same arguments regarding the innocuousness of an import duty on silver that were advanced when the import duty was imposed by Government in 1914.

And, finally, Sir, Dr. Gour has referred to another point, also, if I may say so, a strong one,—that is to say, our relations with China. Our exports to China are ultimately paid for in silver, and the briefest consideration will show that the imposition of an import duty has practically the effect of raising the exchange against our Indian exporters. When the matter was discussed in the Imperial Legislative Council during the debates on the proposal to impose the tax, that point was pressed strongly against us, particularly, I think, by Sir Sassoon David, one of our stoutest opponents at the time. Government then had to admit, that the imposition of an import duty would have this effect, though it referred in its calculations to a limit of only 2 or 3 per cent.

Now, those, Sir, are the points which I, imitating Mr. Price's brevity, have to put before the House. I have to put before the House that, as a matter of economic theory, it is bad. I have to put before the House that though it is an exceedingly attractive proposition in view of our immediate difficulties, yet, taking the broad view, I believe that it would do more harm than good. If an import duty were imposed now and it were found subsequently that it was doing us harm, the House knows how difficult it would be then to remove it. It is for these reasons, Sir, that, taking what I believe to be the larger view, I myself advise the House not to accept the proposition put before it by Mr. Price.

* NOTE.—The nett imports of silver during that month (March 1921) were 298 lacs, and April and May gave us further 3 crores. These imports swelled the Balance of Trade against India materially. E. L. P.

Mr. JAMNADAS DWARKADAS: Sir, in opposing Mr. Price's motion and in endorsing the opinions that have been expressed by the Honourable the Finance Member, I only want to detain the House for a couple of minutes and not more.

I want to draw the attention of the House to this fact that when the Currency Commission submitted its Report in 1919, Honourable Members are aware that the majority report and the minority report differed on many important points. But if there was one point on which there was unanimous agreement between the Indian Member of the Commission and the other Members of the Commission, it was this point, namely, that no import duty should be levied on silver. This is what the Currency Commission's majority report said :

"There is a strong feeling in India against the retention of the duty. It is an obstacle to the establishment of a world market in silver in Bombay and places the Indian consumer of silver at a disadvantage in comparison with the population of other countries."

In the minority report it was also stated that the silver duty should be abolished. I want to ask Mr. Price if he can point out to me any country which has an import duty on silver ? And we must also remember this fact that in India, where the larger portion of the currency is based on silver, it would be detrimental to our financial interests and our commercial future to levy an import duty on silver.

I entirely agree with my friend, Dr. Gour, that silver is not looked upon as an article of luxury, however much we may regret the custom that is prevailing among the masses of the people to have silver ornaments made and to hoard silver in that form. We must look the fact in the face, that this is a custom which is prevailing, and if we try to levy a duty on silver and if the masses feel that their one method of saving money is also attacked, it will create a good deal of discontent among the masses. But more important than anything else is this fact, that in Bombay we have one of the largest bullion markets in the world, and if it remains unhampered by an import duty on silver one can remain perfectly sure that in course of time Bombay, and consequently India, will be one of the greatest commercial centres of the world. I say that the commercial future of India is dependent upon not levying silver duty, and I hope Honourable Members will reject the proposition moved by my Honourable friend Mr. Price.

RAO BAHADUR T. RANGACHARIAR : Sir, I wish to present to the House the view of a layman in this matter. I consider Dr. Gour to be as much a layman in this matter as myself. There was one portion of his argument which I failed to appreciate. It is quite true that our people are in the habit of putting their savings in silver ; but how the imposition of an import duty on silver will reduce the value of the savings I fail to see. On the other hand, I am inclined to the view, that it may enhance the value of the material. But while we have a Doctor, Mr. Price on one side, we have the Honourable Finance Member as a Doctor on the other side. Where two Doctors differ, the safest course will be for the present at any rate to allow the *status quo* to remain. Let us wait and see, because it is dangerous to interfere in a matter like this; and taking that view, as I do, I am sorry to say, I am not for voting for Mr. Price's proposition.

The amendment * was negatived.

MR. JAMNADAS DWARKADAS : Sir, I want to point out at the outset that there seems to be some mistake in the form in which my amendment is presented here. I gave notice of an amendment as a whole, that item No. 22 be transferred to item No. 75, but I should prefer, with your permission, that it should be transferred to No. 97 of part IV of Schedule II. So I shall deal with the amendment as a whole and not merely with the amendment as it stands here, with your permission, Sir. I may also point out that in the notice which I gave I had not included the whole of item No. 22, but I had mentioned only the first half of the portion, *viz.*, cotton twist and yarn, and I had left out sewing and darning thread ; on this paper it is No. 33. Now, Sir,....

THE HONOURABLE THE PRESIDENT : The amendment standing in the name of the Honourable Member, Nos. 33 and 67, are not distributed according to his original intention ; I think that is what he means ?

MR. JAMNADAS DWARKADAS : That is so, Sir.

THE HONOURABLE THE PRESIDENT : He may move No. 33, as drafted, and No. 67 later.

*That in item 20, the words "and silver" be omitted.

MR. JAMNADAS DWARKADAS : I shall move the amendment as a whole, Sir, *viz.*, that item No. 22 in Schedule II, part I, Cotton twist and yarn, be transferred to Schedule II, part 4, item No. 97 ; and cotton, sewing and darning thread, be kept as it is ; that is not a part of my amendment. Sir, the Members of this House are probably aware that the import duty of 11 per cent. that applies to other articles applies to cotton manufactures, *viz.*, piece-goods ; it does not apply to yarn which is imported from foreign countries. Now that is a very great disadvantage. In the first place, if we make the import duty applicable to foreign yarn, it will yield to us in these days of stringency a very very large revenue, revenue to the extent, I venture to submit, of Rs. 60 or 70 lakhs per year. The opinion of the Mill-owners Association in Bombay and of the commercial community of Bombay as represented by the Indian Merchants Chamber, is strongly in favour of including yarn among dutiable articles. It may be argued, as it is argued by many, that the imposition of an import duty on yarn may hit the hand-loom industry in India. Now, that is not so. The hand-loom industry in India consumes yarn which belongs to the finer counts ; and if finer counts which are imported from England are made to pay an import duty then it will not affect the poorer classes of the people. The cloth made of the finer counts is an article of luxury and so it might affect the richer and the middle classes, but not the poorer classes of the people. However, I may say at the outset that I have taken into consideration the objections raised by many Members of this Assembly, especially from the Madras side, that hand-loom weavers might be affected by having an import duty on foreign yarn, especially on yarn that comes under the class of finer counts, namely, above 40's. Well having taken that into consideration, I am quite prepared if it comes to that to accept the amendment of which notice has been given by my friend. Mr. Naraindas Girdhardas, excluding or exempting from duty yarn above 40 counts, so that we may not hit the hand-loom industry in India, which would be hard hit if the import duty was raised. But in regard to the lower counts I can see no justification for Government exempting them from duty. I want to draw the attention of this House to the fact that the effect of exempting yarn from duty has been appalling in as much as Japan has found entrance into our market, and Honourable Members will be surprised to hear that while of the total yarn imported before the war, taking the average of the five years before the war, the percentage of Japan to the total yarn imported was only about 1 per cent. in the lower counts, it now comes after the war, in the year 1919, to 72 per cent. of the total yarn that is imported. Japan has

practically driven away, so far as the lower counts are concerned, the United Kingdom from the market. Japan takes away cotton from India; she manufactures yarn out of that cotton and has been able to a very large extent to kill our yarn market in China ; and Japan with yarn manufactured out of our cotton is competing unfairly with our yarn market in India. Now this is very unfair. It uses India as a dumping ground for its yarn. Probably Honourable Members are aware that Japan at present is in very great difficulty about money, and would sell these articles at any price ; but I want to draw the attention of members to this fact also that while yarn manufactured in Japan is allowed into India free of duty, what is the treatment that Japan gives to our manufactures, or for the matter of that, to the manufactures of other countries ? There is a 30 per cent. duty on articles that are manufactured in India or elsewhere, manufactures of cotton.

It will not allow its own people to use articles manufactured elsewhere without making them pay a 30 per cent. duty on them. As a matter of fact, it is pointed out in one of the leading papers called the *Japanese Chronicle* that there is not a single article which comes from outside to Japan, which is not made to pay a duty. Now I want the Members of this House to consider, that while in India we have restrictions on the hours of working and while there is a Factory Act which also imposes certain restrictions on the production, there are no such restrictions in Japan. Japanese factories are allowed to work for 22 hours if they want to. Japanese factories are backed up whole heartedly by the Japanese Government, and if in spite of the fact that Japan gives us a very bad treatment, so far as our manufactures are concerned, we were to allow Japan to use India as its dumping ground so far as its yarn is concerned, we would not only be making our industries suffer, but we should be making ourselves instrumental in creating very dangerous ambitions in the minds of the Japanese people. Indians who have returned from Japan have told us that Japan, looks upon India as a store-house, that so far as raw materials are concerned, Japan has simply got to advise her representatives here and they get any article that she wants free of duty. They take away all our raw materials free of duty, and taking away our cotton, Japan manufactures yarn and sends this yarn to India to kill our market here. Now, if we have this import duty on foreign yarn, as I have already made it clear, we should be able to get a very large revenue to the extent perhaps—even if you take the reduction in the quantity of yarn that might fall into consideration and

also the quantity of yarn above 40's—I think the revenue would amount to about Rs. 35 to Rs. 40 lakhs. Now that is not a small sum in this year of financial stringency. It may be that my Honourable friend Mr. Innes, might get up and say that this is a question which may best be referred to the Fiscal Commission that is to be appointed, but I do not want to insist on this as a protective measure. That certainly will be decided by the Fiscal Commission and we shall probably have to act upon their recommendations. But for our revenue purposes, we should be justified in imposing a duty on foreign yarn which hits surely Japan more than any other country, especially when the imposition of a duty is going to contribute to the commercial welfare and to the promotion of the industries of India. The consumer will not at all be hard hit, because our mills have the capacity to produce any quantity of lower count that this country is in need of, and our mills can also meet any amount of demand from the hand-loom weavers of this country. I think, Sir, we shall be well advised in transferring this item, No. 22, dealing with cotton twist and yarn to No. 97 of part IV of Schedule II of the dutiable articles, as by so doing it will bring us a large revenue, it will help our industry, and it will prevent Japan from using India as its dumping ground, killing its trade in China, killing its trade in India, and creating in the minds of its people ambitions of a very dangerous character. Sir, I commend this resolution for the acceptance of this house.

MR. C. A. INNES : Sir, in dealing with this motion, I am much in the same position as the Honourable Mr. Hailey when he dealt with Mr. Price's motion about silver. My friend, Mr. Jamnadas Dwarkadas has come to us and said, " we are very hard up, here is yarn, by putting on a 11 per cent. duty we can make Rs. 50 lakhs or Rs. 60 lakhs of revenue." Well, Sir, that is an attractive proposition to us in these days,—so attractive that when I was talking to a friend of mine from Bombay the other day, he said to me, " what is the reason why the Government of India have not made this proposal already. Is it not a fact that there is some secret treaty with Japan?" Well, Sir, there is nothing so mysterious nor so exciting as this. This proposal was suggested and was considered, and I will read a short marginal note which I made myself on the file : " I would not remove cotton twist yarn from the free list. An import duty would hit the hand-loom industry every hard." There, Sir, is the whole secret. Now, it is not as if we were proposing to transfer yarn to the free list. Yarn has been on the free list now for five and twenty years, and it is part of our traditional policy to keep yarn on the

free list. The reason why in 1896 it was transferred to the free list was to assist the hand-loom industry. The reason why we did not think it advisable to place a 11 per cent. duty upon this yarn was simply and solely in the interest of the hand-loom industry.

Now, Sir, I will take first Mr. Jamnadas' argument based upon protection. He tried to make our flesh creep by pointing out how dangerous the competition with Japan in the matter of yarn was. Well, Sir, all I can say is that figures do not support that contention, at any rate, not to any extent. The production of yarn in India since 1912-13 has never been less than 615 million lbs. in a year, and in one year it rose to 722 million lbs. Now, in the same period the imports of yarn have never exceeded 50 million lbs. and in 1919-20 they were only 15 million lbs. There you have the figures. On the one side, you have a production which has never been less than 600 million pounds and on the other side, you have an import which has never been greater than 50 million lbs. Now, that does not look as if the Indian mills have very much to fear from foreign competition. But, Sir, Mr. Jamnadas Dwarkadas went on to say that whereas before the war Japan had a very small share of our trade in yarn, since the war her share in the yarn trade has risen to 72 per cent. It is perfectly true that in 1918-19 the imports of yarn from Japan, for some reason with which I am not acquainted, rose enormously. In 1917-18, the imports of yarn from the United Kingdom were 15 million lbs. and from Japan 4 million lbs. In 1918-19, the imports of yarn from the United Kingdom were 9 million lbs. while those from Japan rose to 27 millions lbs., but let us take the figures,—and this is the point which I wish the House to realize—let us take the figures for the following year 1919-20. What happened then? The imports of yarn from the United Kingdom were 12 million lbs. and how much was the import from Japan? 1,900,000 lbs. (one million nine hundred thousand); therefore, there is a drop from 27 million lbs in 1918-19 to 1,900,000 lbs. in 1919-20.

It is perfectly true that in the current year, 1920-21, the imports of yarn from Japan and from the United Kingdom have both increased. They have increased for reasons with which we are all aware. In the early part of 1920-21, the exchange value of the rupee was very high; consequently large orders were placed everywhere, and we have been getting large quantities of yarn in response to these orders. But the large increase in imports of yarn in 1920-21 is due to temporary causes.

I doubt very much whether it is a permanent phase, and I doubt very much whether the cotton industry in Bombay has much to fear from anybody, from Japan, the United Kingdom or anybody else. The cotton industry—and long may it remain so—is in an extraordinarily strong position. I read out to you just now the dividends that have been paid during the last year. I can read out to you a statement of the reserve funds of these mills ; in most cases, there are reserve funds very much greater than their paid-up capital. The mill industry is, I think, in an impregnable position, and from the point of view of protection, I do not think that we can justify an import duty. I do not think that we should be justified in introducing this new feature into our tariff policy at any rate until this Fiscal Commission has sat and has reported and until we have had time to consider a proposal which may have very grave consequences for one of our most important industries.

Now, Sir, I turn to another aspect of the question, namely, the hand-loom industry. We know, Sir, that most of the yarn, the high count-yarn, which comes into this country, is used almost entirely by the hand-loom industry ; it is hardly used in the mills at all. Now, Mr. Jamnadas Dwarkadas has tried to stymie this argument by suggesting that he is quite willing to confine his proposal to tax yarns to yarns of 40 counts and below. I will assume, therefore, since the House knows that high count yarns are not spun in this country and since the hand-loom industry is dependent upon imports from foreign countries for the high count yarns that it requires, that the House will accept that suggestion of Mr. Jamnadas Dwarkadas and will not accept the proposal of tax at any rate yarns above 40's.

But I now come to the proposal to tax yarns below 40's. I have got some figures here showing the production of yarn below 40's in this country and the import of those yarns. We will take yarns from 1's to 10's and from 11's to 21's. In 1919-20, there were 431 million pounds of yarn of these counts made in this country and 458,000 pounds were imported from abroad. Now, is there any necessity to tax the small amount of yarn that comes in ? Of 21's to 30's, 183 million pounds were made in the country, 1 million pounds were imported, of 31's to 40's 17 million pounds were made in the country, 6 million pounds were imported. Now, Sir, I say that while our mills do not require protection even in respect of these low count yarns, these imports of low count yarns perform a very useful function for the hand-loom industry. They help to regulate

the price, and if we do not import these low count yarns, the hand-loom industry will be entirely in the hands of the mills. Now, Sir, these mills have been making very high profits during the last two years. I do not grudge them those profits, and the stronger and more powerful the cotton industry becomes, the better I am pleased. But, Sir, we have had, in my Department of the Government of India, appeals on more than one occasion, from the consumers in this country that we should place in operation the Cotton Cloth Act in order to keep down the price of the cloth sold by these mills to the Indian consumer. We have always resisted these appeals because we are strongly opposed to artificial restraints on trade. But it is a different proposition to come to us when we are getting these requests, and to say, 'you must give us an additional advantage by removing the safeguard which the hand-loom industry has now in these free imports of foreign yarn.' I do not think that these free imports do the mill industry any harm; they serve to protect the hand-loom industry and they act as a check on the prices charged by the mills in India. Now, I have a very considerable sympathy with the hand-loom industry, for two years I was Director of Industries in Madras where the hand-loom industry is numerically a very strong one. When the Indian Industries Commission reported, it estimated that in India there were between 2 and 3 million hand-looms at work. It estimated that the value of the output of these hand-looms was not less than Rs. 50 crores. I saw only two or three days ago in a Calcutta paper an estimate by Mr. Hoogewerf of the Serampore Weaving School in Bengal, of the value of the products of the hand-looms; he places their value at Rs. 90 crores. Now, Sir, I think the House will realize that an industry of that magnitude requires some consideration from us. Moreover, from my experience as Director of Industries in Madras, I know what a hard time this hand-loom industry has to keep its head above water. At one time I tried to assist some of them by supplying them with yarn and buying their cloth. I ascertained that a family of 2 or 3 working say, anything from 10 to 12 hours a day, could at the most make from Rs. 15 to 20 a month. The hand-loom industry has the greatest difficulty in maintaining itself against the mills, and I do not think that this House, not at any rate until the Fiscal Commission has had time to inquire into it, should accept this proposal and should tax the imports of yarn.

MR. NARAINDAS GIRDHARDAS: Sir, if you will permit me, I will move Amendment No. 34, which stands in my name, and which Mr. Jannadas Dwarkadas has accepted

THE HONOURABLE THE PRESIDENT: The amendment in the name of Mr. Dwarkadas proposes to transfer the words to another item altogether. The Honourable Member proposes to do quite a different thing.

MR. NARAINDAS GIRDHARDAS: If you will read No. 77, you will see that it amounts to the same thing.

THE HONOURABLE THE PRESIDENT: The Honourable Member's amendment would make the Schedule read,—'Cotton twist and yarn of counts 40 and below.' Mr. Jamnadas' amendment would make it read 'cotton sewing or darning thread,' which is something quite different.

MR. JAMNADAS DWARKADAS: If I may be allowed to explain, Sir, I accept the amendment that has to be moved by Mr. Girdhardas; my motion is practically the same as his. I did not exclude in my amendment at first counts above 40, but in my speech I said that I would be prepared to accept his amendment and would exempt from duty all counts above 40. It comes to the same thing.

THE HONOURABLE MR. W. M. HAILEY: Might I suggest, Sir, that it would be simplest if the House voted on No. 33 and then considered separately Mr. Girdhardas' amendment?

THE HONOURABLE THE PRESIDENT: I have just told Mr. Girdhardas that we should deal with Mr. Jamnadas Dwarkadas' amendment first.

MR. NARAINDAS GIRDHARDAS: It amounts to the same thing.

THE HONOURABLE THE PRESIDENT: It does not amount to the same thing unless Mr. Girdhardas wishes to move his amendment as an amendment to Mr. Dwarkadas' motion. That is a different thing.

MR. N. M. SAMARTH: Sir, I submit that the result of the two amendments is just the same. I wish to point out, Sir, that if from the articles which are free of duty you drop 'cotton twist and yarn,' then, according to Mr. Jamnadas' Resolution, it will come necessarily under No. 97 of Schedule II, Part IV. But the same result will be obtained if the other amendment is accepted, namely, cotton twist and yarn excluding counts 40 and below. If you refer to 97 of Schedule II, part IV, you will see that it refers to all other sorts of yarns not otherwise specified. So the ultimate result is the same.

THE HONOURABLE THE PRESIDENT: Then Mr. Jamnadas Dwarkadas should withdraw his amendment.

MR. JAMNADAS DWARKADAS: I am quite prepared to do that, Sir.

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

MR. NARAINDAS GIRDHARDAS: Sir, the amendment which stands in my name runs as follows:

'That in item 22 in part I after the word 'Yarn,' the following words be added excluding counts 40 and below.'

The object of my amendment is to impose an import duty on yarn of counts 40 and below, whereas Mr. Dwarkadas' amendment proposed to impose a duty on yarns of all descriptions.

My reasons for moving my amendment are these. At present we are not manufacturing yarn of higher counts to a very large extent in this country to satisfy our own demands. We manufactured 45 lakhs lbs. of yarns of finer counts during the year 1918-19 and we imported 1 crore 7 lakhs lbs. of yarn of higher counts during the same year. Another important point in favour of my amendment is that many persons in this country are engaged in the hand-loom weaving industry, more especially in the south, and they use higher counts as a rule and if we impose a tax on yarn higher than counts 40 it will seriously affect that industry. The imposition of a tax of that description may be deferred to some time later, when conditions become more favourable; but it would, in my opinion, seriously handicap the hand-loom weaving industry in this country if the tax is imposed at the present time.

I do not agree with the Honourable Member Mr. Innes when he says that taxation on imported yarn would affect the hand-looms in this country. The hand-looms are not in a position to compete with machine made cloths, so far as the coarser cloth is concerned. They are able to manufacture cloth from the higher counts and the mills do not manufacture such fine clothes to a very large extent. Therefore, we see there is very little competition between Indian mills and the hand-loom industry so far as the production of finer clothes are concerned. If we tax the lower counts, it will be helping our own industry; it will give stimulus

to the mills which will produce more yarn in the country to satisfy our own demands. Further imposition of a tax only on yarns of counts 40 and below will not entail a greater loss of revenue than what the Government would realize by taking yarns of all descriptions, because seven-tenths of our total imports in 1918-19 were of counts 40 and below.

With these few words I commend this amendment to the House for acceptance.

MR. J. CHAUDHURI : Sir, in the interest of the weavers in Bengal. I rise to strongly oppose this amendment. There are large hand-loom industries in the 24-Parganas, Dacca, Shantipur, Pabna, Faridpur, Comilla and other places. Those who weave cloth of a higher count, use finer counts above 40, but for the use of poorer people they use lower counts for making coarser dhuties, saris, lungis, also cloth for covering themselves, bed-sheets or cloth for bedding. They use also lower counts for other industrial purposes such as the manufacture of fishing nets. The lower counts of yarn is also used for making socks and undervests all over Bengal where knitting is a very popular and rapidly growing industry.

Now, we have a serious grievance against the mill-owners all over India. They regulate their prices not according to the cost of production but by reference to the price of imported goods. We have also noticed that during the war, cloth could be manufactured by hand at, say, Rs. 4. The mills, although they could manufacture it at a lower cost, were charging a higher rate simply because the supply of imported cloth had fallen off and the prices had risen. They knew that the hand-looms could not supply the demand of the market and they put up the prices to the hand-loom rate for coarser cloth and even higher. The benefit of not imposing any duty on yarn of lower counts is that it will tend to regulate the price of yarn manufactured by the mill-owners in India by foreign competition. The import of coarser counts is only a fraction of what is manufactured and consumed in the country. As for finer counts the local mills cannot manufacture them to any extent and any duty on them will kill the hand-loom industry. Complaints have been made by hand-loom weavers and the people—who are the general consumers—that mill-owners are making on an average cent. per cent. profit and are accumulating reserve amounting to the original subscribed capital. If they continue to do so, the Government should interfere and introduce profiteering legislation. The super-tax practically gives them a license for profiteering. The first

duty of Government is to protect the poor and not to encourage profiteering for raising taxation by means which recoil on the poor. That is the sentiment in the country amongst those who think and feel for the poor. As for yarns the result of leaving them free will be to keep in check any abnormal raising of prices of yarn manufactured by mills in this country. In the interests of hand-loom weavers all over India who manufacture both fine and coarse cloth and the manufacturers of nets and other articles made from coarser yarn, I must strongly oppose this motion.

SRIJUT DEBI CHARAN BARUA Sir, I fully endorse all that has been said by my Honourable friend, Mr. Chaudhuri. The part of India from where I come, namely, the Assam Valley, is full of hand-loom, and there is not a single household in which there is not a hand-loom. Whether he is a prince or a poor peasant, there is sure to be found a hand-loom in the house, and they always depend upon imported yarns; and when there is a dearth of imported yarns, there is sure to be a hue and cry and the prices invariably go up, and the Indian mills do not help us in the least. So, it will be quite against their interests to impose an import duty on imported yarns. The weaving industry is in full swing throughout although the spinning industry is dead, and until and unless the spinning industry can be revived, there should not be any imposition of import duty on imported yarns, whether they come from the United Kingdom or from any other part of the world. At the same time, we see that the Indian mills are profiteering. We have heard Mr. Innes read out that some mills made a profit of more than cent. per cent. and then, in the face of that, they sell their products to the consumers at no cheaper rates, so that it is very objectionable that any further help should be given to these profiteers in the shape of protective laws in the matter of import duties. Considering these circumstances, I beg to oppose the motion.

DR. H. S. GOUR : I move, Sir, that the question be now put.

THE HONOURABLE THE PRESIDENT : Do you accept it ?

MR. C. A. INNES : I opposed the amendment moved by the gentleman opposite, and I said all I had to say in reply to Mr. Jamnada-Dwarkadas.

THE HONOURABLE THE PRESIDENT : The question, is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The question is :

'That in item 22, after the word 'Yarn,' the following words be added 'excluding counts 40 and below.'

The amendment was negatived.

SUGAR AND MOLASSES.

MUNSHI MAHADEO PRASAD : Sir, the amendment that I have proposed runs :

'To raise the import duty on item 35, that is, sugar and molasses, from 15 per cent. proposed by the Finance Member to 25 per cent.'

My reason for moving this amendment is that this sugar which is imported into India by foreign countries, its import should pay us the revenue of which we are in need. The estimate of the Honourable Mr. Hailey is that we shall get Rs. 65 lakhs from this item if we raise the import duty from 10 per cent. to 15 per cent.

If we raise the duty from 10 per cent. to 25 per cent. we shall be making one crore and eight lakhs of rupees. We have to find out ways and means of reducing the freight on coal, fodder and other things, and if we raise the import duty, we shall not be able to reduce the rate of freight on railways.

Now, Sir, the second reason is that by reducing the duty we shall be encouraging the indigenous industry of refining sugar in this country. The next point is that the rural population of India will not suffer in the least because they do not use refined sugar such as others do. It will provide labour in the villages for the villagers. We might remember that before 1882 sugar was refined in one or two villages apart. By Act XI of 1882 the import duty on sugar was removed and large quantities of sugar began to be imported into India. }

Up to 1894, sugar was still imported into India free and during the period of 12 years from 1882 the industry of refining sugar in India had nearly died out. It was in 1894 that a duty of 5 per cent. was levied on the import of sugar and then it was raised to 10 per cent. in 1916.

When the increase of the duty on the import of sugar was under consideration in the Legislative Council in 1916, this is what the Honourable Mian Muhammad Shafi said:—‘I welcome the enhanced tax proposed to be levied on sugar and tobacco as calculated to protect our indigenous sugar and tobacco industries.’

If we analyse the figures up to 1914 by looking at the statistics on record, we find that Java, Mauritius, Austria-Hungary, United Kingdom, Egypt, China, Hong Kong, Straits Settlements, Germany and other countries, including Japan, used to import sugar into this country. Now, further, in the notes of the Honourable Mr. A. C. Chatterji, I find that the following places were concerned with the sugar industry in the United Provinces: Saharanpur, Muzaffernagar, Meerut, Bulandshahar, Farukhabad, Rohilkhand Division, Sitapur, Hardoi, Kheri, Fyzabad, Sultanpur, Barabanki, Gonda and, I may add, Balia, Benares and Gorakhpur Districts. The Government finding that this industry began to die out, they helped them on by granting sums to them.

Now, Mr. Haidie, the Deputy Director of Agriculture in the United Provinces, has dealt with this subject in his book and it makes interesting reading.

In Bihar, Bengal and Assam, the sugar industry used to flourish in times of yore, and I believe that in the Punjab and the Central Provinces the refining of sugar used to be an industry. However, with the advent of the foreign sugar into India, the industry in this country began to decay, and, in my opinion, it should be revived again. The figures which I have got from the Government statistics are as follows. They are to be found in the 9th issue of the report of Commercial Statistics, Volume I. In 1909-10, we imported sugar to the value of 11 crores and 52 lakhs and in 1918-19, it was 15 crores and 61 lakhs. Now, Sir, I submit by importing such large quantities of sugar into the country, these large sums of money were drained out of the country and very little revenue was received. If we raise the duty on the import of sugar we shall be making a provision for definite ways and means of meeting our present deficit. When I examine the figures in weight, I find that in 1916-17, the sugar imported was 1·2 crores of hundredweights and in 1917-18, it went up to 1·5 crores of hundredweights. The revenue that was derived from import duties was Rs. 19,85,738 in the year 1918-19. Thus from the point of view

of revenue as well as from the point of view of encouraging the sugar industry of India, we must levy a duty on the import of sugar, at least and not lower than 25 per cent. to begin with.

Now, Sir, it may be said that the sugar will become dear and will not be within the reach of all in all the provinces. I beg to submit, Sir, that in the villages which have the greatest part of the population, very few persons use this refined sugar from foreign countries. They will be contented with the raw sugar that they use. Now, Sir, the rates of sugar would not rise because of this import duty. If I am correct in analysing the situation it is the middle-men who raise the price of goods, and not the import duty. There should be a principle for the levying of import duty in the interests of the country we should levy the duty to have the revenue to meet our own demands. I was reading only the other day a book in the other room of this building which is entitled 'Where to find your law' and there I found that in England in order to have the import duty on tobacco to increase the revenue of the State, it was forbidden that tobacco should be cultivated in England. I beg to submit, Sir, that all these factors ought to be taken into consideration when levying an import duty on imported goods. I beg to submit, Sir, that in order to encourage our own industry we should raise the duty to at least 25 per cent. as I have submitted in my amendment. Now, Sir, I find from studying the figures that by raising the duty to 25 per cent. something will be made. Even, Sir, if the import may decrease to some extent, the figures given by the Finance Member will be available. With these remarks I beg to commend this amendment for the favourable consideration of this House.

MR. C. A. INNES : Sir, I think that I shall be interpreting the sense of the House if I deal with this amendment very shortly. Mr. Mahadeo Prasad bases his proposal on two grounds. In the first place, he says that he wants revenue. He says that because by raising the duty from 10 to 15 per cent. we hope to make 65 lakhs, therefore, by raising the duty to 25 per cent. we shall make considerably more than a crore. Well, I deny that assumption altogether. We shall set up at once the law of diminishing returns and if we pitch our duty too high we shall lose revenue. I do not think there is any doubt about that. Now I must confess that I was rather doubtful whether we were justified in raising the duty on sugar, at all. The price of sugar, as everybody in this House probably knows, is extraordinarily high. It is very high, because there is at the present time a world shortage of sugar and that world shortage of sugar, when we get down to bed-rock, is due to the fact that the beet crop in Europe has been seriously diminished during the war. The price of sugar was so high that we had appeals

during last year to stop the export of sugar. We were unable to meet these appeals because, had we done so, we should have stopped a transit trade. The danger is that if we raise the duty to 25 per cent. we shall stop our supplies. There is a world shortage of sugar. There is not enough sugar to go round. If we make the price of sugar so high that people cannot afford to buy it in India, that sugar will go elsewhere.

The second argument raised by Mr. Prasad was, that we should raise the duty to 25 per cent. in order to give the Indian industry a chance. Well, Sir, we have a 15 per cent. duty on sugar now—at least we ask the House to agree to a 15 per cent. duty—and it seems to me that a tariff rate of 15 per cent. should give the Indian industry a very fair chance of progressing.

I must also remind the House that a Sugar Commission has just sat. When that Commission's report is received and considered, such action will be taken as is possible to improve the sugar industry. But I do not think that we should anticipate the action on that report by adopting this proposal. The only effect of it will be that we shall make a necessary of life, an article which enters into common consumption, which is already extraordinarily dear, dearer still. The price of sugar is now two or three times what it was at the beginning of the war, and I do not think that this House should agree to any action which would drive up the price of sugar still further. I doubt very much whether we shall get any more revenue by adopting this proposal, and I think that the House will be well-advised if it does not agree to the proposal.

MR. A.D. PICKFORD : Sir, I will not detain the House for more than one minute. There is not the slightest doubt that if Munshi Mahadeo Prasad's proposal is accepted, the firm in which I am interested will almost immediately make more money than it is making now, and, therefore, I think you will regard me as completely disinterested when I say that I am entirely opposed to this suggestion which has been made. It is perfectly true that it will drive up the price of sugar and the extra price of sugar we shall take out of the Indian consumer. That is not the desire at all of those who think that a reasonable percentage is legitimate. The desire of those who think in that way is that the manufacture of sugar in this country shall be increased and that the manufacturers shall get their profit on sugar manufactured as the result of that increase, and not out of the pockets of the inhabitants of India who are already paying a very high price, as Mr. Innes has pointed out for what is a necessity of life.

MR. HARCHANDRAI VISHINDAS : I made a suggestion, Sir, to cut short the debate. Mr friend, Munshi Mahadeo Prasad, has already been told that he will not receive the support of the House, and I would therefore ask him to withdraw his motion at once.

(Several Honourable Members at this stage asked the Honourable Member to withdraw the motion).

MUNSHI MAHADEO PRASAD : One minute, Sir. In view of the fact that hope has been extended to the House that action will be taken on the Sugar Commission's report, I beg to withdraw the motion.

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

MATCHES.

MR. B. VENKATAPATIRAJU : I move motion No. 51, Sir. This is regarding matches :

'That item No. 44 be omitted altogether or in the alternative: [Schedule I page 6.]

'In item No. 44—Matches, the words 'containing not more than 75 matches' be omitted, or in the alternative, the figures '90' be substituted for the figures '75.'

MR. C. A. INNES : May I interpose for one moment with your permission, Sir? It will perhaps save time if I say that Government are prepared to agree at once to the limit of matches per box being fixed at 100.

MR. B. VENKATAPATIRAJU : Then, I do not press my amendment, Sir.*

BHAI MAN SINGH : We have not followed the Honourable Member.

THE HONOURABLE THE PRESIDENT : The Honourable Member will hear in a moment.

The question I have to put is :

'That in item 44 for the figures '75' wherever they occur, the figures '100' be substituted.

*Vide Note on page 141

The question, is, that that amendment be made.

The amendment was adopted.

DUTIES.

MR. R. A. SPENCE : All previous proposals made in this Assembly for increasing the revenue of this country have been defeated, and I wonder if my amendment No. 64, namely :

‘That for the heading ‘articles which are liable to duty at 11 per cent. *ad valorem*’ the following heading be substituted :

‘Articles which are liable to duty at 12½ per cent, *ad valorem* :
will suffer the same fate.

Judging from the temper of the House, I do not wish to detain the House by a long speech in support of this amendment. In asking for the support of the House and of the Government, I base my claim on similar lines to those made by defendants in libel case, where I understand the line of defence takes the following form ; first, there was no libel, secondly, if there were a libel, the defendant did not utter it, and thirdly, if the defendant did utter the libel, it is justifiable. Similarly I ask for a general customs tariff of 12½ per cent., because, firstly, if the Honourable Finance Member’s anticipation of imports during the coming year be correct, the increase would give us an increase in the revenue of 1½ crores, and we know that further increases in revenue are greatly needed. Secondly, if our imports fall off from the figure estimated by the Honourable Member, the increase proposed may make up for the deficit which would otherwise occur. Thirdly and lastly, if the increase in customs check imports considerably, that is what we want. It would restore the balance of trade, and the rise in exchange would be of great value to the country and, I venture to submit, to the Finance Member in particular.

THE HONOURABLE MR. W. M. HAILEY : I propose to ask you to allow us to postpone this amendment until we see the result of our labours on the rest of the motions before the House. We shall then be able to say exactly where we stand as the result of what we have done to-day. This applies to both Nos. 64 and 65, though I may explain now to the House that it would be far more convenient to us, if we had to take an increase over 11 per cent., to take 12½ per cent. instead of 12.

The motion :

'That the amendment (No. 64) proposed be postponed.'

was adopted.

The motion :

'That the amendment† (No. 65) proposed be postponed.'

was adopted.

MR. M. K. REDDIYAR : My amendment is the same as that of the Honourable Mr. Spence, Sir (No. 76).‡

THE HONOURABLE THE PRESIDENT : Does the Honourable Member wish to postpone it ?

MR. M. K. REDDIYAR : Yes, Sir.

THE HONOURABLE THE PRESIDENT : The amendment is :

'That from part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem*' and re-number the other items and parts accordingly.'

The question is :

'That the consideration of this amendment be postponed.'

The motion was adopted.

* * * * *

ARTICLES LIABLE TO *AD VALOREM* DUTY.

MR. R. A. SPENCE : Sir, I think that the few words which I said to the House might still be in their memory and, therefore, there is no necessity for me to go over the matter again and I, therefore, merely formally move :

† 'No. 65. That in the heading to part IV of the said Schedule for the figures and words '11 per cent.' the figures and words '12 per cent.' be substituted.

‡ "From part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem*' and re-number the other items and parts accordingly.'

'That in Schedule I for heading 'Articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted 'Articles which are liable to duty at 12½ per cent. *ad valorem*.'

THE HONOURABLE MR. W. M. HAILEY: Sir, the House will very well understand the struggle within my breast. I believe that the House would give me that 12½ per cent. if I asked for it now and I believe that, if I got it, my position would be much securer; I might look those complicated and sometimes embarrassing statements regarding our balances which come to me once a week, I might look them in the face with a great deal more confidence. But, at the same time, I am bound to admit that I believe that the taxation which the House has already passed will give us what we asked for on the 1st of March, and I am therefore not justified in asking for this addition to our resources.

THE HONOURABLE THE PRESIDENT: the question is:

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted.

'Articles which are liable to duty at 12½ per cent. *ad valorem*

MR. E. L. PRICE: Sir, I was under the impression that this was going to be put to the vote, but now I understand that the Honourable Member who proposed this is willing to withdraw—(Cries of 'No,' he is not—') Well, his friends will not allow him to do so. I do appeal to this House, a House which has this morning rejected a tax on a luxury or a quasi-luxury* that would have brought in a crore of rupees, that, contrary to the wish of the Honourable the Finance Member, it should *not* impose extra and unnecessary taxation in a Schedule which covers a large number of articles in daily use and in fact of universal necessity.

†MR. N. M. SAMARTH: Sir, I have my doubts as to whether the estimates which we have had from the Honourable the Finance Member as to the revenue will be realized. He has taken one shilling and eight pence as his average of exchange. I have my doubts whether he will be able to realize in the course of the year that average. If he is not able to realize that, the revenue will fall short of his expectations, and it is on that ground that I strongly support this motion to raise the duty from

* Silver.

†NOTE.—It appeared the question was being put to the vote without further discussion. Hence my hasty intervention. E. L. P.

11 to 12½ per cent. People may sometimes think that, where the Honourable the Finance Member is not willing to raise it, it is none of our business to ask him to do so. Why should we raise it? I beg of you to take it from me that it is not my desire to make the country pay more than what the Finance Member would have to ask it to pay in the larger interests of the Country. But you must also remember that a reference was made to what is called the Lancashire agitation and I should not be surprised if the Honourable the Finance Member is fighting shy of an agitation of that character being set up in England. Whether he is or is not, I should strongly advise this House, to come to his rescue in spite of himself and raise the duty from 11 to 12½ per cent. in order that his estimate of one shilling and eight pence, which is not, I am afraid, going to be realized, may not land us in another difficulty.

LALA GIRDHARILAL AGARWALA : Sir, one additional reason why I want to press that the duty of 12½ per cent. may be accepted is that I have had an informal conversation with some of the Members of the Council of State and they think that some of the rates, for example on letter postage, should be reduced. And it would be very convenient to the Honourable the Finance Member, when the Bill goes to the other House, to have a little more in his pocket.

I therefore submit, Sir, that this Honourable House should accept the proposal and leave some room for reduction in other items.

MR. J. CHAUDHURI : Sir, I beg to oppose this motion. I have already said that piece-goods manufactured in this country go up in price according to rises in the price of imported goods. I do not desire that piece-goods should further go up in price. Some people have said that fixing this duty at 12½ per cent. will make calculation easy, because that will work out to two annas in the rupee. But knowing the practice of shop-keepers we know that if we raise the duty to 11 per cent., they will realize from their customers 12½ per cent. But if we fix the duty at 12½ per cent. they will very likely, instead of putting an additional two annas on the rupee, put up the prices by three annas. So I think this fixing of the duty at 11 per cent. will put a check on the ordinary traders in raising the value of the goods by more than two annas in the rupee. As it is, we know by going round the market for buying things that these petty shop-keepers have put up their prices all round. A friend of mine,

a member of this House, went to buy biscuits and was told by a shop-keeper only yesterday—‘Don’t you know, the Sirkar has imposed 50 per cent. duty on this thing, so I want 50 per cent. more.’ So if the duty is fixed at $12\frac{1}{2}$ per cent. unscrupulous traders will take great advantage of it, whereas the fixing of it at 11 per cent. will put a check on the further raising of prices, either by the Mills or by the traders, and for that reason I oppose this motion.

SIR P. S. SIVASWAMY AIYER : Sir, with all respect to the gentlemen who have moved this Resolution and spoken in support of it, I must confess that it sounds to me very strange and incomprehensible. The Honourable the Finance Minister told us that he would be quite satisfied with the rate of 11 per cent. which he had proposed and that it would bring him in all the revenue that he wants for the requirements of the year. Now we propose to offer him an extra $1\frac{1}{2}$ per cent. and thereby increase the burden on the consumer and put more money into the pockets of the Government to pursue a policy of extravagance, or if you would like so to call it, profligacy, by increasing the salaries of Government servants, increasing the staff and committing all those atrocities with which we generally credit them. Well, it looks to me very much like cutting off your nose to spite your face. The reason given by Mr. Samarth is this : The merchants of Manchester wish to interfere with our right to levy our own import duties, and for the purpose of making an emphatic assertion of our right we should tell them that we are going to raise it to $12\frac{1}{2}$ per cent.....

MR. N. M. SAMARTH : I rise, Sir, to offer a personal explanation. This is not what I said. I said, I wanted to.....

THE HONOURABLE THE PRESIDENT : Order, order.

SIR P. S. SIVASWAMY AIYER : Now, Sir, I do not think that that is a sufficient justification for raising the rate of tariff. I am sure that if necessary the Honourable the Finance Minister will get up now and assure us that at the back of his willingness to be content with 11 per cent. there is really no feeling of tenderness for Manchester, and no feeling of unwillingness to fight Manchester upon this point. I believe it is really nothing more than a perfectly justifiable and proper desire to protect the interests of the consumer and the tax-payer, and, therefore, I think it is our duty to support the Finance Minister’s proposals and be content with the burdens which have been already laid and not be a party to

any increase of the burdens. If perchance the revenue that is anticipated from these sources is not equal to expectations, Government will, of course, come to us again with fresh measures ; but that is a thing which we need not anticipate now. I am perfectly certain that if you go to the country no one in your constituencies will thank you for this addition to the burden by $1\frac{1}{2}$ per cent. I would strongly oppose this Resolution.

CHAUDHURI SHAHAB-UD-DIN : Sir, I had no mind to speak on this motion, but as I find some difference of opinion among the members, I feel it my duty to say a few words. I strongly support the duty of $12\frac{1}{2}$ per cent. It was in this very Chamber, in this very House, that the other day we expressed to the Finance Member our desire to find money for building soon the new capital of India. It was in this very House that we discussed the necessity of developing Indian industries. It was on this ground that one of the Honourable Members of this House proposed an hour ago that the customs duty on sugar should be raised from 15 to 25 per cent. It is yet under consideration whether the Postal rates which were passed yesterday should, with the consent of the Government and of the President, be reconsidered. In view of all these considerations, I very strongly support the duty of $12\frac{1}{2}$ per cent. I do not think that Government, if they get a little surplus revenue, will become extravagant. I think we can rely upon the good sense and wisdom of our Finance Member. With these words, Sir, I support very emphatically the proposal to charge $12\frac{1}{2}$ per cent.

DR. NAND LAL : Sir, I confess, my experience, as a member of the legal profession, has never brought this sort of case before my eyes : the plaintiff demands a certain amount of money, and the defendant says : 'I am prepared to give more.' I have never heard of a case of this type. Here the Government put forward certain demands, based on certain rates, and this Honourable Assembly is going to suggest to the Honourable the Finance Member that we are prepared to give more. I ask the members of this Honourable Assembly, what answer will you give to your constituents if a question is put to you. What answer have you got ? They will say 'you have been putting burdens, yourself, upon our heads ; you have been giving money extravagantly ; Government did not want so much, you yourself induced Government to charge us so much.' On this ground I oppose the motion, which, I think, has been wrongly moved before this House.

MR. N. M. JOSHI : I rise, Sir, to oppose the motion for raising the import duties. It seems to me that in this Assembly the manufacturers and the industrialists are represented in a larger measure than they ought to be.

Sir, every one knows that the import duties will fall upon the consumers whose number is after all much larger than of those who will benefit by the Industries. Therefore, this Assembly which claims to represent the larger number of the people of this country should not support the motion that has been put forward. We do not want more money, the Government does not want more money, so why should we add to the revenues of the Government and give them an opportunity to spend more money when it is not necessary at the cost of the people of this country?

MR. JAMNADAS DWARKADAS : Sir, I have great pleasure in supporting the motion which has been proposed by my Honourable friend Mr. Spence. I cannot understand, Sir, the objections,—I may say with great respect,—raised by my Honourable friend Sir Siwaswamy Aiyer against the acceptance of the motion. Sir, when the Honourable the Finance Member proposed that a duty of 11 per cent. be imposed on all imported articles it was contended that, after all, the masses, the poorer classes, will not have to bear the burden, because the articles that are imported are not largely consumed by the poorer classes. Now when the question comes of raising a per cent. and a half more, the argument is adduced by the representative of labour in this Assembly that the poorer classes will be affected.....

MR. N. M. JOSHI : I did not say poorer classes at all. I said consumers.

MR. JAMNADAS DWARKADAS : Well, Sir, if that class of consumer is going to be affected which surely does not mind paying $1\frac{1}{2}$ per cent. more, more especially in view of the fact that his paying $1\frac{1}{2}$ per cent. more is going to give an impetus to the industries of this country, then I say this Assembly is justified in raising $1\frac{1}{2}$ per cent. more.

But, Sir, the other objection that was raised by the Honourable Sir Siwaswamy Aiyer and my Honourable friend Mr. Joshi was, why we should give more money to Government than it wants. I want to emphasise the cogent argument advanced by my Honourable friend Mr.

Samarth. The item of exchange is not a certainty, and at the end of the year we shall find ourselves in a very awkward position unless we have made provision by raising $1\frac{1}{2}$ per cent. But, Sir, I appeal to this Assembly on a ground which, I am sure, will carry weight with them. I am sure that there is not one member in this Assembly who does not believe in the growth of swadeshim in this country. I believe that there is not one member who would not, if he could manage it, use swadeshi articles so as to encourage all the Indian industries in this country. Well, if the profession is not merely in words but it is also in practice, then, I think it is incumbent on every member of this Assembly if he is a real swadeshi, to raise $1\frac{1}{2}$ per cent. more and not reject this motion.

MR. J. P. COTELINGAM : Sir, I rise to support the amendment, although there are a few cries here and there in the Assembly against it. The arguments advanced by my Honourable friend Mr. Samarth appeal to me as sound as they are based not for spiting Lancashire as alleged, but on his doubts as to whether the average of 1s. 8d. being realized by the Honourable the Finance Member. Well, if the Honourable the Finance Member assures this House that the average will be maintained throughout the year.....

THE HONOURABLE MR. W. M. HAILEY : No.

MR. J. P. COTELINGAM : The Honourable the Finance Member says he cannot give us an assurance to this effect. Therefore, Sir, I should like to see that some provision is made to meet unforeseen contingencies.

Sir, in the few remarks that I made on the Budget speech, I appealed to the Honourable the Finance Member to take into consideration the demand made by the country that some relief should be given to the holders of $3\frac{1}{2}$ per cent. and 4 per cent. securities. I also asked that the postal rates be not oppressively increased with a view to meet those demands, I then said that the import duties may be raised to $12\frac{1}{2}$ per cent. so that the necessary funds may be found. I therefore support the amendment.

DR. H. S. GOUR : Sir, I should not have thought that this House, which had treated this Budget with such severe parsimony in the earlier stages of its discussion, would exhibit a sudden outburst of magnanimity by raising the customs duties from 11 to $12\frac{1}{2}$ per cent. and presenting a farewell gift of Rs. $1\frac{1}{2}$ crores to the Honourable Finance Member, about

whom many words, quotable and otherwise, have been printed and spoken in connection with this Budget. Now, the more I see this great divergence in the views of the Honourable Member between the outset and now, the more suspicious I become as to what could have been the object in suddenly presenting the Honourable Finance Member with money which evidently he does not want. He says he would be glad to have the money ; I should be glad to have it too ; but that is not the question : the question is, has he demonstrated the necessity for this general taxation which will increase the price of all things in this country by at least $1\frac{1}{2}$ per cent ? A great many of my friends have made no secret of the fact that this rise from 11 to $12\frac{1}{2}$ per cent. is intended for the purpose of creating a protective wall against outside imports. Now, Sir, so far as we, the general public are concerned, we are not interested in the manufacturers of textile goods, we are not interested in the profits of the middle men ; we represent the general public at large, and our sole object at this present moment is to see whether this increase of customs duties from 11 to $12\frac{1}{2}$ per cent. is in the interests of that public.

Now, I submit, Sir, unless I am assured that the revision that this Assembly has made in the Budget involves a loss of Rs. $1\frac{1}{2}$ crores which has to be made good, I am not convinced that a *prima facie* case has been made out for raising the customs duties from 11 to $12\frac{1}{2}$ per cent. I have still to hear from the Honourable the Finance Member that this is the result of our general discussion of the Finance Bill, and I submit, Sir, that so long as we are not assured that this money is necessary for the purpose of tiding over this year of scarcity and famine, I should be most reluctant to vote one single pice more than the Honourable the Finance Member demands and needs. The Honourable Mr. Cotelingam conjured before himself the possibility of the exchange not being at 1s 8d. which figures in the Budget. I am no prophet in exchange matters, no more than the Honourable the Finance Member, and I do not ascribe to Mr. Cotelingam any greater infallibility in that respect.

It has been said *ad nauseam* that the Budget is a gamble in rain. It may be said with equal truth that the Budget is a gamble both in rain and in exchange. I therefore submit that we know absolutely nothing as to what course the exchange is likely to take any more than we know what will be the nature of the monsoon in the ensuing season ; and unless I am sure of both, I am not in a position to predict whether this Budget will be a budget of a surplus or of appalling deficit. We have no right to assume that our expenditure will be heavier than what has been bud-

getted for. Let us not present in advance a pessimistic picture to ourselves and mistake our real intention of enhancing the customs duties while we are about them, for the purpose of taxing the textile fabrics. Sir, I feel with the opening statement of the Honourable the Finance Member that the customs duty must be regarded as primarily made in the Budget solely as a fiscal measure intended for the purpose of raising the revenue. I submit that on no account should it be permitted to be distorted from its normal purpose by converting it into a protection tariff. This suggestion—the enhancement of the customs duty from 11 per cent. to 12½ per cent.—has manifested a clear desire that their intention is to create a protection for the whole of the textile industries to the detriment of imports that come from another border of the British Empire. I feel, Sir, that as a member of the British Empire, I have also a duty towards that Empire. Therefore, I say that while our duty is primarily to this country, we must not overtax the people on a mere possibility for the sake of meeting a contingency which may never arise. It is one of the principles of political economy which we learnt in our earlier days that taxation must be commensurate with the demands of the State. Here we have provided the Honourable the Finance Member with the sinews of war to the extent necessary for the ensuing financial year, and I submit no case whatever has been made out for raising this revenue—as some Honourable Members have said—to meet a possible contingency.

If such a contingency arises, I say there will be time then for this Assembly to act, but we have no right whatever to anticipate that time and I therefore submit that this Assembly should vote against the amendment moved by Mr. Spence on the short ground that no case has been made out for enhancing the customs duty from 11 to 12½ per cent.

MR. HARCHANDRAI VISHINDAS : Sir, may I propose that the Honourable the Finance Member do now reply to the question raised relating to exchange and then the debate be closed ?

THE HONOURABLE MR. W. M. HAILEY : Sir, the duty of the Finance Member is to prepare the best estimates he can and then to put before his Legislature the easiest and the fairest and the most equitable way possible of getting the necessary money. If, in the course of dealing with his proposals for expenbiture, the Legislature makes any changes in them which decrease the amount of the assumed expenditure, it is his duty to indicate to the Legislature the consequences that will be involved in regard to any proposal for taxation before the House. That, Sir, is what I have attempted to do. I put forward the best estimates I

could frame, and nothing has occurred since, save of course in so far as the House has varied our demands for grants which justifies me in saying to the Legislatures that these estimates must be modified. Take the item of expenditure first. I am bound by the votes passed by the Legislature. Some Honourable Members have suggested that if we had larger resources at our disposal, expenditure might be incurred under certain heads ; but we, as a Government, are bound by the votes which have been given to us, and, even if we found ourselves in possession of the most enormous windfall, we would not spend more money on these objects than the House has seen fit to vote. There is one item of expenditure, however, which I admit is uncertain, the item to which the Honourable Mr. Samarth has referred, namely the expenditure which will be incurred on account of any loss in exchange. That, Sir, was a doubtful item when I put it forward : I put it forward as a doubtful one and it remains a doubtful one. Exactly the same arguments apply now as applied then ; I do not now feel justified in asking the House to make a larger provision for loss in exchange, simply because the facts were so uncertain. I admit—to come to the other side of the account—the revenue side—I admit that I have had sometimes misgivings whether we have not pitched our estimates of revenue receipts too high. Many Honourable Members here, well acquainted with the state of trade and with far better capacity than I can ever possess for estimating its possible course for the next twelve months, have hinted the same that we have been unduly optimistic. If our estimates of receipts are not achieved, there will of course be a deficit. But there again, Sir, the factors are indeterminate ; and it would be altogether going beyond my proper functions if I were to say to this House that I have put forward estimates which are so uncertain that I must ask them to make a large extra provision to guard against any exigent happenings during the course of the year. Well, Sir, I have tried to give briefly what are the functions of the Finance Member and how I have tried to perform them. But I may say there is one thing always present in the mind not only of every Finance Member but, I think, of every Member of Government. Whatever the uncertainties before one may be in the course of the year, however, unpleasant it may eventually be to have to face a deficit, yet there is always one sound principle. Taxation is always to be deplored. And every Member of any responsible Government always try to keep taxation down as low as possible. It is because I have tried to do that I may possibly have put myself in a position of some slight risk—perhaps even, as some Members might here think, of considerable risk—of having to face a deficit. But, Sir, I would rather have to take risk of that nature than I would involve

myself in the certainty of imposing one pie more of taxation than I thought was immediately necessary.

MR. HARCHANDRAI VISHINDAS : Sir, I move that the question be now put.

MR. AMJAD ALI : Sir, I beg permission to say something. Since I have been attending this Budget discussion, nothing has appeared so shocking to me or so ridiculous to me as this amendment and the speeches in support of that amendment. Sir, since the Budget is being discussed here, the Honourable the Finance Member has been opposed and cried down that he has been taxing the people right and left and that the poor people will die of these heavy taxes. Now that it is about to be closed, I find a sudden outburst of charitable feeling on the part of certain Members of this House towards the Honourable the Finance Member. Sir, I fail to understand the wisdom of this amendment and the speeches in support thereof. I should only style that amendment and the speeches in support thereof as altogether ridiculous, and as a measure adopted to do a good deal of injustice to the poor people whom we represent. Sir, it is certainly our duty to represent our people and also to be of great help to the Government in the matter of revenue. No doubt about that. But at the same time we should bear in mind that we should do things either for the people or for the Government fairly and squarely. What strikes me most in this amendment, Sir, if I mistake not, is this, that the Honourable the Finance Member would be exceedingly pleased to hear the speeches of the Honourable Mover and his supporters, that they are going to give him some more money which he does not want. He will be very much pleased and say : ' Oh ! these Members are coming with money to help me. But they should bear in mind that he represents the Government and that it is his first duty to see that no slur is cast on the administration of Government. He knows it fully well that any amount of flattery, any amount of cajolery on the part of any particular member will not help him an inch. On the contrary, Sir, it will cast a slur on the administration and will give the people outside and the newspapers full opportunity to criticise the Government, to criticise the Finance Member, and also criticise the Members of this House as mercilessly as they have been doing since the creation of this Assembly. I therefore beg to submit to this House that we should not lend any support to this flattery. On the contrary, we should set our face against this sort of flattery.

At this stage several Honourable Members rose and moved that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question I have to put now is, that the following amendment be made:

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*,' the following heading be substituted:

'Articles which are liable to duty at 12½ per cent. *ad valorem*.'

The Assembly divided as follows:

AYES—21.

Afsar-ul-Mulk Akram.	Jejeebhoy, Sir Jamsetjee.
Barodawalla, Mr. S. K.	Keith, Mr. W. J.
Bhargava, Mr. J.	Man Singh Bhai.
Cotelingam, Mr. J. P.	Muhammad Ismail, Mr. S.
Dwarkadas, Mr. J.	Rajan Baksh Shah, Makhdum Syed
Ghulam Sarwar Khan, Mr. Chaudhuri	Ramji, Mr. Manmohandas.
Ginwalla, Mr. P. P.	Reddiyar, Mr. M. K.
Girdhardas, Mr. N.	Samarath, Mr. N. M.
Hajeebhoy, Mr. Mahomed.	Shahab-ud-Din, Mr. Chaudhuri.
Ibrahim Ali Khan, Nawab Muhammad.	Spence, Mr. R. A.
	Subzposh, Mr. S. M. Zahid Ali.

NOES—56.

Abdulla, Mr. S. M.	Bagde, Mr. K. G.
Abdul Quadir, Maulvi.	Bryant, Mr. J. F.
Ahmed, Mr. Zahir-ud-din.	Carter, Sir Frank.
Aiyer, Mr. A. V. V.	Chaudhuri, Mr. J.
Amjad Ali, Mr.	Crookshank, Sir Sydney.
Asjad-ul-lah, Maulvi Miyan	Dalal, Sadar B. A.
Ayer, Sir Sivaswamy.	Das, Babu Braja Sundar.
Ayyar, Mr. T. V. Seshagiri.	Fell, Sir Godfrey.

Gajjan Singh, Mr.	Misra, Mr. Pyari Lal.
Gidney, Lt.-Col. H. A. J.	Mudaliar, Mr. Sambanda.
Gour Dr. H. S.	Mukherjee, Babu J. N.
Gulab, Singh Sardar.	Mukherjee, Mr. T.
Hailey, The Hon'ble Mr. W. M.	Nand Lal, Dr.
Holland, The Hon'ble Sir Thomas	Nag, Mr. Girish Chandra.
Hullah, Mr. J.	Neogy, Babu Khitish Chandra.
Hutchinson, M H. H.	Norton, Mr. Eardley.
Ikramullah Khan, Mr. Mirza.	O'Donnell, Mr. S. P.
Muhammad.	Percival, Mr. P. E.
Innes, Mr. C. A.	Pickford, Mr. A. D.
Iswar Saran, Mr.	Price, Mr. E. L.
Jatkar, Mr. B. H. R.	Rangachariar, Mr. Tiruvenkata.
Joshi, Mr. N. M.	Rao, Mr. P. V. Srinivasa.
Kabraji, Mr. J. K. N.	Surfaraz H sain Khan, Mr.
Latthe, Mr. A. B.	Sharp, Mr. H.
Mahmood Schamnad, Mr.	Sircar, Mr. N. L.
Maw, Mr. W. N.	Veikatapa iraju, Mr. B.
McCarthy, Mr. Frank.	Vishidas, Mr. Harchandrai
Mitter, Mr. D. K.	Wag'orn, Colonel W. D.
	Watson, Sir Logie Pirie.

The amendment was negative.

MR MANMOHANDAS RAMJI : Sir, looking to the fate of the other proposition which has just been voted on by the Assembly, I am willing to withdraw my amendment.* But I have one statement to make. I put in this proposition not because I wish to raise a protective wall against foreign imports, but, as I had given two notices of motions to do away with the tax on matches and to reduce some other taxation, I therefore gave notice of this amendment in order to meet the deficit.

MR. M. K. REDDIYAR : Sir, I beg to move the amendment which stands in my name. It reads as follows :

* ' That in the heading to Part IV of Schedule I for the figures and words ' 11 per cent.' the figures and words ' 12 per cent.' be substituted.'

'That in Schedule I, from part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem* re-number the other items and parts accordingly.

Sir, I sent in this amendment in order to place more funds in the hands of Government in order that they should be able to help the Provincial Governments to do away with their contributions to the Central Government.

I move the amendment which stands in my name.

MR. E. L. PRICE : Is this in order, Sir ?

THE HONOURABLE THE PRESIDENT : I think it is in order because Mr. Spence's amendment was to substitute 'Articles which are liable to duty at 12½ per cent. for the 11 per cent., heading. The present amendment adds a new heading altogether. As the lesser was covered by the greater, the amendment moved by Mr. Spence was taken first ; but I do not think it excludes the amendment in the name of Mr. Reddiyar.

MR. N. M. SAMARTH : Sir, I beg to support this amendment. Apart from the reasons which I gave for the necessity of increasing the revenue so that Government may not be embarrassed by their calculations of one shilling and eight pence not being realized,—and so far as my calculations go, I am afraid, they are not likely to be realized,—there is another strong reason which has been referred to by the Mover of this amendment.

This House will remember that on a previous occasion I pleaded strongly for the 983 lakhs contribution which the Provincial Governments have to make to the Government of India being reduced as early as possible, as recommended by the Joint Parliamentary Committee. Unless the Government of India are placed in possession of sufficient fund, and not perpetually be in a position to make somehow the two ends meet there is absolutely no hope of any of these contributions being reduced or done away with. Bombay is a great sufferer in that respect. We in Bombay have a deficit and that deficit will go on increasing unless the heavy contribution we make under income-tax be removed or decreased.....

THE HONOURABLE THE PRESIDENT : Order, order. We are not discussing the destination of the money but the origin from which it comes.

MR. N. M. SAMARTH : My point, Sir, is that I justify this increase of revenue for the Government of India, on the ground that the Government of India may thereby be enabled to give the much needed relief to the Provincial Governments.

MR. B. VENKATAPATIRAJU : Sir, I would have been glad to support this amendment, but I cannot possibly furnish any reasons to tax the people to the extent of an additional sum of one crore. Who is after all to pay that amount ? If I could think that the Manchester people will pay the whole amount, I should vote for it. But after all, it is you and you alone who will have to pay the whole amount, and therefore it is impossible for us to go to the country as messengers of evil, saying that we have increased the taxation even when the Government do not want it. Sir, in any other country would the people's representatives ever care to offer more money or to agree to the imposition of additional taxation which the Government had not asked for. In this case we are in the unhappy position of offering more than we can afford. And we have already had complaints of the extravagance of Government in the general discussion of the budget. I therefore appeal to my friends, though I am just as anxious as they are to help the Provincial Governments in the matter of their contributions, I appeal to them not to let our people be taxed a pie more than is absolutely necessary.

MR. K. G. BAGDE ; Sir, it will be clear from the contents of the amendment that is before the House that the intention of the Mover is to benefit the textile industry of this country. I am of opinion that we shall see our industries prospering, but certainly not prospering at the cost of the community. We read of the prosperity of the industries in other countries, but at whose expense, and at whose costs, have they prospered ? If we go through their history in detail we shall find that they bring money from other countries. We are told, and we have been appealed to again and again in the name of swadeshi, that we should help our textile industry. Sir, I would remind the House of certain proceedings that took place here yesterday. The question before us was regarding the Hide industry. Is not the Hide industry a swadeshi industry ? But what did we do ? The sense of the House was against it. We did not help that industry by acceding to the demands made by the advocates of that industry.

But there is another reason also why we should not now support the motion before us. We have got sufficient money, and I see no cause why we should burden the tax-payer more. With these words I oppose the motion.

MR. M. K. REDDIYAR : Sir, I withdraw the amendment.

KHAN BAHADUR ZAHIR-UD-DIN AHMED : Sir, I rise to oppose this motion. It has practically come to this, that the plaintiff does not press his claim, but the witnesses support it. Now, I think if this were a court of justice the suit would have been immediately dismissed. When the Government does not need it, we must not assume a superior position and tell them what they should require, especially when the country is suffering so much from famine, and other sorts of diseases.

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

THE HONOURABLE MR. W. M. HAILEY : I beg to move, that the Bill, as amended, be now passed.

MR. EARDLEY NORTON : This, Sir, is our first Budget, and before we part with it, I should like to say a few words on questions of principle which underlie its genesis and define our attitude towards, and our rights in connection with, it. I trust, Sir, now that the child, which has been born amid the clash and turmoil of financial quarrels, and which we restore to the arms of its putative parent, will in course of time grow up a strong, handsome and useful stripling. We have endeavoured, as far as we possibly could, to make its entry into this world as little uncomfortable as possible. There remain after its christening one or two considerations not unworthy the expenditure of two or three minutes' careful attention.

There is an uneasy sensation in more quarters than one of this House that the Honourable the Finance Member—with regard to whom I desire to say nothing unpleasantly critical at this stage, either with regard to his Finance Bill or to his Budget—there is, I say, an uneasy suspicion that he is not speaking his own mind, is not writing with his own hand, is the creature of impulses outside the geographical limitations of British India.

Whether that is really so, we cannot tell. But a suspicion, to that effect is with us and in us. A suspicion, which while it releases the Honourable the Finance Member in one direction, attaches to him in another direction the not very enviable responsibility of trying to arrange mosaics not of his own making into a respectable pattern that shall please our eye.

This Assembly has already shown itself—and shown itself justly—to be sensitive of any encroachment upon its rights, jealous of any invasion of its financial privileges. I ask it to-night in memory and expression of that sensitiveness and that jealousy to hear and note the few remarks I have to offer.

Now with regard to the real author or authors of the policy which is responsible both for the Budget and the Finance Bill. There is internal evidence, during the discussion within the four corners in this House, that neither measure traces descent from the Honourable the Finance Member; that he is not really a free agent with reference to either; not with regard to the important question of the sale of Reverse Councils; not with regard to the important question of exchange; not with regard to the omission of the duty upon imported silver bullion; these are clear indications that the Honourable Member is speaking with a borrowed voice. Whence does it come from and to whom does it belong?

If we are right in our suspicions that while we can congratulate the Finance Member on the stand he has made against Lancashire, we cannot extend the congratulations to the surrender to London—then indeed, I am on safe ground in suggesting to this House that we are permitting alien influences to mould our financial policy, and that unless we are alert and sensitive and jealous we shall be permitting a policy to prevail which will have for its end the furtherance of interests which are not India's but the interests of another country. Against that I ask this House to arm itself, ready to strike in self-defence against all who seek to exploit the resources of this land for the augmentation of their own private wealth. When the Honourable the Finance Member was asked for an explanation with regard to the Reverse Councils, I see that he made this statement in his speech at page 77 of the Gazette of India:

'We have frequently been asked to explain how far the persistence in the selling of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home authorities.

Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret that it is not within the power of Government to answer these inquiries.

Why not? Did they not know, or, knowing, will they not answer? I cannot entertain for one moment the suggestion that the Government have not got the answer. The only possible inference is that they have it and will not reveal it. I think we are entitled to apply to the Honourable the Finance Member from his failure to produce the legal presumption most hostile to himself. It is quite clear to me, and I hope it will be equally clear to this House, that the reason why the Finance Member was unable to answer that particular question with regard to the policy of his Government in the matter of the Reverse Councils was because he did not wish to implicate persons who are not here and who do not desire to be here.

I pass over the policy of exchange. That also has been debated and condemned. Then I come to a question of importance, so far as this Member is concerned. I pass to the matter of the suggested impost upon silver bullion. I am not here to reopen the merits or demerits of that matter. The decision has been taken not to enforce any import duty. I only refer to it to use it by way of illustration of the dangers which I ask this House to take cognizance if it intends to preserve its financial privileges unimpaired among which I hope it will include the right to enforce a policy which puts Indian values in the forefront as matters of greater relative importance than English interests. Now, with regard to the question of bullion, I remember the Honourable the Finance Member telling us two or three days ago, or perhaps a little earlier than that, that he could not define his attitude upon that question without reference to the bullion merchants of Bombay. One Member here to-night, my Honourable friend Mr. Price, has already referred to the fact, and fact it is, that the Honourable the Finance Member was not so tender in his dealings with other interests than the bullion silver interests—interests, surely as important, for instance, the food and the clothing of the poorer peoples in India. As far as I am aware, the Honourable the Finance Member made no reference to any previous conference, before imposing taxation, with the sugar dealers or the piece-goods merchants or the importers of cigarettes or the importers of wines and spirits. Why then does he show a difference in his treatment between commodities such as these and the question of bullion? Is it because he wishes to safeguard interests which are not resident in India but at home? Is it that he is swayed by foreign impulses by active wirepullers elsewhere whom in a measure he is ashamed to avow?

Is it a fact that the real reason for this approach to the so-called bullion merchants of Bombay is that it is an approach to the bullion merchants not in Bombay, not in India, but in England? We have had to resist the open attack made upon us by Manchester and we have answered Manchester, I think upon the whole, with credit to ourselves. We have now, Sir, to resist the equally insidious and perhaps more dangerous attack made upon us by those who, being none the less powerful and none the less dangerous, have at their disposal a human instrument so facile, so persuasive, and so insidious as the Honourable Member sitting opposite me. If, as a matter of fact, the real influences which are prevalent with the Honourable the Finance Member, in the composition both of his Budget and his Revenue Bill, be influences which are outside our reach as being outside India—influences to which my Honourable friend, Mr. Price, has alluded as 'busybodies,' then I put it to the House that we should be prepared to be trebly jealous of our privileges, and trebly sensitive against the intervention of 'busybodies' who are not likely in the measures they frame to postpone their financial advantages and interests to ours. And if it be true—I am afraid that it is—if it be true that the real impelling and controlling influences with regard to this matter and other financial matters are to be found in England and not in India, then I think that this House would like very much to know, who is the Rasputin behind our financial Czar, to which I would add the supplementary question, where is he living, in Delhi or in London? Is it in India where we can control him, or is he at home outside our jurisdiction? So long as a suspicion such as this is permitted to float in the minds of members, it creates an extremely unpleasant and unhappy feeling with them. It compels them to believe that they are really puppets, and that these financial considerations are brought forward not, as they should be, solely for the benefit of the peoples of India, but under alien guidance for the benefit and prosperity of men who have long exploited India for their own ends and who intend to prolong that process without interruption in the future. On this question of bullion, let me refer to a telegram coming from Calcutta. I think it was in yesterday's *Pioneer*. It is as follows:—'The Secretary of the Calcutta Bullion Association has wired to the Financial Department of the Government of India praying that no duty on silver should be now imposed and in any event that no duty be levied before June next.' Are we not entitled to ask, why such a telegram should be sent? Why should these gentlemen who are able to make these markets fluctuate, no doubt, to their own financial benefit, be urging on the Government an extension of time which shall exempt their own pockets from the inconveniences of taxation? Are they not somewhat similar, Sir, to the criminal who says to

the learned Judge who is trying him : 'I am not guilty, my Lord, either of manslaughter or of murder. But if you are going to pass a sentence on me, please convict me of manslaughter.' Here are these bullion merchants of Calcutta, I suppose in touch with the bullion merchants of Bombay, seeking to get outside the four corners of this taxation by asking this Government (for no reason assigned and for no reason assignable) to postpone the period from which this Act shall come into force in order to enable them to secure their deposits afloat and house them intact inside Bombay. I do not propose to touch upon the merits of this Bill. These have passed beyond our criticism and control. But I do wish to linger for a moment on the caution which this Bill enjoins upon all those who wish to preserve intact the control of this House over fiscal questions. Yesterday it was the Council of State. To-day it is the occult power behind the scenes in England. Each is dangerous in a different degree. Both must be met and fought and crushed. It would be impossible for us who have followed the procedure of this House for many days and followed it, I hope, with patience, discernment and interest, not to recognize and applaud the attitude on both sides of the House, as indicative of a desire on each side to work the new reforms honestly and honourably in the spirit of cordial and mutual good-will. There has been much of give and take on both sides. I have been as much struck with the courtesy and the frankness as with the ingenuity and resource of the Honourable the Finance Minister opposite. I have been struck not only by his attitude, but by the attitude of all the Government officials who have had occasion to stand up and answer our questions, to give us information, or to defend their positions against our attacks. I do not think that any member on this side of the House can honestly complain that he has not been assisted in every legitimate way and in very generous extent to a common effort to make good this our first meeting on the reformed Legislative Assembly by the Honourable Members opposite who represent the Government. Their attitude affords a complete answer to the hostile criticism which not so long ago was in certain quarters flung against the Members of the Indian Civil Service, of whom it was said that they would embody and practice the real and discontented opposition to the spirit of the reforms ; that they would combine themselves to resist the progress sketched, and that in them we, the elected non-officials, should find our most inveterate and unyielding foes. I am glad to be able to think that that criticism has been shattered ; that it is devoid of all foundation ; and that if it be permissible to draw an inference from the conditions of to-day, I may claim, in a prophesy of the future, to look with

confidence to honest and considered support from quarters to which prejudice had ascribed opposition. I have been a hostile and inconsiderate critic of Government. So the unthinking say. If so, which I deny, my recantation is all the more valuable. I have always thought that when the reforms took statutory shape the same official world outside that service which attempted at one time to postpone what some considered would be the hour of their execution, would be the first to render, as they have rendered, loyal and selfless service for the achievement of progress. For that we on this side of the House are deeply and publicly grateful. As I said, my main object in rising to make these remarks was to accentuate the duty all of us inside this House, and, more especially those of us who sit as the non-official elected members, owe to ourselves, if we are honest and to India and Great Britain alike if we are wise. The nominated members who, we may feel sure, are as able as ourselves to contribute to the total of political wisdom have not given us audible evidence of their presence or of their opinions in this House. We have seen them, we have watched them, and we have admired them, but we have not heard them except in very rare instances. I take pride in the intervention in debate of the Honourable the nominated member behind me who hails from Ootacamund. I regret the modesty and self-imposed reticence of the nominated members inside this House, a modesty and reticence not always accompanying their attitude outside. I trust that, as we grow older and get more acclimatized to the novel procedure of this infant institution they will imitate my Honourable friend behind me and give us clearly and audibly the benefit of their long administrative and executive wisdom and experience. From the Members of this House who have appropriated the larger share of the debates, I claim on the whole the exhibition of a remarkable self-restraint, even though I recall the number and the variety of the speeches which have come from this side of the House, and more particularly from my especial quarter, the Madras quarter, of this House. We have achieved one notable triumph. In the long history of the Government of India this is the first time that a Government Finance Bill has had one single line of its financial proposals altered, an achievement which upon the whole has been accompanied with moderation and a tendency to compromise. Lastly, let me urge upon my Honourable colleagues, the elected non-official Members of this House, that we should be always upon our guard against the introduction, however slight, of any element which points to the deprivation or the infringement of our right to control our own finances ; that we should proclaim on this, our first opportunity, our own

financial independence ; that we should openly assert our intention to stand on our own and not upon borrowed legs ; that we should declare our resolution to be masters in our own financial house.

DR. H. S. GOUR : At the close of the Budget and its accompanying Finance Bills, I entirely and heartily associate with my friend, the Honourable Mr. Eardley Norton, in congratulating the members of the Government for their unfailing courtesy and spirit of compromise in dealing with the difficult questions with which the non-official members were concerned. I echo the sentiments of my Honourable colleagues in saying that whatever may have been the suspicions of elected members of this House about the attitude of the members of the Indian Civil Service, those suspicions have completely disappeared, and the attitude of the members of Government has been one of continuous sympathy and unfailing friendliness. I have no doubt whatever, Sir, that this is a most hopeful augury for the future success of this House. I conclude, Sir, by asking you whether it would be in order to put the coping stone upon this Finance Bill by harking back to a question which I asked this House earlier in the day. If I understood you aright, you said that the question could be again moved later on when the whole Bill came up for the vote of this House. If it is open to me to mention that question there is one point upon which this House feels keenly, and it is the continuance of the half an anna postage, and it is the poor man's plea and I hope the Honourable Members in charge of Government will accede to it. I have reason to believe that they will accede to it, and if that is done, we shall have complete confidence in the budget and the Finance Bill which we have just now passed.

THE HONOURABLE MR. W. M. HAILEY : Sir, I think it would be unfitting that I should allow this occasion to pass without thanking Mr. Eardley Norton and Dr. Gour for what they have said this evening in regard to the conduct of the Bill from the Government side. At the same time, I wish heartily to reciprocate from our side their expression of good feeling ; and to say, if I may be allowed to say this to the House, how much we, on our side, appreciate the forbearance it has exhibited, admire its industry, and most of all appreciate the goodwill it has shown to us. It is usual in other countries for a member of the Government who has to bring forward a piece of difficult and contentious legislation to make sure before he goes to the legislature that he has a majority behind him. I think there are few who would venture into a representative assembly with an unpopular scheme of taxation in the face of a large

potential majority against them without much misgiving and much apprehension. I can only say for ourselves, Sir, that knowing from the first that we had to rely on convincing the House by reason, we have throughout done our best to be open and honest in placing our case before it. We have realized throughout that any attempt to hold back any part of our case, any attempt to get round a difficult situation by mere strategy, would be more than useless ; it would indeed be dangerous to our own cause. We have been content to rely and indeed we have been obliged to rely, on the strength of our own case. Our best policy was to attempt to help the House to a right decision on each point that arose ; and I know that I can say beforehand, that every Member of this Government will always attempt to take exactly the same attitude with the House.

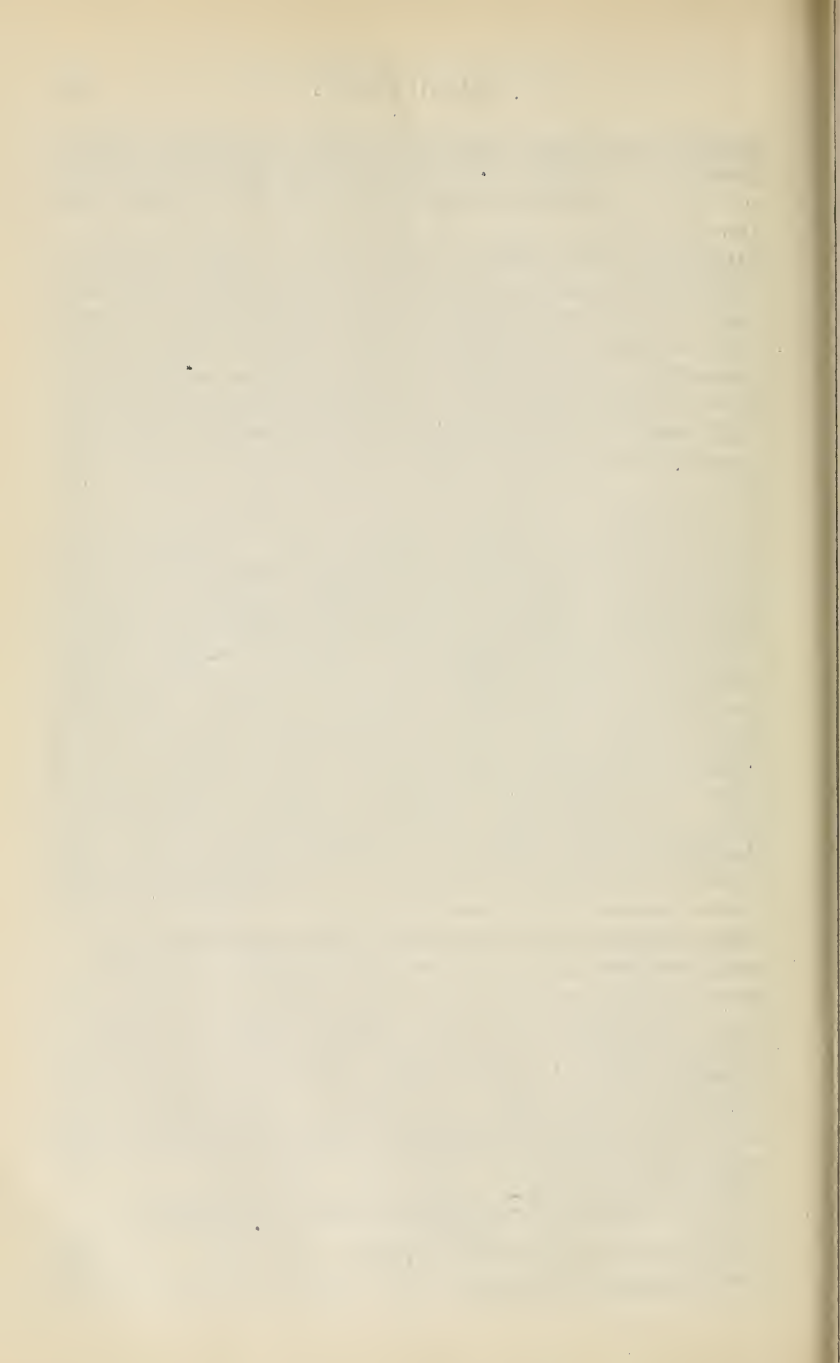
Purely by way of reference, and not by way of combativeness, for I feel that, after the two days we have just spent together, contentiousness on my part would, at this stage, be out of place, purely by way of reference and nothing else, let me try to enlighten Mr. Eardley Norton regarding our attitude on the subject of bullion. There is no dark ogre anywhere, outside this country or inside it, that has controlled our attitude on this question. In fact, Sir, I am revealing no official secrets whatever when I say that we have had no communication with Home upon the subject. Perhaps that will disabuse his mind of any impression on the subject of our relations with the Home authorities on this point. He quotes a telegram which he has received from the bullion dealers of Calcutta. I have received very numerous telegrams from Japanese traders in silk, from liquor merchants, from match merchants, from every kind of merchant in the country affected by our proposed taxes, and I class the bullion traders in my mind at all events in exactly the same way as any other community whose interests are affected by this Bill.

And now, Sir, I do not wish to delay the House any further. The House has shown to us, as I have said before, singular forbearance and singular goodwill ; I only hope that it will now see its way to pass this Finance Bill and to allow us to commit it to another House, with the sure assurance that the Bill in itself, if a not very pleasant piece of measure, is yet a sound piece of legislation on which we need not look back with any misgivings.

THE HONOURABLE THE PRESIDENT : The motion is :

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

The motion was adopted.



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TARIFF SCHEDULES.

Reprint of Schedules II and III of the Indian Tariff Act VIII of 1894 (as last amended March/April 1921), showing the rates of Customs duties levied on goods imported into, and exported from, British India.



SCHEDULE II.—IMPORT TARIFF.

No.	Names of Articles.	Per	Tariff Valuation.	Duty
I.—Food, Drink and Tobacco.				
FISH.			Rs. A.	
1	FISH, SALTED, wet or dry	Indian maund of 82 2-7 lbs. avoirdu- pois weight	..	Such rate or rates of duty not exceeding twelve annas as the Gover- nor-General in Council, may by notifica- tion in the <i>Gazette of India</i> , from time to time prescribe.
2	FISHMAWS, including singally and sozille, and sharkfins	..	<i>Ad valorem</i>	11 per cent
3	FISH, excluding salted fish (see No. 1) ..	..	..	11
FRUITS AND VEGETABLES.				
4	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved—			
	Almonds without shell	cwt.	85 0	11 per cent
	" in the shell	..	26 0	11 ..
	" (kagazi) Persian	..	125 0	11 ..
	European including half-hard round almonds.	..	45 0	11 ..
	Cashew or cajoo kernels	..	28 0	11 ..
	Cocoanuts, Straits and Dutch East Indies	thousand	100 0	11 ..
	" Maldives	..	40 0	11 ..
	" Other	..	62 0	11 ..
	" kernel (khopra)	cwt.	27 0	11 ..
	Currants	..	45 0	11 ..
	Dates, dry, in bags	..	15 0	11 ..
	Dates, wet, in bags, baskets and bundles	..	9 0	11 ..
	Dates, wet, in pots, boxes, tins and crates	..	14 0	11 ..
	Figs, Persian, dried	..	18 0	11 ..
	Garlic	..	12 0	11 ..
	Pistachio nuts	..	100 0	11 ..
	Raisins, Munakka, Persian Gult	..	16 0	11 ..
	Raisins, other sorts	..	<i>Ad valorem</i>	11 ..
	All other sorts of fruits and vegetables, fresh, dried, salted or preserved.	..	<i>Ad valorem</i>	11 ..
GRAIN, PULSE AND FLOUR.				
5	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (see No. 6).	..	<i>Ad valorem</i>	2½ per cent.
6	FLOUR	..	..	11 ..
7	FODDER, Bran and Pollards	..	..	2½ ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink and Tobacco.—<i>contd.</i>				
LIQUORS.				
8	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	..	Rs. A. P. 0 6 6
9	LIQUEURS, Cordials, Mixtures and other preparations containing spirit— (a) Entered in such a manner as to indicate that the strength is not to be tested (b) If tested	.. Imperial gallon or 6 quart bottles of the strength of London proof.		25 0 0 18 12 0 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
10	PERFUMED spirits	Imperial gallon or 6 quart bottles.	..	30 0 0
11	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	..	<i>Ad valorem</i>	7½ per cent.
12	All other sorts of SPIRIT	Imperial gallon or 6 quart bottles of the strength of London proof.	..	18 12 0 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
13	WINES— Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit. All other sorts of wines not containing more than 42 per cent. of proof spirit. Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to "All other sorts of Spirit."	Imperial gallon or 6 quart bottles. "		9 0 0 4 8 0
PROVISIONS AND OILMAN'S STORES				
14	VINEGAR, in casks	..	<i>Ad valorem</i>	2½ per cent.
15	PROVISIONS, OILMAN'S STORES, AND GROCERIES, all sorts, excluding vinegar in casks (see No. 14).	..	..	..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink and Tobacco. — <i>contd.</i>				
PROVISIONS AND OILMAN'S STORES— <i>contd.</i>			RS. A.	
	Butter	lb.	2 0	11 per cent
	Cassava, Tapioca or Sago (whole)	cwt	15 0	11 ..
	Cassava, Tapioca or Sago (flour)		11 0	11 ..
	China preserves in syrup	box of six large or twelve small jars	10 0	11 ..
	China preserves dry, candied	lb.	0 8	11 ..
	Cocum	cwt.	10 0	11 ..
	Ghi		75 0	11 ..
	Vinegar not in casks		<i>Ad valorem</i>	11 ..
	All other sorts of provisions, oilman-stores and groceries.			11 ..
SPICES.				
16	SPICES, all sorts—			
	Betelnuts, raw, whole, split or sliced, also red whole from Goa.	cwt	11 0	11 per cent
	Betelnuts, raw, whole, split or sliced, also red whole from Straits	..	11 0	11 ..
	Betelnuts, boiled, split or sliced	..	12 8	11 ..
	Betelnuts, whole, from Ceylon	..	14 0	11 ..
	Betelnuts, raw, split (sun-dried) from Cey- lon	..	28 0	11 ..
	Betelnuts, all other sorts		<i>Ad valorem</i>	11 ..
	Chillies, dry	cwt.	25 0	11 ..
	Cloves		62 0	11 ..
	Cloves, exhausted	..	20 0	11 ..
	Cloves, stems and heads	..	9 0	11 ..
	Cloves, in Seeds, Narlavang	..	20 0	11 ..
	Ginger, dry	..	35 0	11 ..
	Mace	lb.	0 12	11 ..
	Nutmegs	..	0 4	11 ..
	Nutmegs in shell	..	0 3	11 ..
	Pepper, black.. .. .	cwt.	38 0	11 ..
	Pepper white	..	65 0	11 ..
	All other sorts of spices	..	<i>Ad valorem</i>	11 ..
SUGAR				
17	CONFECTIONERY	..	<i>Ad valorem</i>	20 per cent.
18	SUGAR, all sorts, including Molasses and Sac- charine produce of all sorts but excluding confectionery : (see No. 17).			
	Sugar crystallised and soft, from Java, 23 Dutch standard and above.	cwt.	32 4	15 per cent.
	Sugar, crystallised and soft, from Java, 16 to 22 Dutch standard.	..	30 4	15 ..
	Sugar, crystallised and soft, from Java, 15 Dutch standard and under.	..	29 12	15 ..
	Sugar crystallised and soft, from Japan, or Formosa	..	34 4	15 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink, and Tobacco.—Contd.				
	SUGAR.—<i>contd.</i>		Rs. A.	
	Sugar, crystallised and soft, refined in China	Cwt.	34 4	15 per cent.
	Sugar, crystallised and soft, from Egypt ..	"	33 4	15 "
	Sugar, crystallised and soft, from Mauritius	"	30 12	15 "
	Sugar, crystallised, beet	"	32 4	15 "
	Molasses from Java	"	5 10	15 "
	Molasses from other countries	"	5 10	15 "
	Sugar, all other sorts, including saccharine produce of all kinds	..	<i>Ad valorem</i>	15 "
	TEA.			
19	TEA—			
	Tea, black	lb.	0 12	11 per cent.
	Tea, green	..	0 14	11 "
	OTHER FOOD AND DRINK.			
20	COFFEE	cwt.	42 0	11 per cent.
21	Hops	..	..	Free.
22	SALT, excluding Salt exempted under No. 23	Indian maund of 82 2-7 lbs. avoirdupois weight.	..	The rate at which excise duty is for the time being leviable on salt manufac- tured in the place where the import takes place.
23	SALT imported into British India and issued, in accordance with rules made with the pre- vious sanction of the Governor-General in Council, for use in any process of manufac- ture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor-General in Council, for use in curing fish in those provinces.	..	..	Free.
24	ALL OTHER SORTS OF FOOD AND DRINK NOT otherwise specified.	..	<i>Ad valorem</i>	11 per cent.
	TOBACCO.			R. A.
25	TOBACCO, unmanufactured	lb.	..	1 0
26	CIGARS AND CIGARETTES	..	<i>Ad valorem</i>	75 per cent.
27	All other sorts of TOBACCO, unmanufactured	lb.	..	2 4

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
II. — Raw materials and produce and articles mainly unmanufactured.—				
COAL, ETC.				Rs. A.
28	COAL, COKE, AND PATENT FUEL	ton	..	0 8
GUMS, RESINS, AND LAC.				Rs. A.
29	GUMS, RESINS AND LAC, all sorts—			
	Gambier, block	cwt.	28 0	11 per cent.
	" Cube	"	28 0	11 "
	" other sorts	"	<i>Ad valorem</i>	11 "
	Gum Ammoniac	cwt.	30 0	11 "
	" Arabic	"	24 0	11 "
	" Benjamin ras	"	25 0	11 "
	" Benjamin cowrie	"	65 0	11 "
	" Bysabol (coarse myrrh)	"	60 0	11 "
	" Oilbanum or frankincense	"	15 0	11 "
	" Persian (false)	"	18 0	11 "
	Myrrh	"	60 0	11 "
	Rosin	"	28 0	11 "
	All other sorts of gums, gum-resins, and articles made of gum or gum-resin.	..	<i>Ad valorem</i>	11 "
HIDES, AND SKINS, RAW.				
30	HIDES AND SKINS, raw or salted	..	..	Free.
METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.				
31	IRON OR STEEL, old	cwt.	3 8	2½ per cent.
32	METALLIC ORES, all sorts	..	..	Free.
OILS.				Rs. A. P.
33	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock-oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the following classes of petroleum.*	Imperial gallon.	..	0 1 6
34	Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.	..	<i>Ad valorem</i>	7½ per cent.

*Motor spirit is liable to an additional duty of six annas per gallon under Act II of 1917 as amended by Act III of 1919.

[illegible]

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
II.—Raw materials and produce and articles mainly unmanufactured.— <i>contd.</i>				
MISCELLANEOUS.			R. A.	
44	CANES AND RATTANS	..	<i>Ad valorem</i>	11 per cent
45	COWRIES AND SHELLS—			
	Cowries, bazar, common	cwt.	6 0	11 ..
	.. yellow, superior quality	..	7 0	11 ..
	.. Maldive	..	11 0	11 ..
	.. Sankhli	..	135 0	11 ..
	Mother-of-pearl, nacre	..	25 0	11 ..
	Nakhla	..	175 0	11 ..
	Tortoise-shell	lb.	14 0	11 ..
	.. nakh	..	3 0	11 ..
	All other sorts, including articles made of shell, not otherwise described.	..	<i>Ad valorem</i>	11 ..
46	IVORY, unmanufactured—			
	Elephant's grinders	cwt.	300 0	11 per cent.
	.. tusks (other than hollows, centres and points), each exceeding 20 lb. in weight, and hollows, centres, and points each weighing 10 lb. and over.	..	900 0	11 ..
	Elephant's tusks (other than hollows, centres, and points), not less than 10 lb. and not exceeding 20 lb. each, and hollows, centres, and points each weighing less than 10 lb.	..	725 0	11 ..
	Elephant's tusks, each less than 10 lb. (other than hollows, centres, and points).	..	400 0	11 ..
	Sea-cow or moye teeth, each not less than 4 lb.	cwt.	225 0	11 per cent.
	Sea-cow or moye teeth, each not less than 3 lb. and under 4 lb.	..	175 0	11 ..
	Sea-cow or moye teeth, each less than 3 lb.	..	125 0	11 ..
	All other sorts unmanufactured not otherwise specified.	..	<i>Ad valorem</i>	11 ..
47	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanide, mineral phosphates and mineral superphosphates.	..	..	Free.
48	PRECIOUS STONES, unset and imported uncut, and Pearls, unset and imported unpierced.	..	..	Free.
49	PRECIOUS STONES, unset and imported cut, and Pearls, imported pierced.	..	<i>Ad valorem</i>	11 per cent.
50	PULP OF WOOD, RAGS and other paper-making materials.	..	..	Free.
51	ALL OTHER RAW MATERIALS, and produce and articles mainly unmanufactured, not otherwise specified.	..	<i>Ad valorem</i>	11 per cent.

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—				
APPAREL.				
52	APPAREL, including drapery, boots and shoes and military and other uniforms and accoutrements, but excluding uniforms and accoutrements, exempted from duty (No. 53) and gold and silver thread (Nos. 90 and 92) and articles made of silk (see No. 100).	..	<i>Ad valorem</i>	11 per cent.
53	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.	..	..	Free.
ARMS, AMMUNITION AND MILITARY STORES.				
54	Subject to the exemptions specified in No. 57, ARMS, AMMUNITION AND MILITARY STORES, that is to say,—			
	(1) Firearms other than pistols, including gas and air guns and rifles.	each	..	Rs. A. 15 0 or 20
	(2) Barrels for the same, whether single or double.	..	..	per cent.
	(3) Pistols, including automatic pistols and revolvers.	..	..	15 0 <i>Ad</i>
	(4) Barrels for the same, whether single or double.	..	..	15 0 <i>va-</i>
	(5) Main springs and magazine springs for firearms, including gas guns and rifles.	..	..	5 0 <i>lorem</i>
	(6) Gun stocks and breech blocks	..	..	3 0 <i>which-</i>
	(7) Revolver-cylinders, for each cartridge they will carry.	..	..	2 0 <i>ever</i>
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle-loading arms.	..	..	1 0 <i>is</i>
	(9) Machines for making, loading or closing cartridges for rifled arms.	..	<i>Ad valorem</i>	20 per cent.
	(10) Machines for capping cartridges for rifled arms.	..	..	20 ..
55	GUNPOWDER for cannons, rifles, guns, pistols and sporting purposes.	..	<i>Ad valorem</i>	20 per cent.
56	Subject to the exemptions specified in No. 57 all ARTICLES, other than those specified in entry No. 54, which are ARMS OR PARTS OF ARMS within the meaning of the Indian Arms Act 1878 (excluding springs used for air-guns which are dutiable as hardware, under No. 71), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor-General in Council may, by notification in the <i>Gazette of India</i> , declare to be ammunition or military stores for the purposes of this Act.	..	..	20 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per.	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manu- factured.—<i>contd.</i>				
ARMS, AMMUNITION AND MILITARY STORES.—<i>contd.</i>				
57	The following ARMS, AMMUNITION AND MILITARY STORES:—	..	..	Free.
	(a) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 54 when they ap- pertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm ;			
	(b) Arms forming part of the regular equip- ment of a commissioned or gazetted offi- cer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform ;			
	(c) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per re- volver or pistol (i) when accompanying a commissioned officer of his Majesty's re- gular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving, or in the case of a police officer, by an In- spector General or Commissioner of Po- lice, to be imported by the officer for the purpose of his equipment ;			
	(d) Sword for presentation as army or prizes volunteer ;			
	(e) Arms, ammunition, and military stores imported with the sanction of the Gov- ernment of India for the use of any por- tion of the military forces of a State in India which may be maintained and or- ganized for Imperial Service ;			
	(f) Morris tubes and patent ammunition im- ported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men,			
58	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuse.	..	<i>Ad valorem</i>	11 per cent

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
			R. A.	
59	CARRIAGES AND CARTS including jinrikshas, bath chairs, perambulators, trucks, wheelbarrows, and all other sorts of conveyances and component parts thereof not otherwise specified, including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, namely:—Chassis, solid tyres, wheels, bodies, axles and gear boxes (<i>see</i> No. 60).	..	<i>Ad valorem</i>	11 per cent.
60	MOTOR-CARS, motor cycles, motor-scooters, bicycles, and tricycles and parts and accessories thereof provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.	..	..	20 per cent.
CHEMICALS, DRUGS AND MEDICINES.				
61	ANTI-PLAGUE SERUM	..	..	Free.
62	COPPERAS, green	..	<i>Ad valorem</i>	2½ per cent.
63	OPIUM and its alkaloids, and their derivatives.	Seer of 80 tolas.	..	R. A. 24 0
64	QUININE and other alkaloids of cinchona ..	..	..	Free.
65	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.	..	..	..
	Alkali, Indian (saji-khar)	cwt.	4 0	11 per cent.
	Alum (lump)	..	12 0	11
	Arsenic (China mansil)	..	60 0	11
	.. other sorts	..	<i>Ad valorem</i>	11
	Soda, ash and crescent Alkali	cwt.	5 0	11
	Soda, Bicarbonate	..	8 0	11
	Soda, caustic, solid	..	18 0	11
	Soda, caustic flake	..	23 0	11
	Soda, caustic, powdered	..	28 0	11
	Soda, Magadi	..	4 0	11
	Sulphate of copper	..	20 0	11
	Sulphur (brimstone), flowers	..	11 8	11
	Sulphur (brimstone), roll	..	11 8	11
	Sulphur (brimstone), rough	..	<i>Ad valorem</i>	11
	All other sorts of chemical products and preparations not otherwise specified.	..	..	11
	Aloe-wood	..	..	11
	Asafoetida (hina)	cwt.	125 0	11
	.. coarse (hingra)	..	50 0	11
	Atary, Persian	..	<i>Ad valorem</i>	11
	Banslochan (bamboo camphor)	lb.	0 9	11
	Calumba root	cwt.	20 0	11
	Camphor, refined, other than powdered ..	..	5 8	11
	Cassia lignea	cwt.	35 0	11
	China root (chobchini) rough	..	15 0	11
	China root (chobchini) scraped	..	30 0	11
	Cubebs	..	165 0	11
	Galangal, China	..	16 0	11
	Salep	..	350 0	11
	Storax, liquid (rose mellos or salaras) ..	..	70 0	11
	All other sorts of drugs, medicines, and narcotics.	..	<i>Ad valorem</i>	11

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manu- factured. — <i>contd</i>				
CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.				
66	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, moving and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bull-lock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.	..	..	Free.
67	CLOCKS, AND WATCHES, parts thereof ..	..	<i>Ad valorem</i>	20 per cent.
68	CUTLERY, excluding electroplated cutlery (see No. 70).	..	..	11 ..
69	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.	..	..	Free
70	ELECTROPLATED WARE	..	<i>Ad valorem</i>	20 per cent.
71	HARDWARE, IRONMONGERY AND TOOLS all sorts, not otherwise specified.	..	..	11 ..
72	INSTRUMENTS, APPARATUS, AND APPLIANCES imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	..	..	Free.
73	MUSICAL INSTRUMENTS	..	<i>Ad valorem</i>	20 per cent.
74	TELEGRAPHIC INSTRUMENTS AND APPARATUS and parts thereof, imported by or under the orders of a railway company	..	..	24 per cent.
75	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES and parts thereof, when constructed so that they can be worked by manual or animal power.	..	..	Free
76	All other sorts of IMPLEMENTS, INSTRUMENTS APPARATUS AND APPLIANCES, and parts thereof, not otherwise specified.	..	<i>Ad valorem</i>	11 per cent.
DYES AND COLOURS				
77	DYEING AND TANNING SUBSTANCES, all sorts, and PAINTS AND COLOURS and painters' materials, all sorts	..	<i>Ad val.</i>	..
	Alizarine, dye, dot dry, exceeding 40 per cent	11.	4 8	11 per cent.
	Alizarine dye, dry, over 40 per cent, but not exceeding 50 per cent	..	5 0	11 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manufac- tured. — <i>contd.</i>				
DYES AND COLOURS.—<i>contd.</i>			Rs. a.	
	Alizarine dye, dry, over 50 per cent. but not exceeding 60 per cent.	lb.	5 8	11 per cent.
	Alizarine dye, dry, over 60 per cent. but not exceeding 70 per cent.	"	6 8	11 "
	Alizarine dye, dry, over 70 per cent. but not exceeding 80 per cent.	"	7 8	11 "
	Alizarine dye, dry, over 80 per cent.	"	8 8	11 "
	Alizarine dye, moist, not exceeding 10 per cent.	"	0 10	11 "
	Alizarine dye, moist, over 10 per cent. and not exceeding 16 per cent.	"	1 0	11 "
	Alizarine dye, moist, over 16 per cent. and not exceeding 20 per cent.	"	1 4	11 "
	Alizarine dye, moist, exceeding 20 per cent.	"	2 0	11 "
	Aniline dye, moist	"	5 0	11 per cent.
	Aniline dye, dry	"	7 8	11 "
	Aniline, salts	"	<i>Ad valorem</i>	11 "
	Avar bark	cwt.	5 0	11 "
	Cochineal	lb.	1 1	11 "
	Gallnuts (myrabolams)	"	<i>Ad valorem</i>	11 "
	" Persian	cwt.	45 0	11 "
	Gamboge	lb.	2 0	11 "
	All other sorts of dyeing and tanning ma- terials	"	<i>Ad valorem</i>	11 "
	Lead, red, dry	cwt.	34 0	11 "
	Lead, whit dry	"	36 0	11 "
	Ochre, other than European, all colours ..	"	2 0	11 "
	Turpentine,	Imperial gallon.	9 0	11 "
	Vermilion, Canton	box of 90 bundles.	245 0	11 "
	Zinc, White dry	"	<i>Ad valorem</i>	11 "
	All other sorts of paints, colours and paint- ers' materials not otherwise specified, in- cluding glue and putty.	"	"	11 "
FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD				
78	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise speci- fied.	"	<i>Ad valorem</i>	11 "
GLASSWARE AND EARTHENWARE.				
79	GLASS AND GLASSWARE, lacquered ware, earthenware, China and porcelain; all sorts except glass bangles, beads and false pearls (see No. 80).	"	<i>Ad valorem</i>	11 per cent.
80	GLASS BANGLES AND BEADS & FALSE PEARLS.	"	"	20 "
HIDES, SKINS AND LEATHER.				
81	HIDES AND SKINS not otherwise specified .. LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.	"	<i>Ad valorem</i>	11 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
	III. — Articles wholly or mainly manu- factured. — <i>contd</i>			
	MACHINERY.			
82	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof; also including locomotive and portable engines, steam-rollers, fire-engines, and other machines in which the prime-mover is not separable from the operative parts.	..	<i>Ad valorem</i>	2½ per cent.
	MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric steam, water, fire or other power not being manual or animal labour or which, before being brought into use, require to be fixed with reference to other moving parts; and including belting of all materials for driving machinery. Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts or machinery as are indispensable for the working of the machinery and are, owing to their shape or to other special quality, not adapted for any other purpose.	..	..	2½ ..
	<i>Note</i> — This entry includes machinery and component parts thereof made of substances other than metal			
83	MACHINERY and component parts thereof, meaning machines or parts of machines to be worked by manual or animal labour.	..	<i>Ad valorem</i>	11 per cent
84	METALS, IRON AND STEEL.			
	IRON—		Rs. a.	
	ANGLE—			
	Angle and T, Best Yorkshire or Swedish and similar qualities.	ton	450 0	2½ ..
	.. other than Best Yorkshire or Swedish and similar qualities.	..	300 0	2½ ..
	.. other than Best Yorkshire or Swedish and similar qualities, if galvanized, tinned, or lead coated.	..	350 0	2½ ..
	All other sorts	..	<i>Ad valorem</i>	2½ ..
	BAR, ROD AND CHANNEL, INCLUDING CHANNEL FOR CARRIAGES			
	Bar Best Yorkshire and similar qualities	ton	450 0	2½ ..
	.. Swedish and similar qualities ..	..	400 0	2½ ..
	.. Swedish and nail-rod, round-rod, and square under ½ inch in diameter ..	..	420 0	2½ ..
	.. Swedish and charcoal, if galvanized, tinned, or lead coated.	..	<i>Ad valorem</i>	2½ ..
	.. other kinds	ton	300 0	2½ ..
	.. other kinds nail-rod, round rod and square under ½ inch in diameter.	..	320 0	2½ ..
	.. other kinds if galvanized, tinned, or lead coated.	..	350 0	2½ ..
	Channel, including channel for carriages ..	..	340 0	2½ ..
	All other sorts	..	<i>Ad valorem</i>	2½ ..
	PIG	..	..	2½ ..
	RICE BOWLS	..	..	2½ ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
	III.—Articles wholly or mainly manufactured.—<i>contd.</i>			
85	IRON OR STEEL—			
	ANCHORS AND CABLES	..	<i>Ad valorem</i>	2½ per cent.
	BEAMS, JOISTS, pillars, girders, screw-piles, bridge work and other such descriptions of iron or steel imported exclusively for building purposes ; including also ridging, gut-tering and continuous roofing.	..	"	2½ "
	BOLTS, and nuts, including hook bolts and nuts for roofing.	..	"	2½ "
	HOOPS AND STRIPS—		Rs. a.	
	Hoops, Best Yorkshire or Swedish and similar qualities.	ton	475 0	2½ "
	" other than Best Yorkshire or Swedish, if galvanized, tinned, or lead coated.	"	425 0	2½ "
	" other kinds	"	350 0	2½ "
	Strips, Best Yorkshire or Swedish and similar qualities.	"	475 0	2½ "
	" if galvanized, tinned, lead coated, aluminium coated, chequered or planished.	"	425 0	2½ "
	" other kinds	"	350 0	2½ "
	NAILS, RIVETS AND WASHERS, ALL SORTS—			
	Iron or steel nails, rose, deck, wire and flatheaded	cwt.	28 0	2½ "
	" " " other kinds, including galvanized, tinned or lead coated.	"	50 0	2½ "
	Washers, iron or steel, plain or galvanized (excluding dome-shaped, spring or locking washers).	"	30 0	2½ "
	Washers, iron or steel, tinned or lead coated and dome-shaped, spring or locking washers.	..	<i>Ad valorem</i>	2½ "
	Rivets, iron or steel, all sorts	cwt.	30 0	2½ "
	PIPES AND TUBES, and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.	..	<i>Ad valorem</i>	2½ "
	RAILS, CHAIRS, sleepers, bearing and fish plates, spikes (commonly known as dog spikes,) switches, and crossings, other than those described in No. 96, also lever boxes, clips, and tie-bars.	..	<i>Ad valorem</i>	2½ "
	SHEETS AND PLATES, all sorts, excluding discs, and circles which are dutiable under No. 87—			
	Sheets and plates, Best Yorkshire and similar qualities.	ton	650 0	2½ "
	" " Swedish and charcoal	"	550 0	2½ "
	Plates, other kinds, above ½ inch thick	"	325 0	2½ "
	Sheets, other kinds, up to ½ inch thick	"	350 0	2½ "
	Sheet and plate cuttings	"	300 0	2½ "
	Sheets, Swedish and charcoal, if galvanized, tinned, or lead coated.	"	675 0	2½ "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manufactured.— <i>contd.</i>				
METALS, IRON AND STEEL.— <i>contd.</i>				
IRON OR STEEL.— <i>contd.</i>				
			R. A.	
	Sheets (other than corrugated) other kinds if galvanized, tinned, lead coated, aluminium coated or planished; also chequered plates.	ton.	425 0	2½ per cent
	Tinplates	..	600 0	2½ ..
	Sheets, corrugated, galvanized or black ..	..	400 0	2½ ..
	WIRE, including piano-wire, fencing wire and wire rope, but excluding wire-netting (which is dutiable under No. 87).	..	<i>Ad valorem</i>	2½ ..
86	STEEL—			
	ANGLE—			
	Angle and T, if galvanized, tinned or lead coated.	ton	350 0	2½ ..
	" " " all other sorts	..	200 0	2½ ..
	BAR, ROD, AND CHANNEL, including channel for carriages—			
	Bar, Swedish, and similar qualities. . . .	..	400 0	2½ ..
	nail-rod, round-rod, and square, other than Swedish or similar qualities, under ½ inch in diameter.	..	320 0	2½ ..
	" galvanized, tinned, lead coated, planished or polished.	..	350 0	2½ ..
	Bar, common merchant	..	300 0	2½ ..
	" crucible, cast steel (tool steel) including—	..	<i>Ad valorem</i>	2½ ..
	(a) High speed.			
	(b) Carbon steel.			
	" high tensile steel	..	<i>Ad valorem</i>	2½ ..
	Channel, including channel for carriages ..	ton	340 0	2½ ..
	Spring, blistered and tub steel (including bars.)	..	<i>Ad valorem</i>	2½ ..
	INGOTS, BLOOMS, BILLETS AND SLABS ..	..	..	2½ ..
87	All sorts of IRON AND STEEL and manufactures thereof, not otherwise specified—			
	Iron or steel cans or drums, when imported containing petroleum, which is separately assessed to duty under Nos. 33 and 34 namely:—			
	(1) Iron or steel cans, tinned	can.	0 6	11 ..
	(2) Iron or steel cans or drums, not tinned, of two gallons capacity—			
	(a) with faucet caps	can or drum	1 0	11 ..
	(b) ordinary	..	0 4	11 ..
	(3) Iron or steel drums of four gallons capacity—			
	(a) with faucet caps	drum	2 4	11 ..
	(b) ordinary	..	2 0	11 ..
	Iron or steel cans or drums when imported not containing petroleum.	..	<i>Ad valorem</i>	11 ..
	Iron or steel, all other sorts, including discs or circles and wire-netting.	..	..	11 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
METALS, OTHER THAN IRON AND STEEL.				
88	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.	..	..	Free.
89	GOLD AND SILVER BULLION AND COIN ..	..	..	Free.
90	GOLD PLATE, GOLD THREAD and wire and GOLD MANUFACTURES, all sorts.	..	<i>Ad valorem</i>	20 per cent.
91	LEAD, sheets, for tea-chests	..	<i>Ad valorem</i>	2½ per cent.
92	SILVER PLATE, SILVER THREAD and wire, AND SILVER MANUFACTURES, all sorts.	..	"	20 "
93	ALL SORTS OF METALS, OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified—		Rs. a.	
	Brass, patent or yellow metal, sheets and sheathing, weighing 1 lb. or above per square foot, and braziers, and plates.	cwt.	80 0	11 "
	" patent or yellow metal (including gun metal) ingots.	"	37 0	11 "
	" patent or yellow metal (old) ..	"	35 0	11 "
	" sheets, flat or in rolls, and sheathing weighing less than 1 lb. per square foot.	..	<i>Ad valorem</i>	11 "
	" wire	..	"	11 "
	" All other sorts	..	"	11 "
	Copper, bolt and bar, rolled	..	"	11 "
	" braziers, sheets, plates and sheathing.	cwt.	80 0	11 "
	" sheets, planished	..	<i>Ad valorem</i>	11 "
	" nails and composition nails ..	..	"	11 "
	" old	cwt.	45 0	11 "
	" pigs, tiles, ingots, cakes, bricks, and slabs.	"	55 0	11 "
	" China, white, copperware	lb.	4 8	11 "
	" foil or dankpana, white, 10 to 11 in. x 4 to 5 in.	hundred leaves.	6 8	11 "
	" foil or dankpana, coloured, 10 to 11 in. x 4 to 5 in.	"	7 8	11 "
	" wire, including phosphor-bronze ..	..	<i>Ad valorem</i>	11 "
	" all other sorts, unmanufactured and manufactured, except current coin of the Government of India, which is free.	..	"	11 "
	German silver	..	"	11 "
	Lametta	..	"	11 "
	Lead, all sorts (except sheets for tea chests)	..	"	11 "
	Quicksilver	lb.	2 6	11 "
	Shot, bird	cwt.	43 0	11 "
	Tin, block	..	165 0	11 "
	Tin, foil, and other sorts	..	<i>Ad valorem</i>	11 "
	Zinc or spelter, tiles, slabs or plates, hard or soft.	cwt.	30 0	11 "
	Zinc or spelter all other sorts, including boiler tubes.	..	<i>Ad valorem</i>	11 "
	All other sorts of metals, and manufactures thereof.	..	"	11 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
PAPER, PASTEBOARD AND STATIONERY.				
94	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.	..	..	Free.
95	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHE, PASTEBOARD, MILLBOARD, AND CARDBOARD all sorts, and STATIONERY including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards, in booklet form; including also wastepaper and old newspapers for packing; but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (<i>see</i> No. 94).	..	<i>Ad valorem</i>	11 per cent.
RAILWAY PLANT AND ROLLING STOCK.				
96	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turntables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trolleys, trucks, and component parts thereof; also the following articles when imported by or under the orders of a railway company, namely, cranes, water crane, water tanks and standards, wire and other materials for fencing.	..	<i>Ad valorem</i>	2½ per cent.
<p>Provided that for the purpose of this entry "railway" means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor-General in Council may, by notification in the <i>Gazette India</i>, specifically include therein.</p> <p>Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways and are, owing to their shape or other special quality, not adapted for any other purpose.</p>				

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.— <i>contd.</i>				
YARNS AND TEXTILE FABRICS.				
97	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.	..	..	Free.
98	COTTON piece-goods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified.	..	<i>Ad valorem</i>	11 per cent.
99	SECOND-HAND OR USED GUNNY BAGS made of jute.	..	..	Free.
100	YARNS AND TEXTILE FABRICS, that is to say:—			
	Flax, twist and yarn and manufactures of flax.	..	<i>Ad valorem</i>	11 per cent.
	Haberdashery and Millinery excluding articles made of silk.	..	"	11 "
	Hemp manufactures	..	"	11 "
	Hosiery excluding articles made of silk	..	"	11 "
	Jute twist and yarn and jute manufactures, excluding second-hand or used gunny bags (<i>see</i> No. 99).	..	"	11 "
	Silk piece-goods, <i>Japan and Shanghai</i> (white and coloured)—			
	<i>Japan</i> —		Rs. a.	
	Plain paj, all kinds, including stripe, all printed, embossed and pineapples, all widths.	lb.	26 0	20 per cent.
	Plain and flowered satins, all kinds, including striped, printed and embossed (other than cotton and silk mixed), all widths.	"	32 0	20 "
	Plain and flowered twill, thama and junken all widths.	"	28 0	20 "
	Flowered paj, thama and junken, all widths.	"	26 0	20 "
	Fancies, all kinds, plain, flowered, printed and woven including georgettes, kobe-crepe, crepe-de-chine (chirmin), ninons and gauze, all widths.	"	37 0	20 "
	Khokaku plain and flowered, also silk-satin flowered, all kinds, including thama and junken, but excluding Jarina, all widths.	"	32 0	20 "
	Jarina (gold embroidered)	"	39 0	20 "
	Embroideries, all kinds, including apparel, all widths.	"	52 0	20 "
	Apparel other than embroidered including shawls, mufflers, handkerchiefs and hosiery other than cotton and silk mixed).	"	48 0	20 "
	Apparel, Dupatas (including Burmese scarves), all kinds.	"	29 0	20 "
	Cotton and silk mixed satins, all kinds and all widths	"	11 0	20 "
	Cotton and silk mixed hosiery, all kinds	"	30 0	20 "
	Cotton and silk mixed Boseki, all kinds and all widths.	"	9 0	20 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. Articles wholly or mainly manufactured.—<i>contd.</i>				
YARNS AND TEXTILE FABRICS—<i>contd.</i>				
<i>Shanghai—</i>				
	Honans, including striped, all kinds and all widths.	lb.	Rs. A. 12 0	20 per cent.
	Shantungs, including striped, all kinds and widths.	"	5 8	20 "
	Corded, including striped, all kinds (except woochow) and all widths.	"	8 0	20 "
	White cord (woochow) including striped all kinds and all widths.	"	18 0	20 "
	Crepe, gauze, paj, plain and flowered, including striped, all kinds and all widths.	"	21 0	20 "
	Fancies, all kinds and all widths	"	29 0	20 "
	Silk piece-goods, other than Japan and Shanghai, and other manufactures of silk ..	"	<i>Ad valorem</i>	20 "
	Silk yarn, noils and warps, and silk thread ..	"	11	"
	Woollen yarn, knitting wool and other manufactures of wool including felt.	"	11	"
	All other sorts of yarns and textile fabrics, not otherwise specified.	"	11	"
MISCELLANEOUS.				
101	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.	"	<i>Ad valorem</i>	21 "
102	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	"	"	Free.
103	ART, works of, excluding those specified in No. 102.	"	<i>Ad valorem</i>	11 "
104	Books, printed, including covers for printed-books, maps, charts, and plans, proofs, music and manuscript.	"	"	Free.
105	BRUSHES AND BROOMS	"	"	11 "
106	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk, and lime, clay, pipes or earthenware, tiles and all other sorts of building and engineering materials not otherwise specified.	"	"	11 "
107	CANDLES	"	"	11 "
108	CINEMATOGRAPH FILMS—			
	Positive Films	Foet.	0 4	20
	Other Films	"	<i>Ad valorem</i>	20 per cent.
109	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.	"	"	11 "
110	FIREWORKS	"	"	10 "
111	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing, and other vessels.	"	"	11 "
112	Ivory, manufactured	"	"	20 "
113	JEWELLERY AND JEWELS	"	"	20 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manu- factured.—<i>contd.</i>				
MISCELLANEOUS. <i>contd.</i>				
114.	MATCHES— (1) In boxes containing not more than 100 matches. (2) In boxes containing more than 100 matches.	Gross of boxes. For every 100 mat- ces or fraction thereof in each box, per gross of boxes.	Rs. A.	Rs. A. 0-12 0-12
115	MATS AND MATTING	..	<i>Ad valorem</i>	11 per cent.
116	OILCAKES	..	"	11 "
117	OILCLOTH AND FLOOR CLOTH	..	"	11 "
118	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming a component part of any article included in No.82 and No. 96.	..	<i>Ad valorem</i>	11 "
119	PERFUMERY, excluding perfumed spirits (see No. 10)— Gowla, husked and unhusked Kapurkachri (zedoary) Patch leaves (patchouli) Rose-flowers, dried Rose-water	cwt. " " " " Imperial gallon.	85 0 25 0 25 0 30 0 5 0	11 " 11 " 11 " 11 " 11 "
120	PITCH, TAR AND DAMMER	..	<i>Ad valorem</i>	11 "
121	PNEUMATIC RUBBER TYRES AND TUBES for motor cars, motor lorries, motor cycles, motor scooters, bicycles and tricycles.	..	"	20 "
122	POLISHES AND COMPOSITIONS.	..	"	11 "
123	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium litho- graphic plates, brass rules, composing sticks chases, imposing tables, and lithographic stones, stereoblocks, roller moulds, roller frames and stocks, roller composition, stand- ing screw and hot presses, perforating ma- chines, gold blocking presses, galley presses, proof presses, army presses, copper plate, printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines, leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and pageing and numbering machines, but excluding paper (see No. 95).	..	"	2½ "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured —<i>contd.</i>				
MISCELLANEOUS.—<i>contd.</i>				
124	PRINTS, ENGRAVINGS AND PICTURES, including photographs and picture-cards.	..	<i>Ad valorem</i>	20 per cent.
125	RACKS for the withering of tea leaf ..	..	..	2½ ..
126	RUBBER tyres and other manufactures of rubber, not otherwise specified (see No. 121)	..	..	11 ..
127	SHIPS AND OTHER VESSELS for inland and harbour Navigation, including steamers, launches, boats and barges, imported entire or in sections.	..	..	2½ ..
128	SMOKERS' REQUISITES, excluding tobacco (see Nos. 25 to 27) and matches (No. 114).	..	..	20
129	SOAP	..	..	11 ..
130	STARCH AND FARINA	..	..	11 ..
131	STONE AND MARBLE, and articles made of stone and marble.	..	..	11 ..
132	TEA-CHESTS of metal or wood, wheather imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.	..	..	2½ ..
133	TOILET REQUISITES, not otherwise specified.	..	..	11 per cent.
134	TOYS, games, playing cards and requisites for games and sports.	..	..	20 ..
135	UMBRELLAS, including parasols and sun-shades, and fittings therefor.	..	..	11 ..
136	ALL OTHER ARTICLES wholly or mainly manufactured, not otherwise specified.	..	..	11 ..
IV.—Miscellaneous and unclassified.				
137	ANIMALS, living, all sorts	..	..	Free.
138	CORAL	..	<i>Ad valorem</i>	11 per cent.
139	SPECIMENS illustrative of natural science, and medals and antique coins.	..	..	Free.
140	ALL OTHER ARTICLES NOT OTHERWISE SPECIFIED, idling articles unimported by post.	..	<i>Ad valorem</i>	11 per cent.

SCHEDULE III.—EXPORT TARIFF.

No.	Names of Articles.	Per	Tariff Valuation.	Duty
			R. A. P.	R. A.
	JUTE OTHER THAN BIMLIPATAM JUTE.			
1	RAW JUTE— (1) Cuttings	Bale of 400 lbs.	..	1 4
2	(2) All other descriptions		..	4 8
	JUTE MANUFACTURES when not in actual use as coverings, receptacles or bindings for other goods—			
	(1) Sacking (cloth, bags, twist, yarn, rope and twine).	Ton of 2,240 lbs.	..	20 0
	(2) Hessians and all other descriptions of jute manufactures not otherwise speci- fied.		..	32 0
	RICE			
3	RICE, husked or unhusked, including rice flour, but excluding rice bran and rice dust, which are free.	Indian maund of 82 2-7 lbs. avoirdupois weight.	..	0 3
	TEA.			
4	TEA	100 lbs.	..	1 8
5	RAW HIDES AND SKINS IF EXPORT- ED FROM BURMA.			
	(1) ARSENICATED AND AIR-DRIED HIDES—			
	(a) Cows (including calf skins)	lb.	0 5 0	15 per cent.
	(b) Buffaloes (including calf skins)	..	0 2 0*	15 ..
	(2) DRY SALTED HIDES—			
	(a) Cows (including calf skins)	..	0 2 0*	15 ..
	(b) Buffaloes (including calf skins)	..	0 1 0*	15 ..
	(3) WET SALTED HIDES—			
	(a) Cows (including calf-skins)	..	0 3 0*	15 ..
	(b) Buffaloes (including calf skins)	..	0 1 0*	15 ..
	(4) GOAT AND KID SKINS	Piece	1 0 0	15 ..
	(5) SHEEP SKINS	..	0 8 0	15 ..
6	RAW HIDES AND SKINS IF EXPORT- ED FROM ANY PLACE IN BRITISH INDIA OTHER THAN BURMA.			
	(1) ARSENICATED AND AIR DRIED HIDES—			
	(a) Cows (including calf skins) Framed ..	lb.	0 6 0*	15 per cent.
	Unframed	..	0 2 6*	15 ..
	(b) Buffaloes (including calf skins) Framed	..	0 2 6*	15 ..
	Unframed	..	0 1 6*	15 ..
	(2) DRY SALTED HIDES—			
	(a) Cows (including calf skins)	..	0 2 0*	15 ..
	(b) Buffaloes (including calf skins)	..	0 1 0*	15 ..
	(3) WET SALTED HIDES—			
	(a) Cows (including calf skins)	..	0 3 0*	15 ..
	(b) Buffaloes (including calf skins)	..	0 1 0*	15 ..
	(4) GOAT AND KID SKINS	Piece	1 0 0	15 ..
	(5) SHEEP SKINS	..	0 8 0	15 ..

N.B.—Provided that, subject to such conditions as the Governor General in Council may by notification in the *Gazette of India* prescribe, a rebate shall be granted to the exporter of two-thirds of the duty levied on hides or skins exported to any part of His Majesty's dominions or of the territories of any Indian Prince or Chief under the suzerainty of His Majesty or of any territories under the protection of His Majesty or in respect of which a mandate of the League of Nations is exercised by the Government of any part of His Majesty's dominions.

*With effect from 16th April 1921.

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