

REPORT
OF
THE FIFTH SESSION
OF
THE INDIAN INDUSTRIAL
AND
COMMERCIAL CONGRESS

HELD AT MADRAS.
On 29th & 30th December 1927.

President:

SIR IBRAHIM RAHIMTOOLA K. C. S. J.

1928.

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PROCEEDINGS
OF THE
FIFTH SESSION
OF THE
Indian Industrial and Commercial Congress
HELD AT MADRAS.

—
FIRST DAY

Thursday, the 29th December 1927.

—

The Fifth Session of the Indian Industrial and Commercial Congress Commenced its sittings at 12 noon on Thursday, the 29th December 1927, at the Pachaiyappa's College Hall, Madras. Delegates representing all important Indian Chambers and Associations of trade, commerce and industry in India were present, prominent among them being: Sir Ibrahim Rahimtoola, K. C. S. I., C. I. E., (President-Elect of the Session). Sir Dinshaw M. Petit, Bart., Mr. J. K. Mehta (General Secretary). Mr. D. P. Khaitan, Mr. B. F. Madou, Mr. Narottam Morarjee, Sheth Walchand Hirachand, Mr. W. C. Bannerji, Mr. Jamshed N. R. Mehta, Mr. R. C. Pandit, Mr. Jamal Mohammed Saib. Mr. Jayantilal Amrutlal, Mr. R. H. Gandhi, Mr. S. P. S. Ayyar, Mr. N. W. Gurjar, Mr. Sri Krishnadas, Mr. Haridas Laljee, Mr. M. L. Dahanukar, Mr. R. K. Sidwa, Mr. Mowjee Govindjee Sheth, Mr. D. S. Erulkar, Mr. S. N. Hajee, Mr. G. Narasimham, Mr. M. P. Gandhi, Mr. N. Sen, Mr. Fakirjee Cowasjee. Mr. Umashankar Dikshit, Mr. H. D. Jasani, Mr. Vidyasagar Pandya, Mr. M. K. Srinivasan, Mr. R. C. Sohoni, Mr. V. P. Lalan, Mr. C. M. Kothari, Mr. C. Rajam, Mr. T. V. Santhanam, Mr. C. Abdul Hakim Sahib,

Mr. R. Sitaram, Mr. Sankalchand G. Shah, Mr. M. A. Master, Mr. M. Mohamed Ismail and Mr. C. Gopala Menon.

Besides Sir M. Ct. Muthiah Chettiyar, Kt., Chairman and several other Members of the Reception Committee, among the distinguished visitors were: The Hon'ble Mr. Ramdas Pantula, The Hon'ble Mr. G. A. Natesan, Diwan Bahadur T. Rangachariyar, Sir Annamalai Chettiyar, The Raja of Panagal, Mr. K. Natarajan, Prof. N. S. Subba Rao.

The proceedings commenced with the delivery of the welcome address by Sir M. Ct. Muthiah Chettiyar, Kt., who, in welcoming the delegates to the Madras Session of the Congress, said:—

Fellow-Delegates, Gentlemen,

I esteem it a proud privilege to offer to you all, on behalf of the Reception Committee and the Indian Commercial Community of South India, a most hearty welcome to the fifth session of the Indian Industrial and Commercial Congress. In inviting you to undertake the heavy work that devolves on you I must confess to a sense of imperfection in our hospitality to you, and I hope you, in the abundance of your generosity will overlook it. But I am happy you are all in this City at a time when a series of All-India Conferences are being held. In fact, Madras presents to-day a miniature of this vast continent, in which we are trying to chalk out the different avenues of progress for the political, social and economic advancement of our country. While the heart of India is thus throbbing in this City at the present moment, I hope I would not be accused of undue partiality if I characterise the Industrial and Commercial Congress as the motive power of the country's uplift in so far as the economic potentiality of a nation is the bedrock on which the political and social aspirations of its people can be best built, sustained and strengthened. (Hear, Hear).

The question has been frequently asked, "Where is the true economic voice of India heard?" Thanks to the exertions of the leaders of the mercantile community in all the provinces for which no small share of credit is due to Sir Dinshaw Petit, Sir Ibrahim Rahimtoola, Sir Purshottamdas Thakurdas, Lala Harkishen Lal, Mr. G.D. Birla and others, we are now in a position to say that the Federation of Indian Chambers of Commerce, though as yet in its infancy, has already begun to give an unequivocal answer to it.

At the present stage of our political and economic evolution it is a matter of supreme gratification to contemplate that the Indian Commercial Community has the unique advantage of being free from all religious and communal troubles that have been besetting our political progress. If the Indian merchant and the Indian manufacturer are not agitating over those religious and communal problems, it is because they have the good sense not to sacrifice the welfare of the sons of the soil at the altar of vested interests. You will recognise that those two problems are not capable of an abrupt solution; but we have, nevertheless, to bear in mind that our progress in that direction will necessarily be accelerated or retarded by our success or failure in the endeavour to establish a national and responsible government. It is in that aspect that we businessmen have to be concerned about the communal discord breaking out now and then. It is, therefore, with deep sympathy and goodwill that we look upon the proposals for unity conferences made by the leaders of all parties. The leaders are certainly actuated by the sincerest of motives but the great difficulty is to carry the rank and file with them; and in this, so far they have not succeeded in any appreciable measure. And therefore it is a matter of great relief and pleasure to know that His Excellency Lord Irwin has been making in this behalf sincere attempts to give us the benefit of his exalted and influential position and mature experience. I venture to suggest that every one in the country,

irrespective of party prejudices and political predilections, will rally to the call of His Excellency if he proposes to call a conference of leaders of all shades of opinion for urging in the name of humanity a peaceful settlement of those vexatious questions.

I have now to refer briefly to certain new activities of the Commerce Department of the Government of India. Both Sir George Rainy and Sir Geoffrey Corbett deserve our thanks for inaugurating an elaborate enquiry into the problem of road development in India. It is to be hoped that under the able guidance of Sir Geoffrey the Road Development Committee will draw up a comprehensive scheme for the construction of arterial roads which alone can fully develop our internal trade. I cannot pass on without paying a compliment to Sir George Rainy for the promptitude and sympathy with which he has been handling trade disputes, and for the more liberal outlook which he has brought to bear on Railway administration, as is evidenced by his address at the last Railway Conference Association in Simla, in which he held out hopes, among other things, of infusing a new spirit and of further Indianisation of the Railway Services. With the sympathy and goodwill that he at present evinces, I hope that Sir George's tenure of office is bound to be one of efficient service and friendly solicitude for Indian interests; and I have no doubt but that he will never find problems wanting to put his hands to.

I may, however state that, broadly speaking, trade conditions are steadily improving and the Commerce department will have an easier time than in the last few years. As far as this Presidency is concerned I might say that trade is improving on the whole. The exports of tanned hides and sheep skins have been keeping a high level, equally with the increased production and exports of groundnuts. But on the other hand, the production and exports of raw cotton have not kept pace with the general improvement, though, however, the prospects have been brightening of late. There is a great deal that can be done to increase

our sea-borne trade by encouraging, with the help of the shipping companies, the direct import of certain goods which at present come through other ports. It is also a matter of deep concern how rapidly foreign products like American cotton and tobacco and Continental dyes have been ousting indigenous produce in our own market. The tanning industry has hardly recovered from the post-war depression when the Government has come down upon it with the threat of the removal of the small export duty of 5 per cent on raw hides and skins. The Railway administration is becoming increasingly top-heavy and there is no prospect of an early reduction of freight so long as our inland navigation is neglected and coastal shipping is virtually monopolised, unless, of course, Government enter more sincerely and sympathetically into the spirit of the principle of 'state management.' More than anything else what is required at the present moment is the expansion of Indian Banking and Insurance on sound and safe lines to secure our trade and industries from undue stagnation.

Gentlemen, a very heavy agenda awaits you with a series of complicated draft resolutions demanding your very careful consideration. The various Chambers and Associations in India and Burma have so readily responded to our invitation to take part in this Congress and have forwarded to us resolutions embracing a variety of subjects. I dare say many of them are hardy annuals; the only reason for their re-appearance on this agenda is that the Indian Commercial Community is still beset with those problems while the Government have not cared to be impressed by them at all. The important subjects for discussion are those of transport including the reduction of railway freight, the creations of an Indian Mercantile Marine, and the development of inland waterways and road traffic. An equally important question is that of the encouragement of indigenous industries through the help of the Tariff Board, the various provincial Boards of Industries and Industrial Banks. The various duties on imports and exports, the income-tax and the supertax,

and the monetary and banking systems will also come up for your careful survey and recommendations.

But of all these subjects I wish to refer in particular to the Reserve Bank Bill. It is perhaps the most important piece of legislation introduced in the Assembly during the year. All competent students of Indian economics have admitted and urged the necessity of India having an independent Central Bank for the sound management of the country's currency and credit as well as for fostering indigenous banking. Such an institution is of paramount importance to us, especially, as I have stated, for the reorganisation and development of our indigenous banking system. It is therefore really gratifying to know that the Hon'ble Sir Basil Blackett took the initiative in this important matter to give India a strong Central Bank before laying down the reins of his office, and it is equally surprising to note that at a most interesting stage the bill was postponed under pressure from the Secretary of State for India. Unfortunately his attempts have aroused a great deal too much of controversy which is likely to prejudice our prospects of obtaining a Central Bank at an early date. As you are aware, there have been uttered weighty pronouncements in support of both the Shareholders and the State Bank schemes. The Indian Commercial Community has made its wishes pretty well-known with regard to this question and the Joint Select Committee has expressed itself in favour of that view. Sentiment apart, and viewing the question strictly from the standpoint of economics, there is a great deal to be said for the promotion of a Central State Bank; and if Sir Basil Blackett will guarantee such a bank with absolute independence, I feel it will be then the duty of every one of us to give all possible assistance to Sir Basil for placing the Bill on the Statue Book ere long. You, gentlemen, will have ample opportunity during this Session that is now opening to express opinions with regard to this most important national question. Let

us endeavour to arrive at a unanimous conclusion on the points at issue and let me hope that the proposed Bank is not going to be a mere duplication of the Imperial Bank.

Gentlemen, I have conveyed to you briefly what you have to do and I welcome you again and request you to forgive the shortcomings in our catering to your comforts and convenience. I, however, feel you will have an interesting time during the few days of your stay. In another part of the City the Indian National Congress has been holding its forty-second session under Dr. Ansari's guidance (cheers); and a splendid exhibition of Indian arts and crafts is also being held; the social reformers of India have met at another place and they have passed resolutions for the social uplift of India and her depressed classes; and there is in our midst the Youth Conference which is a new feature of our public activities. There are other equally interesting functions and activities like the Music Conference, the All-India Muslim Educational Conference and so on, all of which having their respective value in the regeneration of India, I hope and trust, will give you an enjoyable time.

With these words I once more bid you, brother delegates, a cordial welcome to this prosaic old City; and it remains for me to request you to proceed with the election of your President for this, the Fifth Session of the Indian Industrial and Commercial Congress. Permit me now to call upon Mr. D. P. Khaitan to move the resolution regarding the election of the President. (Cheers).

Mr. D. P. KHAITAN (Indian Chamber of Commerce, Calcutta) in proposing SIR IBRAHIM RAHIMTOOLLA, K. C. S., L. C. I. E., to the Chair, said :

Brother Delegates, Ladies and Gentlemen, it is, in fact, a great honour done to me that I should have been called upon to propose Sir Ibrahim Rahimtoola to take the Chair at the deliberations of this Congress. Although this is the fifth session of the Indian Industrial and Commercial Congress, really speaking, it is the first one that is being held under the auspices of the Federation of Indian Chambers of Commerce. You, Sir Muthiah Chettiyar, have referred to the accusation often made "where are we to hear the voice of India in economic matters," and you, Sir, have justly pointed out that it is the Federation of the Indian Chambers of Commerce that is the body which voices unanimously the opinion of Economic India. Formerly, there might have been some justification for our opponents to say that there was no one organisation for India which could voice Indian opinion on economic matters. But since the inauguration of the Federation of Indian Chambers of Commerce, under whose auspices this Congress is meeting, that accusation can no longer be put forward against us. We are all aware of the great respect with which in certain quarters the resolutions passed by the Associated Chambers of Commerce are held. Let me hope and trust that in future as the Associated Chambers of Commerce have the courage to think that whatever they say and give their opinion upon will be followed and acted upon by the Government of India, so also will the resolutions of this body carry the respect and confidence of our Indian politicians (cheers). If the European Chambers of Commerce rely on the support of the Government of India, we have an equal claim on our politicians for according to us an equally good amount of support. Only recently I have had a talk with one of the foremost leaders of India on this question, and he said that there was no reason why Indian politicians should not give their unstinted support to the resolutions passed by this Congress after due deliberation, so that the interests of Capital and Labour, of industrialists, middlemen and consumers might be properly adjusted by joint consultation and be put forward in

the name of the Indian Industrial and Commercial Congress. I have no doubt that my brother delegates will see to it that the resolutions passed by this Congress are of a responsible nature, so that our politicians can have no difficulty and no hesitation to give them their unstinted support, and then the Government will have to think twice before rejecting or disrespecting the resolutions passed by us.

Over the deliberations of such a body, it is necessary that a man of very ripe experience, catholic temperament, and wide knowledge should preside, and I cannot think of a more suitable person than our eminent fellow citizen, Sir Ibrahim Rahimtoola (loud cheers). He is sound in Economics, he is catholic in his views, he possesses vast and versatile experience, which has won for him the position which he occupies to-day. He has passed through various stages of life. And it is a man of this nature that is essentially required to preside over the deliberations of a responsible body like ours. The work that he did as President of the Indian Fiscal Commission—I believe he was the first Indian President of a Commission appointed by the Government of India—has deeply endeared him to our hearts; the work that he did as President of the Bombay Legislative Council and the impartial manner in which he discharged his responsibilities proved to us how capable he is as President of a responsible body. You all know him as well as I do. Some of you know him much better than I. But to know him closely is to love him more dearly (cheers). I hope, gentlemen, you will unanimously and enthusiastically pass the resolution that I am placing before you, namely,

That Sir Ibrahim Rahimtoola be elected to preside over the deliberations of this session of the Congress. (Cheers).

Mr. Jamal Mohammed Saib (Southern India Skin and Hides Merchants' Association, Madras) in seconding the resolution said:—

Gentlemen, I have very great pleasure in seconding the

resolution so ably moved by Mr. Khaitan. Sir Ibrahim Rahimtoola is a very well-known personality, and he needs no introduction from me to you. He has held very high official positions, and both his official and non-official experience is entitled to command our great respect and admiration and we are very fortunate in having secured him to preside over this session of the Congress (Cheers).

Mr. W. C. BANNERJEE (Indian Mining Federation and Bengal National Chamber, Calcutta) in supporting the resolution said :

Fellow delegates and Friends, I consider it to be a pleasure and privilege to speak on the proposal to elect Sir Ibrahim Rahimtoola to the Chair of the Congress. India cries aloud for industries other than the universal but insecure industry of Agriculture which depends on the caprice of the clouds; but our educated men—Indian plutocrats—generally do not listen to that cry. Their placid slumber is seldom disturbed by disquieting dreams of the responsibilities of wealth, and they prefer to follow the plain but pleasant path of service of the profession which cannot enrich the people or provide employment to hundreds and thousands in these hard days of unemployment. Sir Ibrahim has been a Member of the Executive Council of the Governor of Bombay and a President of the Bombay Legislative Council, but it is not as an official or a semi-official that he rests his claim on our admiration and attention. It is as a merchant-prince that we welcome him and we ask him to be at the wheel of the Congress this year in the confident hope that he will steer us clear of all rocks ahead to the port of success (Applause).

With these few words, I support the resolution which was so ably moved by my friend, Mr. Khaitan (Cheers).

Mr. RANOHORDAS H. GANDHI (Burma Indian Chamber

of Commerce, Rangoon), In supporting the resolution, said:

Gentlemen, I have very great pleasure in further supporting this resolution. Perhaps many of you are aware that in the old days when the Imperial Legislative Assembly was called the Imperial Legislative Council, it was Sir Ibrahim Rahimtoola who looked at every question from the commercial point of view as a staunch nationalist would wish those questions to be viewed. It was he who as Chairman of the Fiscal Commission wrote a very strong minute of dissent on what is called Imperial Preference, a legal way of robbing India of her due rights. Sir Ibrahim strongly opposed that proposal. In the same way, as a staunch nationalist he took up his cudgel on behalf of India in the matter of railway and other commercial questions that came before the Legislative Assembly in those days when he was a member of that Assembly. In him we have secured a cool, level-headed and very courageous leader, and we should thank ourselves for this good fortune. There is a real combination of politics and commerce in him, which is badly needed in these days. With these few words, I commend this resolution to your unanimous acceptance (Cheers).

Sir M. Ct. Muthiah Chettiyar: Ladies and Gentlemen, I take it that it is your unanimous desire that Sir Ibrahim Rahimtoola should be elected (Cheers).

The Resolution was carried unanimously amidst loud applause.

Sir Ibrahim Rahimtoola K. C. S. I., C. I. E., was then duly installed in the Chair amidst vociferous cheers, and garlanded by Sir M. Ct. Muthiah Chettiyar.

Sir M. Ct. Muthiah Chettiyar, Chairman of the Reception Committee, was also garlanded by Mr. C. Gopala Memon,

MESSAGES OF SYMPATHY.

Mr. C. Gopala Menon Hony Secretary then read telegrams and letters of sympathy received from :

Sir Dinshaw E. Wacha, K.T.,

Sir Purshotamdas Thakurdas, K.T., M. L. A.,

Mr. C. Raghunatha Rao Sahib, Director of Industries, Mysore.

Mr. V. Shanmuga Mudliyar, Sheriff of Madras, and The Indian Chamber of Commerce in Great Britain, London.

Presidential Address of Sir Ibrahim Rahimtoola, K. C. S., I. C. L. & at the Fifth Session of the Indian Industrial & Commercial Congress.

Sir Ibrahim Rahimtoola, then rose amidst thunderous applause and delivered the following address:—

Sir Muthiah Chettiyar, Ladies and gentlemen,

I am most grateful to you for the high honour you have done to me by inviting me to preside at this Congress of the Commercial and Industrial organisations of the whole of India. I wish the distinction had fallen on worthier shoulders. I am sensible of the responsibility to which you have called me and I can only say that I will try to discharge this duty to the best of my ability. If there are any short-comings, I hope you will extend to me your indulgence in overlooking them.

I should like to take this opportunity of congratulating you all, upon having organised yourselves into a Federation of the Commercial and Industrial interests of India. Time was when

Organisation of
Chambers.

people engaged in trade, commerce and industry believed their work was done if they attended to their immediate pursuits. The larger vision of co-operative existence hardly existed. Circumstances have, however, changed and it is now recognised that it is essential for us to organise ourselves for the promotion of our common interests. We have realised by experience that the formation of an organisation to watch the needs of trade, commerce and industry in India, is the only effective way to promote the economic interests of the country, and we have realised that it is part of our duty to devote a portion of our time to the common good of all. The response which this Congress has received is gratifying; but, I am sure, you will all admit that a great deal more requires to be done to associate with us all the representatives of the many and varied interests of India, so that the organization may acquire the power to make its voice felt; that commerce, trade and industry be organised in every important city and town and that all questions be ventilated not from this platform alone but from each centre of organisation. Our duty to the Congress should be discharged with such attention as would ensure the successful achievement of our aims and objects for the promotion of the economic cause of our motherland.

I have made these remarks because I have heard with regret that in some quarters economic interests are regarded as distinct as between Province and Province, and there is a tendency to introduce provincial particularism. I think it is necessary to remember that the division of India into provinces is for administrative purposes only, and that separate local administrations do not mean any conflict of economic interests. It is stated that the problems coming before the Indian Legislature are sometimes visualised from the interests of different provinces, resulting in divisions detrimental to the real interests of the country. In public affairs we have more than enough of

Provincial Sentiment.

divisions and I earnestly trust that at least in the economic sphere the wider interests of India's prosperity as a whole will be the guiding light of all our activities. (Hear, hear).

Every Indian is necessarily interested in the question as to whether India has kept pace with the economic progress reached by other countries in the world and whether the economic policy pursued by Government in India has proved really to her advantage or to the advantage of her rulers.

It is desirable at this stage to trace the history of the industrial growth of Great Britain. When manufacture by machinery became a practical proposition, a great revolution in the sphere of industry took place. At about this time Europe became involved in the Napoleonic wars. For nearly two decades these conflicts continued. Britain's geographical position provided against the direct interference of these wars in her industrial activities. No warfare was waged on any part of British soil. This fact secured protection to British industry at the stage of its infancy, showing that Britain's industrial progress was markedly stimulated by the indirect protection thus received. The history of other civilised nations also indicates the need of a protective policy for the development of industries and National wealth. (Hear, hear.) Britain took full advantage of these circumstances, developed her industries, trained her labour and supplied the Continental nations with their requirements of manufactured goods. At the end of the Napoleonic wars, therefore, Britain had made great headway over her prospective competitors in the markets of the continent of Europe. She was farsighted enough to realise that there was nothing to prevent continental nations engaging in manufacture by machinery for their own requirements and for export to the rest of the World. She adopted two measures to protect her against this potential competition. She directed her attention to the expansion of her Empire and the consequent

Britain's industrial
development.

widening of her markets and to the steady improvement in the quality of goods she manufactured. She took full advantage of the experience gained and the trained labour which was available to her. Side by side with the development of the industries of various European countries she developed and improved the quality and maintained the standard of her wares and succeeded in creating a market for superior goods throughout the world. This process continued right up to the period of the Great War. Germany had developed her manufacturing activities to a great extent and the problem of finding markets grew insistent. Colonial expansion, both on the ground of increased population and search for markets, created such keen competition amongst leading European nations that it was probably the root cause of the Great War which recently involved practically the whole of Europe. It is not my purpose to say here anything about the political aspect of this War, but I should like to point out what economic effects resulted as a consequence of it. The world depression which followed from the economic waste of the War was widely felt and the better classes were mostly affected by it. The result was that Britain, as supplier of superior goods, felt the effects of depression very much more than other nations. British industries were largely affected with the result that unemployment figures of Great Britain reached very high proportions. It is obvious that the setback in the economic position of Britain was due to her dependence, to a large extent, upon the better class people in the world as consumers of her superior manufactures. She was able to carry on upon a reduced scale because the markets within the British Empire still largely remained with her, though with inadequate purchasing power.

I have referred to the advantage in the matter of markets

**Fiscal Policy and
India.**

which accrued to Britain in consequence of her wielding political power in a vast Empire. So far as the British Dominions are concerned, they

are fiscally autonomous and regulate their policy primarily in their own interests. The benefit which accrue to Britain from her Dominions is in the nature of such preference as they may from time to time give to her. With regard to other parts of the Empire, especially India, whose political destiny she is controlling, she determines the fiscal policy applied to them. The question is whether the fiscal policy imposed upon India by virtue of political domination has resulted in Britain's own advantage. I am emphatically of opinion that if Britain had developed the resources of the vast population of India consisting of 320 millions she would have been independent of all other markets. A prosperous India would have provided a market for superior goods to an extent which Britain would have found herself unable to meet. The result has been that economic policy which she has pursued in India has reacted upon herself. Britain had in her Eastern Empire a potential buyer of vast proportions but she grossly neglected its possibilities as a purchaser of better class goods and is suffering for it.

To try to relieve unemployment in Britain by manipulating exchange may succeed temporarily; but it is an expedient which may prove of doubtful advantage for the future well-being not only of India but also of Britain herself. It is not possible to find buyers at seemingly cheap rates for any length of time, when the economic foundation of the masses is affected thereby.

You are all aware that Britain seriously claims to hold this country as a "sacred trust" for the people of
 "Sacred Trust" Iddia. Lord Ronaldshay, an ex-Governor of Bengal, has reiterated this claim in a recent speech in the course of which he says:—"The small band of merchant-adventurers who went out to India about A. D. 1600 with a charter of Queen Elizabeth in their pockets only intended to carry on a lucrative trade with the East, and had no idea that they were laying the foundation of a Great

Empire. I believe that the Indies fell to the Englishmen's character and not to force. There has also been an element of chance, or, as I prefer to call it, Providence. Britain appeared on the scene when India was torn by Civil war, and her rulers incapable of restoring peace and order. Thus Great Britain found a clear field for the display of British character and the present system in India has been gradually built up in consequence.

"Step by step British statesmen and their advisors have realised that the presence in India of their country was not an adventure but a mission. That they were not there to exploit India of her wealth, but to hold it as a sacred trust for a people who had fallen on evil times and that Great Britain was given the task of assisting them again to their feet,"

In view of this claim, it becomes desirable to examine how the "trustees" have discharged their duty by India during the century and a half they have been in supreme control of this country. This has not been the only occasion when responsible people in Britain have repudiated the charge of exploitation of India of her wealth and have called it a sacred trust for the people of India. If Britain was a disinterested "trustee" animated by an earnest desire to do its best for the people of India it would redound to her great credit. If, as a result of her long trusteeship, there had been a happy and contented India, her association with this country would undoubtedly be regarded as Providential. The question is whether Britain has proved a disinterested trustee and whether the long association of this country with her in the economic sphere has made the people of India happy and contented. The answer is supplied by the following reply given by the Finance Member of the Government of India in answer to an interpellation in the Imperial Legisla-

Discharge of duty
by trustees.

tive Council in the year 1917, agricultural incomes of course being excluded :—

“ The Hon'ble Sir William Meyer replied :—

In 1915-16, the latest year for which statistics are available, 24,393 persons, firms, etc., paid income-tax on incomes between Rs. 5,000 and Rs. 9,999. The number of assesseees in 1915-16, with incomes between Rs. 10,000 and Rs. 24,999, and of Rs. 25,000 and upwards, is not separately known, as these limits were not adopted for the classification of incomes in the income-tax returns prior to the current year. The forms prescribed for the returns have now been revised so as to show these limits, but the figures required by the Hon'ble Member will not be available till some time after the close of the current financial year for which the new returns will be first used. I may mention, however, that 11,378 persons, firms, etc., paid income-tax in 1915-16 on incomes of Rs. 10,000 to Rs. 24,999 and 2,936 on incomes of Rs. 30,000 and over.”

That is to say, for a population of 240 millions in British India, you have, excluding agriculture, only 2336 assesseees whose income exceeds Rs. 30,000. What a commentary this reply furnishes on the real economic conditions of India ! Britain has failed to realise that the purchasing power of a prosperous India would be the envy of the world.

To any one who has taken any interest in the public life and of the country, there is only one answer; that answer is that Britain has throughout been primarily concerned with maintaining the Indian market for her manufactures. Her political power has been used for the promotion of this object. The small band of merchant adventurers who came out to India, we are told, intended only to carry on a lucrative

East India Co. and
the Crown.

trade. The political power which they acquired was used by the East India Company for this purpose. It is true that in the year 1858 the Crown of Britain took over the direct control of the administration of India. The question is whether in the economic sphere any change took place by the assumption of responsibility by the Crown. The power which was centred in the Directors of the East India Company was transferred to the British Parliament in theory, but in practice, the Secretary of State for India-in-Council has merely taken the place of the Board of Directors of the East India Company. This Board, now called the Secretary of State-in-Council, still controls the fiscal policy of India and the British officials who are carrying on the administration of the country are required to carry out the orders of the Board. A glaring instance of the real state of things has been recently furnished. Sir Basil Blackett, the Finance Member of the Government of India with his high financial reputation, was obliged to go to England personally to place before the "Board of Directors" his views with regard to the Reserve Bank controversy. The Government of India were unable, even by means of elaborate use of telegraphic wires, to persuade the Board to accede to the constitution of a Reserve Bank for India as suited to the requirements of the people of India. What usually happens in cases of a Board of Directors of joint stock companies located in London with overseas factories has happened in the case of a vast country like India. (hear, hear). The overseas manager is called to headquarters to satisfy the Board and the shareholders, who in this case are the British bankers, that the policy recommended is the best in the interests of the Company. Can anything show more conclusively that the claim of a "sacred trust" is mere eyewash and that British bankers, and manufacturing interests are predominant in determining the policy which it pursued in this country? Britain is governed by the "Vote." The banking and manufacturing interests command tremendous political power, by means of the

"Vote" and Government who are kept in power by the help of this "Vote" cannot but surrender to the immediate demands of this power. Mr. Baldwin's attempt to modify to a limited extent the free trade policy resulted in the Conservatives being turned down at the polls. The policy pursued in these conditions can only be a make-shift policy for the time being, leaving the future *a la* Micawber for something to turn up. It is blissfully forgotten that something favourable may not always turn up. India finds that the sacred trust is being discharged in the spirit of the famous character, Sir Joseph Bowley, portrayed by Charles Dickens:—

"Your only business my good fellow," pursued Sir Joseph, looking abstractly at Toby, "Your only business in life is with me. You need not trouble yourself to think about anything. I will think for you. I know what is good for you; I am your perpetual parent. Such is the dispensation of an all-wise Providence! Now, the design of your creation is not that you should swill and guzzle, and associate your enjoyments brutally, with food." Toby thought remorsefully of the tripe—"but that you should feel the dignity of labour. Go forth erect into the cheerful morning air, and stop there. Live hard and temperately, be respectful, exercise your self-denial, bring up your family on next to nothing, pay your rent as regularly as the clock strikes, be punctual in your dealings (I set you a good example; you will find Mr. Fish my confidential Secretary, with a cash box before him at all times), and you may trust to me to be your friend and father."

"What man can do, I do" pursued Sir Joseph. "I do my duty as the poor man's friend and father; and I endeavour to educate his mind, by inculcating on all occasions the one great moral lesson which that class requires. That is, entire dependence on myself. They have no business whatever with themselves. If

wicked and designing persons tell them otherwise and they become impatient and discontented, and are guilty of insubordinate conduct and blackhearted ingratitude—which is undoubtedly the case—I am their friend and father still—It is so ordained. It is in the nature of things.” (Laughter and Cheers.)

I should like to ask whether Britain expects that India will put up with a policy more or less in this spirit.

Trade Policy. The concern of our trustees seems to be to obtain all the revenues that they may require for carrying on the administration of India and to sell to India increased quantities of her manufactured goods. Britain does not appear to have applied her mind to the development of the economic resources of this country. All that she has been concerned with has been the immediate sale to India of increased quantities of her manufactured goods. She imposed upon India, I dare say in the conscientious discharge of her “sacred trust” a policy of free trade, to which, her own Dominions, let alone other civilised nations, refused to subscribe. I do not wish to imply that this was a considered policy, because if her statesmen had bestowed the least consideration on the problem, they would have clearly realised how detrimental to Britain’s own economic interests such a policy as applied to India was. In the political conditions prevailing in Britain, it seems, British manufacturing interest exercises great influence; and that interest’s immediate concern seems to be to sell her goods for the time being and allow the future to take care of itself. This shortsighted policy has, as already pointed out, reacted upon herself and for the last three years the best minds of Britain have been applying themselves to a solution of the problem of unemployment which is but the creation of her own indifference to the economic development of this vast country. It is only statesmanship that can look ahead and take measures which are likely to ensure future good. It is a question whether the experience now gained will be utilised in the right direction.

If even at this late stage, the right policy is adopted in India, the purchasing power of this country can increase to such an extent as to make Britain independent of other countries for her markets.

That there is no exaggeration in this statement may be judged from the development of the foreign trade of Japan, an Asiatic country, as compared to India. The total value of imports into India

Overseas trade of India and Japan.

in 1915—16 was 150 crores. In 1924—25 India imported goods to the value of 352 crores of rupees. In ten years, therefore, Indian imports increased by 133%. Japan imported goods worth 582 million yen in the year 1915, while in 1925 her imports had increased to 2572 million yen, or a rise of 500%. The total Indian exports in 1915—16 were 199 crores. In 1924—25 they rose to 400 crores of rupees or a rise of 100%. Japanese exports in 1915 were 708 million yen, while in 1925 they had reached 2305 million yen, or a rise of more than 300%. If Japan has been able within a short period of ten years to develop her overseas trade to this extent, India has to be content with what is in comparison only a moderate growth. These figures may be quoted in their rupee equivalents. Japanese imports rose from 66 crores in 1915 to 321 crores in 1925 or within 31 crores of the whole of Indian imports in that year. Japan with a population of 1/5 of that of India has within a short period of time reached a level of import trade very near that of India. As regards exports, in 1915 Japanese exports were 88 crores of rupees against India's 199 crores. In 1925 Indian exports were 400 crores while Japanese exports had risen to 288 crores. If the policy pursued by the Japanese Government for the development of her trade had been followed in India, there is no reason why Indian progress should not have been on the same if not on a larger scale. Japan does not possess the same natural advantages as India holds and the potentialities of the growth of trade in India are

far greater, provided the Government in India adopts a policy similar to that followed by Japan.

Every civilised Government in the world considers it its first duty to raise the economic resources of its people and increase its national wealth. It is true that some spasmodic efforts have been made by the Government of India to promote the economic interests of the country. They have constituted several commissions to examine various aspects of this question. We have had an Industrial Commission, a Railway Commission, two Currency and Exchange Commissions, one Fiscal Commission and now an Agricultural Commission. The economic problem may be subdivided into the subjects entrusted for examination to each of these Commissions, but it is hardly possible to reach satisfactory conclusions and carry out a broad economic policy by piecemeal examinations of the problem.

Apart from the mineral wealth of the land, agriculture provides the main basis of national income and in the words of the Associated Chambers of Commerce of Britain, a country's economic prosperity depends upon obtaining as far as possible all its supplies from its own soil and from its own factories. If the economic problem of India is really the serious concern of the British Government, it should be examined with a view to reach such a goal. Agricultural produce and minerals supply materials in a crude condition. The process is not complete till the product so obtained from the land is prepared for ready use. Agriculture and industry are not two distinct problems but are intertwined and form one unit. The supply obtained from the soil, whether mineral or agricultural, must be prepared for the use of the people in a shape fit for such use. Agriculture, industry, transport, currency and exchange, and the fiscal policy should all

form the subject of one or simultaneous inquiry having as its aim and object the economic growth of India. Unless this is done in a serious spirit and action is taken primarily in the interest of India, the problems of Indian economics cannot be effectively solved. You will observe that except in one solitary instance all the Commissions appointed by Government have been constituted on the basis of a European Chairman and European majority. The policy suitable to be applied to the economic problems of India is not determined by Indians but by Britishers and it is but natural that, with the training they have received, they should visualise each problem from the point of view as to how it will affect Britain. Fifteen years have elapsed between the appointment of the Industrial Commission and the appointment of the Agricultural Commission. In addition to the time involved in the examination by Commissions of the various problems entrusted to their charge, considerable time elapses before Government reach their decisions on the Report of such Commissions. Everything must depend upon the spirit in which such recommendations are accepted by the Government of India and are carried out in practice.

After persistent demands by the people of India for a change of policy, the Fiscal Commission was appointed. The recommendation of the Commission for the adoption of a policy of Protection qualified by the word "discriminating" was adopted in 1922. No one with any sense of responsibility would advocate indiscriminate protection. A protective policy adopted by any country is always applied with such discrimination as may appear suitable from time to time to its Government and its Legislature. The very fact that a special adjective, not known in the economic literature as a qualification, had to be applied in India shows the hesitation of the British Government in subscribing to the policy of protection as accepted and successfully worked by all civilised

nations of the world including British Dominions. Presumably their conscientious scruples as trustees and not as the principal suppliers of India's requirements of manufactured goods led them to adopt this course. It is interesting to examine how this policy has been worked by her during the five years that it has been in operation. Take the case of the steel industry, whose national importance is recognised by Lord Irwin, the present Viceroy of India, and Lord Lloyd, the ex-Governor of Bombay, in their Book, "The Great Opportunity" issued in 1918 in the following words:—

"The experience of war has united opinion on at least one point, and that is that industries essential to the security of the country must be protected and maintained against foreign competition by State action. The attention of the public has been particularly drawn to certain key industries whose necessity to war production made them the object of special attack by Germany in the years before the War. But we believe that the number of these key industries is in reality much larger than is supposed and once it is conceded that the industries of the Empire must in all their stages be so safeguarded as to ensure them the utmost measure of development, with the double object of increased production and of self-protection in the event of war, it will be found that little remains of the old laissez-faire doctrines of the nineteenth century."

The Indian Steel Industry was the first to receive protection under the new policy. After elaborate examination by the Tariff Board protection was granted to it for a period of three years in the first instance. During that period the extent of protection granted proved wholly inadequate. The industry was not able to pay the dividends due on its preferred capital, let alone its ordinary capital. It is needless to point out that the object of protection is not merely to keep an industry alive. The real basis of protection is to develop the industry, create

internal competition and provide increased avenues of employment. If a protected industry is unable to pay a reasonable dividend on the capital engaged in manufacture, it is futile to expect that fresh capital will be forthcoming to create internal competition. Protection has been extended to the industry for a further period of 7 years but that is also on a basis which does not provide any incentive to establish steel manufacture in other parts of India, and to provide by internal competition that relief to the taxpayer and the ultimate economic advantage to the country which a policy of protection is expected to secure.

You must have followed the controversy which arose on the question of protection to the cotton industry of India and the halting measure which was the result. It is perhaps too much to expect that Britishers in India will adapt themselves to local conditions in the right spirit and to the right extent. They have been trained from their childhood in the principles of free trade and they must find it difficult to adapt themselves to a different policy suitable to Indian conditions which will prove beneficial not only to India but will be advantageous to Britain herself. I have already stated how the growth of national wealth will increase India's purchasing power.

You are all aware that taxation in India was substantially increased as a result of the Great War. India although but a minor belligerent associated with Britain has had to bear additional taxation. Britain was one of the principal belligerents and had to make great sacrifices to carry the war to a successful conclusion with the result that her standard of taxation rose to a very high level. After the war it has been the constant endeavour of Britain and other western nations to reduce the extent of taxation prevailing in their countries. Public opinion

has been insistent and has had to be given effect to by democratic countries including Britain, in which administration is regulated by the voice of the people. In India we have not heard of any mention of reducing the heavy burden of taxation imposed upon this country as a result of the war. Taxation has been raised in some cases to a point where the stage of diminishing returns has been reached. This makes it evident that the standard of taxation is in excess of the economic capacity of the people. It is an admitted fact that the economic growth of a country depends upon the surplus savings of a nation. These savings constitute the capital available for development of trade, commerce and industry. If the State imposes taxation to the level of diminishing returns and leaves practically no savings to provide capital for development that country must slide on a downward course in the matter of economic progress. The essential need of the moment is, therefore, a thorough inquiry as to the standard of taxation maintained in this country.

I am prepared to admit that adequate sources of revenue must be provided to enable Government to carry on the administration on a satisfactory basis; but the extent of the burden ought not to be beyond the capacity of the people to bear it. There are two ways of solving the problem. One is to develop the tax-bearing capacity of the people and the other is to apply judicious retrenchment.

It has been argued that since the advent of the British, India has grown more prosperous and that it has more money now than it possessed before. Assuming it is a fact that India is better off, so far as the amount of money is concerned, it is to be remembered that the cost of living has substantially increased, that the purchasing power of money has depreciated, that there are no appreciable accumulations of wealth as a result of savings and that the masses are steeped in poverty (Hear, hear). The average

India's Capacity to
bear taxation.

consumption of piecegoods, one of the necessities of life, was 18 yards per head of population before the War and it is now reduced to 10 yards per head. If the position was different the state of diminishing returns on the present scale of taxation would not have been reached. Is there then any wonder that there is a persistent demand for retrenchment in State expenditure? I admit that efforts have been made in that direction but they have not been sufficiently far-reaching. In considering the question of retrenchment we are confronted with the stock argument that administrative machinery must be maintained at a high pitch of efficiency, the test of efficiency being determined by the authorities themselves. A great deal of harm has resulted by this slogan of efficiency. It must be obvious that a country can get only such efficiency as it can afford to pay for. The question, therefore, arises whether India's economic resources permit the maintenance of the standard of efficiency imposed upon it. No one can force for any length of time a standard of efficiency which is beyond a country's means. The essential duty of a civilised Government is to develop the economic resources of the country in order to increase the Tax-bearing capacity of the people and the supply of capital for its further progress.

A philosopher has said that there is no such thing as happiness or misery in the world. What there is is a

State Revenue:
India and Japan.

comparison of one condition with another.

It is but natural that India under British rule should compare the relative development of the economic condition of another Asiatic country under self-Government. From a statement published in the financial and economic annual of the Government of Japan for 1926, it appears that the State revenue of the country has risen in the course of forty years, from 1887—88 to 1926—27, (comparatively a small period in the history of a nation) from 88 million yen to 1659 million yen. Japan's capacity to bear this heavy increased taxation has been developed to such an extent as to enable the people to bear the

increased burden of administrative expenditure. Putting these figures into rupees we find that the taxation per head of population in Japan in 1887—88 was Rs. 3 while in 1926—27 it has risen to Rs. 35 per head. India's State revenue during the same period rose from 77 crores of rupees to 220 crores or a rise of three times as against Japan's 20 times. Working out India's figures on the basis of population gives the following result, viz. Rs. 2/8 per head in 1887—88 and Rs. 7 per head in 1925—26. India naturally asks why there should be such a marked increase in Japan's prosperity, while India's growth is comparatively so little. Can any one blame India if she reaches the conclusion that this disparity in the state of the economic development of two Asiatic countries is due in the one case to the fact that Japan as a self-Governing nation is able to concentrate on the economic development of its people while under British rule India has to be content with a policy dictated by the Board of Directors located in London and called the Secretary of State in Council, (Hear ! hear.)

At the commencement of this address I had occasion to refer to some conflict of interest. Another movement deserving support and encouragement which has been organised to improve the condition of labour in India is also having the effect of creating divisions amongst ourselves. The labour movement has great potentialities for the good of India. I do not consider that the interests of capital and labour are in any way in conflict in this country. It is the prosperity of industry which provides means for the good of labour. How important the question of national employment is may be judged from the words of our present Viceroy, Lord Irwin, and Lord Lloyd, the ex-Governor of Bombay, expressed in their book already referred to. They have said; "it is generally admitted that the necessary employment on which ultimately the financial and social development of the country must depend can only be found in an increase in the total output of the country." Lord Irwin is now the Viceroy

Labour and unemployment.

and Governor-General of India. He has proved a sympathetic ruler and has shown his great anxiety for the welfare of this country. He cannot but be aware how serious the problem of middle-class unemployment in India is. State-aided universities are turning out every year a large number of graduates many of whom find themselves stranded for want of employment and of earning their bread. Public opinion has been instantly drawing attention to this problem and demanding adequate measures to meet it. Lord Irwin who has admitted in his book that "the necessary employment on which ultimately the financial and social development of the country must depend" is now at the head of the Indian administration. Is it too much to expect that he will signalize his administration by taking adequate and effective measures for relieving unemployment in India ensuring the ultimate financial and social establishment of the people of India? I agree that the real remedy "can only be found in an increase in the total output of the country." I earnestly trust that he will apply the same measures in India for finding adequate employment for its people. America has proved that the growth of national prosperity is not inconsistent with high wages. What is required is a national economic policy in which the whole country can share. There can be no Indian throughout the length and breadth of this country who does not feel for the distress in which the masses of India have to live. It cannot be disputed that a large proportion of the population is obliged to subsist on insufficient food and inadequate clothing. Go to any Indian, be he the greatest capitalist and discuss the subject with him and you will find that he feels as keenly as any one else the condition in which a large mass of the people of India are obliged to live. It is a mere common place to say that the interests of all classes are common. If agriculture and industry are prosperous there is sufficient money to go round. Prosperous industries mean higher wages; and higher wages mean greater comfort to labour and increased purchasing power. If

agriculture and industry are in a depressed condition, there is nothing to go round and the principal sufferers are the masses, whose living depends upon these two sources of national income. Every effort therefore in the direction of improved agriculture and successful industry is to the greatest good of the masses. In the peculiar conditions prevailing in India, conflict arises because there is insufficient national income to satisfy the essential needs and requirements of the people. It is therefore necessary in the interests of both that labour and capital should combine throughout India to promote the best interests of agriculture, trade, commerce and industry.

I make these observations because I have observed a tendency amongst labour leaders to overlook the fact that their interest is dependent on successful industry. The manner in which bills for the protection of industry to the Central Legislature have been debated indicates to some extent the angle of vision from which this problem is visualised by some of them. Organised labour has the power of dictating terms to industry; provided it is prosperous. Every well wisher of the masses desires that labour should be organised not from the narrow point of view of immediate interests but of the real and permanent interest of the industry which provides employment for them. In consequence of the war the cotton industry passed through abnormal times of prosperity. Labour though not quite organised was able to dictate terms in the matter of wages. It is axiomatic that capital cannot do without labour and labour cannot exist without capital. Both are necessary concomitants of the economic growth of a country. In the common interests of both, all the civilised countries in the world including British Dominions have adopted a policy of such protection as will make industry successful and provide employment to their people. Labour leaders would be well-advised in co-operating with capital in bringing pressure upon Government to apply the revised fiscal policy in the right spirit and on a scale

commensurate with the needs of the country. It would suffice to draw attention to the fact that the national income of the United States of America, an agricultural and industrial country is Rs. 2000 per head of population. Britain which is mainly industrial has a national income of about Rs. 1000 per head of population while Canada and Australia two self-governing British Dominions have an income of Rs. 550 per head. India's national income was estimated at Rs. 30 per head some years ago. Allowing for mistakes and subsequent economic growth, the national income is now estimated at from Rs. 60 to 100 per head. Assuming the larger figure, it means that after payment of Rs. 10 per head in the shape of Imperial Provincial and local taxation, the population must subsist on Rs. 90 per head per annum or Rs. 7-8 per month? What can possibly be the extent of the purchasing power of a people so circumstanced? The essential need of the country is to develop its national income and it is to the interest of both capital and labour to unite for the promotion of the common interests of our motherland.

Ladies and gentlemen, You will observe that I have not dealt
 The Great Opportunity, in detail with the various problems which
 have been discussed during the year affecting
 the commercial community, such as the

Reserve Bank, the Mercantile Marine, Fixation of Exchange at 18d. Protection to the Cotton Industry etc. I have preferred to concentrate on the fundamental principle, on which the entire structure of India's future prosperity is based. I think that these questions can be more fully ventilated, when definite resolutions in regard to them are placed before you. My main object was, to point out to our rulers that in regulating India's fiscal policy, they are not serving their country best, and that the economic problem of India is of wider importance to Britain herself. I have done this in the hope, that even at this late hour the eyes of our rulers may be opened to the real problem of India.

and to make them realise how short-sighted has been the policy which they have pursued in the past. The Agricultural Commission may in the long run help to develop our economic resources, but it is not the main direction in which substantial results can be achieved at an early date. Industrial development on a wide scale is the only direction in which adequate and reasonably early results can be obtained. Let Britishers in India put themselves in the position of their countrymen in the British Dominions, regarding their adopted motherland as a first consideration and extending to their mother-country only such overflow of prosperity as they can conveniently spare. Britishers do not come to India on a mission of philanthropy or for the benefit of their health. I will ask them to drop pretence of holding India as a "sacred trust" and boldly to acknowledge the fact, that they are here for promoting their trade interests. I would appeal to Lord Irwin to visualise the Indian economic problem in the same spirit in which he, with Lord Lloyd, has done for Britain in the 'Great Opportunity' and to lay down a policy for India, consistent with the views he has expressed therein. I would ask him to call together the best brains of Commercial India, to state the real object of Britain's control of India's destiny, and jointly to evolve measures for the prosperity of India.

Ladies and gentlemen, I wish to tender to you again my grateful thanks for the high honour you have done to me by calling me to preside over your deliberations, and for the patience with which you have listened to my observations. (Loud applause.)

Mr. C. Gopala Menon: Ladies and Gentlemen, there is a Garden Party awaiting your presence this evening at 5 o'clock, at the 'Willingdon', Commander-in-Chief's Road, to which I welcome all the delegates. The Congress will now adjourn for lunch and I request all the delegates to partake of the refreshments provided here,

Sir Ibrahim Rahimtoola (President): The Congress will now adjourn and meet again at 8 p. m.

CONDOLENCE RESOLUTION ON THE DEATH OF HAKIM AJMAL KHAN.

Sir Ibrahim Rahimtoola (President) said: Gentlemen, you will have learnt with great sorrow the sad news of the death of one of India's great leaders, Hakim Ajmal Khan, which sad event occurred in the early hours of this morning. I think I am echoing India's sentiment when I say that India mourns the sad loss unanimously, and with your permission, I should like to place before you a resolution on the subject, viz.,

That this Congress has learnt with profound sorrow of the death of India's well-known Leader Hakim Ajmal Khan, the apostle of national unity, and places on record its sense of great loss to the country and wishes to express its deep sympathy and condolence with the family of the deceased.

That a copy of this resolution be sent to his relatives. I will put the resolution to your vote, and I trust you will all rise in your places and pass it.

The resolution was passed unanimously, the entire audience standing.

Resolution No. 1.

BANKING ENQUIRY.

Mr. D. P. KHAITAN (Indian Chamber of Commerce, Calcutta) in proposing the resolution, said:

"Mr. President and Brother Delegates, I beg to move the first resolution on the agenda paper which reads as follows.

This Congress urges upon the attention of the Government of India, the resolution moved in the Legislative Assembly by Mr. Sarabhai N. Haji regarding the appointment of an Indian Banking Enquiry Committee consisting of a majority of Indians and an Indian Chairman with a special reference to look into the organisation of Indian indigenous banking with a view to foster and develop the same and strongly urges upon the Government the need for the immediate appointment of such a Committee.

You will have noticed in the papers that the Associated Chambers of Commerce have passed a resolution asking for a banking enquiry, and urged upon the Government to appoint a Committee for that purpose. Naturally, we are surprised and we wonder how the European and Indian interests on this matter have become identical, but when we probe into the matter further, we find that the reasons which impel the European Chambers to ask for a banking enquiry have an entirely different significance from the reasons which induce us to call upon the Government to appoint a Banking Enquiry Committee. What the Associated Chambers want is that there should be a Banking Committee with a view to finding out ways and means for the purpose of regulation and, I believe, control of Indian joint stock banks. What we want is that there should be a Banking Enquiry Committee for the purpose of bringing closely together our indigenous system of shroffs with Indian joint stock banking and for the purpose of fostering and developing banking on modern lines in the country in order that our agriculture may prosper, in order that our industries may prosper, in order that our middlemen, the distributing merchants, may be able to carry on their trade with greater facility and energy, with less financial difficulty than they have been doing in the past. There is thus an essential difference between

the reasons underlying the resolution of the Associated Chambers and of the resolution, which, if you please, we will pass to-day in this Congress. India, I believe you will all agree with me, led the way in the banking organisation in the past. It was India first which started banking in the world, and it was at that time that India became prosperous not only in agriculture but also in industries. It was at one time the lot of India not to be the importer of manufactured goods but to be the exporter of manufactured goods. At that time, our industrialists, our merchants and our agriculturists were amply fed financially by the shroffs of the country. These shroffs had a chain of organisation from one side of the country to the other, transmitting money, giving financial aid to all those that required it, receiving deposits from persons who had surplus money in their hands, and helping those who were in need of finance with substantial pecuniary aid. Those times have changed. With the changing times, as machinery developed in England and other countries in Europe, the modern banking system also developed there, and our benign Government, as they did not take any interest in the development of industries in this country, did not feel that there was any necessity of strengthening the hands of Indians by the adoption of measures whereby modern banking could be introduced and developed in this country. There were European exchange banks started in this country which were allowed to carry on their trade and profession without any restriction whatsoever, without any contribution from them to the help and sympathy of similar institutions indigenously existing in this country. It was then that they brought forward capital from foreign countries and helped the European merchants with financial resources for the purpose of carrying on the important import and export trade of this country. It was for this reason, because they mainly dealt in the exchange of commodities between India and foreign countries, that they came to be known as Exchange Banks. Up to the time of

the Great War, these exchange banks used to get their resources mostly from the countries from which they came. Up till then, our shroffs or indigenious bankers have confined their activities to financing the internal trade of the country for the purpose of carrying on their business. When the Great War started, it became difficult, sometimes impossible, for the exchange banks to get their financial resources from the countries they came from, and they took to the method of offering attractive rates of interest to the people here. As a result of that, many more people began to deposit their money in the foreign banks rather than with the shroffs who could not stand in competition in the way of security with the big banks that offered to pay high rates of interest. The result was that slowly and gradually, but surely, the deposits went on increasing and went on being diverted from the shroffs into the hands of the exchange banks with the result that you find to-day. You will find that the exchange banks have to their credit a much larger amount of deposits than the Indian joint-stock banks and perhaps the shroffs in this country put together. It is true that there is still a chain of shroffs from one end of the country to the other, but there is no liaison between the shroffs and exchange banks, and there is nothing whereby support could be given to the development of indigenious joint stock banks in this country. There is the difficulty that no joint stock banks started in this country can offer the same amount of security as the foreign exchange banks, and there is no big organisation, a Big Five or any other big thing that exists in any part of the country for coming to their rescue in times of need; not even the Imperial Bank would come to their aid, as they did come to the aid of the Alliance Bank of Simla; for instance when the People's Bank in the Punjab failed, which afterwards paid a dividend of 21 annas in the rupee, when they approached the Imperial Bank for financial assistance, you will remember that that assistance was not given (Shame). It is therefore necessary that a proper investigation should be made

into the condition of Indian banking with a view firstly that the Indian joint stock banks that may come into existence may feel secure about their existence and development, secondly, the depositors may feel secure for their deposits in the banks, and thirdly, there must be a liaison between our indigenous system of shroffs and the modern joint stock banks that already exist or may come into existence in future, for at present the chance that is being given to joint stock banks in the opening of branches is slowly eating into the vitals of the shroffi system that exists in India. Unless you find ways and means for the purpose of revitalising them with a view to giving them increased security and support for the purpose of making them feel that there is an Indian organisation at their back, I fear, gentlemen, the time will soon come when the shroffi system may disappear altogether with nothing else taking its place, and if that time comes, thralldom in this country will have become almost permanent. Then it will be most difficult for our politicians to achieve Swaraj; then it will become more ridiculous on our part to ask for Swaraj, and economic India will be mortgaged and the mortgagee in possession will not be willing to give up possession of the mortgaged property. It is high time that we look up and call upon our Government insistently that there should be a Banking Committee.

You may ask the question 'why should we call upon the Government to institute an enquiry into a problem of this nature, why don't we do it ourselves?' I will give you an example. Private endeavours were in fact made for instituting an investigation into this question. The Indian Chamber of Commerce, Calcutta, appointed a small Committee for the purpose of investigating into this problem, and the first obstacle that they found in their way was that no help could be received from the exchange banks which must come under an investigation of this character. Secondly, the Imperial Bank would

stand miles away from an enquiry of this nature if carried on privately, and thirdly we have not got the means whereby we could get the assistance of the Registrar of Co-operative Banks and various officials who have got a hold on information, which is absolutely necessary for carrying on an investigation of this character in a proper and useful manner.

Our next insistence must be on the condition that the Committee should consist of a majority of Indians with an Indian Chairman. Although we could make this demand as a matter of birth-right, in any case, it is specially necessary for a Banking Committee to consist of a majority of Indians and an Indian Chairman; for it is the necessity of the Indian public that is to be served. It will be an investigation into the shroffi system which could only be properly understood by our own countrymen. Under these circumstances, I hope you will all agree with me that we should insist on the Committee consisting of a majority of Indians with an Indian Chairman and that the Government should appoint a Committee of this nature without delay (Cheers.)”

Mr. H. D. Jasani (Bombay Shroff Association, Bombay) in seconding the resolution said :

“Mr. President and Brother Delegates, There is an apprehension also on our side that an enquiry by the Government may lead to something other than what we hope to expect. Indian banking includes of course indigenous banking. Still, in this resolution we have specially said that if there is going to be an enquiry at all about indigenous banking, it should be with special reference to finding out a way as to how to foster and develop them. If the enquiry leads into something which does not touch the problem of indigenous banking, it is better that we have no enquiry whatsoever. This resolution differs from the resolution which Mr. Haji raised in the Legislative Assembly in that the former is more explicit.

Khaitan has already referred to the shroffs. Now if you divide the present day banking in India into two classes, you will find the Joint-stock bankers on the one hand and private bankers on the other. Now, the existing banking legislation in India only puts the private banker into the wrong box. If you go into the Negotiable Instruments Act, if you go into to the Bankers' Evidence Act, you will find that Joint stock banks have been given certain facilities and certain privileges, which have always been systematically denied to the indigenous banker. So a resolution on this matter is absolutely necessary. Without going into details, I want to point out that the Government has never cared to see that the indigenous banking system is preserved and fostered; on the other hand, it has always been the other way, and therefore it is the demand of this Congress that if an enquiry is to be instituted at all by the Government it should be with a view to finding out what help could be given to indigenous banking, and not for producing something which will prove detrimental to it. Well, gentlemen, I don't want to go into the further details of the matter, and I heartily second the resolution moved by Mr. Khaitan (Cheers)."

The Resolution was put and carried unanimously.

Resolution No. 2.

THE RESERVE BANK.

Mr. B. F. Madon: (The Indian Merchants' Chamber, Bombay) in moving the resolution said:

"Mr. President, Ladies and Gentlemen, the resolution placed in my hands runs as follows:

This Congress enters its emphatic protest against the abrupt postponement by the Government of

India of the Reserve Bank Bill and urges that Government should not go back on the principle of a State Bank which they have already accepted, and puts on record its emphatic opinion that with a view to command the confidence of the Indian public its Directorate must contain an effective and elected Indian majority of the Indian commercial community.'

Sir, we wish in the first place to protest against the way in which further discussion on this Bill to establish a Reserve Bank was stopped at the last session of the Assembly. There seemed to be a possibility of all parties coming to a common agreement as the principle of a state bank had been already accepted by Government and a solution of the question of the Directorate was also in sight. Then, suddenly, all further discussion was stopped - in fact the first impression of those who followed the discussions was that the Bill itself had been dropped, but, later on, the Hon. the Finance Member insisted that it was nothing of the sort, and that it had only been postponed in order to give more time to all concerned to carefully consider the problem of a satisfactory Directorate. As you are all aware, the Finance Member has expressed his readiness to accept the principle of a State Bank provided a satisfactory Directorate could be evolved, and it was this latter point that was being threshed out when further discussion was stopped, and it is now an open secret that it was done on orders from the "Board of Directors" in London as our worthy President has so aptly put it. It is this interference from London that we so strongly protest against, because it reduces the scheme of Government through the Legislature to a farce. It means that our legislators are there only to play at the game of government and that nothing will be allowed to become law here that does not meet with the approval of the Secretary of State, even though the Executive in India itself may be

in agreement with us. We protest against this action that reduces our Legislatures to a farce. We protest against this interference by the Secretary of State. We protest against this interference by London Financial interests that are clearly pulling the strings from behind the screens and who want a Reserve Bank that is so modelled and so run that their own interests are safeguarded, when it should be the duty of the future Reserve Bank to shape its policy in the best interests of India and India alone.

We are next urging that Government should not go back on the principle of a State Bank that they have already accepted. Many people do not understand why it should be a State Bank i. e. one owned by the State, but the reason is simple. The Reserve Bank is a Bank that takes charge of all our currency reserves and sees that our currency is kept at par with gold and does not depreciate and become waste paper as the German mark or the Russian rouble did. This work has upto now been done by the Government through its currency department, and will, in the future, be carried on by the new Bank. It will take over for this purpose all our present reserves. There will be some 90 to 100 crores of securities in it which to-day earn Rs. 3 to 4 crores of interest. These securities belong to the country and the interest at present accrues to the country. Is there any reason why these 3 or 4 crores of interest earnings should be handed over to a private body of shareholders? Why should it? It is absurd on the face of it. Next, there is the many crores of public deposits of which a good part could be invested by this so-called Bank and interest earned on it. Is there any reason why a body of private investors or shareholders should get a gift of all this huge income at the expense of the country? It is because all these large assets in the currency reserve, belong to the State that we say that the Bank also must belong to the State, and all its earnings must eventually accrue to the State and.

should not be allowed to be diverted to the pockets of private shareholders. If our demand for a State Bank is ultimately turned down, we must insist that the shareholders bank, as it would then be, should not be handed over these enormous assets of the country except as an agent of Government, and that all income accruing from these assets should come to the general revenues except for a reasonable charge for agency work.

The next point that we urge in this resolution is that the Reserve Bank must have on its Directorate an effective and elected Indian majority. This particular claim of ours has been a great bone of contention. Government claim that Directors elected by a body of shareholders will give the best Directorate, but those who have any experience of Joint Stock company work know that shareholders are as a rule apathetic, particularly when their dividends are safe. We cannot expect such a body of shareholders in the Reserve Bank where the dividends would be guaranteed by the earnings of a hundred crores of assets of the currency reserve—we cannot expect these shareholders I say—to at all bother about who are to be the directors of the Reserve Bank. The result will be that the Board will be filled with the nominees of the managing governor, who will take care to see that no one is put on the Board that is likely to give any trouble. We must see that this does not happen, and the only way to do it is to create some kind of electorate from which we could hope to see men of wide experience and public spirit to be returned—men who will always keep before them and fight for India's own interests first and last.

The functions of the future Reserve Bank will be (1) to maintain India's currency at par with gold; (2) to safeguard our gold reserves and (3) to control credit. Of these the first will look after itself if the Currency Act of 1927 is allowed to function as it should, because then the automatic inflow and outflow of gold at the upper and lower gold points will keep our

currency at parity with gold. I say, if it is allowed to function, because I have very serious apprehensions that it would not be allowed to do so. It is here that the danger lies. England has always looked with very jealous eyes at India's absorption of gold. This was why, in pre-war days the Secretary of State diverted all the gold he could from India to England by selling an unlimited amount of Council Bills. Indian public opinion even in those days most emphatically protested against it and this is the real genesis of the Reserve Bank. England wants more than ever to divert all India's gold reserves to England. England knows that Indian public opinion is more and more awake and more jealous than it ever was of India's own interests. This Reserve Bank is therefore now put forward to do the very same thing i.e. divert India's gold Reserves to England and at the same time avoid the criticism that the Government would be subjected to. Because if any questions are asked the Finance Member or the Secretary of State might get up and say, "Gentlemen, it is a private affair of the Bank and we cannot interfere." We would then have no further remedy. This is not mere imagination. The first concrete scheme of this kind was put forward by the well known expert Prof. Keynes in the Report of the Chamberlain Commission of which he was also a member. And there he emphasises this escape from prying and inconvenient criticism as its most outstanding advantage. The future Reserve Bank is to be given power to hold securities or balances in not only England but in many other foreign countries that may pretend to be on the gold standard, and the Bank will buy such balances or securities and part with gold exactly as the Secretary of State did in pre-war days. If the gold that is the basis of our currency under the gold standard is so lightly parted with, a day may come when, with another world war, our currency may go to the dogs and the whole economic fabric of India may be undermined. This is where men of independence, men with the interests of India solely at heart will be urgently needed to safe-

ward our gold reserves and to see that they are not diverted from India to any other country. Our future Reserve Bank is to be told to do it all in the name of co-operation between Central Banks of various countries of the world. We all know, Ladies and Gentlemen, what co-operation has meant and will mean in the case of India. It will be all co-operation by India with other countries that England for some reasons wants to help to remain on the gold standard, not co-operation by them with it. I need not refer here to the latest definition of co-operation by India as exemplified in the Reforms Commission to make it clear to you that co-operation by our Reserve Bank will mean nothing more nor less than exploitation of India's reserves and India's resources in the future as it has ever been in the past for the benefit of England and countries that England may wish to befriend. This is why at every step the Directors of the future Reserve Bank will have to be ever on the watch that no such exploitation is permitted and that India's gold is not diverted to other Countries in exchange for securities which may prove worse than waste paper when we are faced with another world war as had actually happened in Germany, Austria, Russia and in a lesser degree in Italy and France in this war. What shall we do with these securities? They will be merely waste paper. It will therefore be necessary to see that we should not be tempted to part with gold and invest it in the securities of these countries. This is why we should put patriotic Indians on the Board of the Reserve Bank.

In the resolution that I have placed before you it is further stated that there should be a majority of Indians and that they should be commercial men. The idea there is that the manipulation that the future Reserve Bank and its managing governors under instructions direct or indirect from the London Financial circles will carry out will be best understood by men who have some knowledge of banking, of finance, of trade and of industry. Laymen are not likely to understand the bearings

of it, and however honest they may be, however patriotic they may be, however anxious they may be to safeguard the interests of this country, they may possibly be led astray into accepting measures which, if understood aright, would be most detrimental to the interests of this country. It is for this reason that we urge that the men should be chosen from the commercial community.

I now have the honour to put this resolution before you and commend it to your kind acceptance."

Mr. R. C. Pandit. (Bihar and Orissa Chamber of Commerce, Patna) in seconding the resolution said :

"Mr. Chairman and brother delegates, after the very lucid exposition of the case by Mr. Madon there is very little for me to say on the subject. We all emphatically protest against the abrupt postponement of the Reserve Bank Bill by the Government of India. We all know the circumstances under which the Government of India took this very strange attitude towards this measure. We should all insist that the principle of State Bank should on no account be abandoned. The proposals of Sir Basil Blackett will shortly be before the Assembly. It is understood that the new proposals will contain a shareholder's scheme. An A. P. I. message says that "the shareholders scheme as now contemplated, will prove to be only a nodding acquaintance of the earlier share holders plan, but a blood relation of the stockholders scheme. At the same time the quintessence of the State Bank proposal is extracted and blended into its composition." I tell you frankly, sir, we do not want such a concoction. Let us have a State Bank which is a real State Bank but not a misnomer. What ills are we suffering from so that this witches' concoction should be pushed down our throats? As regards the necessity for the composition of the Directorate to be mainly Indian, I would only say that any one who has seen the original

scheme would not have failed to realise that it was a scheme to exploit India with the help of India's own money for the benefit of the foreigner. In the schedule which was originally prepared, you will find the names of Banks which are operating in India. Barring a few of them, the majority were exchange banks. Many of them were English Banks and the rest were foreign banks. They are here for simply making money for themselves and for their nationals. All the same the Government of India, very good people that they were, they were prepared to help them with India's surplus money. At the same time they excluded the Indian banks. However this state of affairs has been remedied in the subsequent scheme. It is certain here that without an Indian Directorate India's interest will never be safeguarded. We want India's money to remain in India for the development of her own resources by Indians themselves and for the benefit of Indians alone. And this object will never be attained unless there is a majority of Indians on the Board. This alone will conduce to the better and safer employment of the public funds that will be entrusted to this Reserve Bank.

I strongly commend this resolution to your unanimous acceptance."

The resolution was put and carried unanimously.

Resolution No. 3.

Mr. M. Jamal Mohomed Saib :—(Southern India Skin & Hide Merchants' Association, Madras) in moving the resolution said :—

The proposition I have the honour to move reads thus :

"That this congress is strongly of opinion that the fixing of the exchange ratio at 1/6 has proved

detrimental to the best interests of the Country and therefore earnestly urges upon Government to reopen the question with a view to establish the exchange ratio at 1/4."

This question has been well discussed in the country and the country has expressed its view in no uncertain manner in favour of 1/4. However the Government in its great anxiety to take care of us in spite of us has manouvred to saddle us with the ratio of 1/6 against our will; rather I think in the interests of the foreign manufacturer. The result of it we see in the falling export trade of the country and the diminishing balance of trade in favour of India. Now what is really the Export trade? It is the surplus of our industrial and agricultural products after meeting the local demand. So it goes without saying that diminished exports mean reduced industrial and agricultural output. We are faced with depression in the textile and other industries and depreciation in the value of agricultural lands.

America is very analogous to India in that both are agricultural and industrial countries. America had and still has a great control over the money markets of the world; yet it has not attempted to appreciate its exchange, although it can very well and very easily do so. It has not done so for the simple reason that it knows that an appreciated exchange will seriously injure its agriculture and industry.

It has been urged that a lower exchange will enhance the cost of living of the wage-earners. It will do nothing of the sort. We had 1/4 for a long time and it was alright for all concerned. What is really wanted is that industries and agriculture should be encouraged to develop, so that they may become prosperous enough to enable them to give good work to the wage-earners and afford to give better wages, in order not only to find more employment but also raise up the standard of living.

It may also be said that the Assembly has passed the 1/6 ratio, but it must not be forgotten that the elected members of the Assembly whose opinion alone should be taken as reflecting the considered views of the country did by an over-whelming majority declare for 1/4 and it was only through considerable canvassing and influencing on the part of the Government that the Assembly passed the 1/6 ratio with the government and nominated members voting for the same. In these circumstances the Assembly's vote should not be taken as final and binding particularly in a matter of this deep and vital importance.

With these words, I commend this proposition to your approval and support.

Mr. B. F. Madon, (The Indian Merchants' Chamber, Bombay) in seconding the resolution said:

"Gentlemen, I have much pleasure in supporting the resolution that has been so ably put before you by Mr. Jamal Md. Saib. It asks for a revision of the ratio of the Rupee in the direction of 1s. 4d. but in the mentality that now prevails in Government circles both at Delhi and at Whitehall I am afraid there is not much chance of Government undertaking any such revision, unless absolutely compelled to do so by circumstances.

Government spokesmen iterated and reiterated 12 months ago that the economic conditions of this country had been thoroughly adjusted to the 18d. ratio and that it would be inviting disaster to ask them to go back to 16d; but there is ample proof in their own action in the last 8 or 10 months that conditions in this country have not been adjusted to the 18d. ratio, because it has had to be adjusted and readjusted now and again by continued deflations. Sir Basil Blackett in his evidence before the Currency Commission had expressed the opinion that 25 crores of deflation would be an outside limit. That Government should

have been compelled to deflate to the extent of a further 16 crores beyond the figure that Sir Basil Blackett has himself considered to be an outside figure is very ample proof that conditions in this country had not been adjusted to the 18d ratio. There is another and a very deplorable side to this question. Not only did industries stop and go into liquidation, before the 18d, ratio was established in March 1927, but more have gone into liquidation since and more are still going. The cotton mills of this country were favoured with a stroke of luck in very low prices for cotton last season and yet many of them find themselves compelled to shut down in spite of it all. Only recently some important mills were compelled to shut down in Bombay. When I tell you that these mills belonged to the very wealthy firm of Sir Victor Sassoon you can imagine who really suffers. Is it Sir Victor Sassoon and his firm that will have to starve on account of the shutting down of these mills or is it the thousands of labourers and other employees who earn a living by work in the mills now shut down? It is they and their families that will have to starve. I am very much afraid that this state of things will continue and that there will be more hardship and more unemployment until this 18d. ratio gets adjusted to conditions in this country. It is to avoid this further hardship and further misery that we ask Government to reconsider their policy in the direction of 1s. 4d. Were they not obsessed with a false sense of prestige they should ere now have themselves come forward to rectify this mistake of policy but there is too much weight attached to a false sense of prestige. However, if there is any statesmanship left in Delhi and Whitehall I hope it will still lead them before it is too late to reconsider their mistaken policy.

I now commend this resolution to your unanimous acceptance.

The resolution was put and carried unanimously.

Resolution No. 4.*Textile Industry.*

Sir Dinshaw M. Petit, Bart. (The Indian Merchants' Chamber, Bombay), in proposing the next resolution, said :

“ Mr. President and Gentlemen, the next resolution which I have got to put before you runs thus :

This Congress express its profound sense of dissatisfaction at the negligible protection reluctantly doled out by the Government of India to one of the premier industries of the country, viz. the cotton textile industry, in the shape of a levy of import duty on foreign yarn in spite of the definite recommendations as contained in the Majority report of the Textile Tariff Board and further strongly supports the unanimous demand of the Indian commercial community to give immediate effect to the recommendations of the majority of the Textile Tariff Board for a four per cent. extra duty on all piece-goods.

Mr. President and Gentlemen, the previous speaker, while speaking on the last resolution, has very ably explained to you what effect the artificial maintenance of the exchange at 1s.6d. has had on the cotton mill industry in Bombay. Very few concerns to-day in Bombay are making any profits on the actual working of the mills. Those few concerns that declare any profits, show a reserve in their balance-sheets do so on account of the interest earned on their reserve-funds. These funds are being depleted year after year in making good the losses that are being incurred in actual working, and the time is very near if we go on like this, to shut down the mills altogether. Hoping

against hope, these concerns have been going on working, paying dividends out of reserve funds built up out of the profits of previous years. The time has now arrived when they cannot go much longer in this fashion, and I am afraid, before they finally close down the mills, they will have to consider the expediency of reducing the wages of the labourers. Since the War, the wages have been raised by 75 per cent., and that is because the cost of living has increased by that extent, and up till now the labourers are being paid on that scale. But, if things go on as they do at present, then the question arises as to whether they should shut down the mills altogether or reduce the wages. And even then, it is a question whether with a substantial reduction in the wages the mills could be worked at a profit.

In this connection, I do not wish to make any remarks on the conduct of the Government, but I will mention only the facts as to how Government have acted, and leave it to you to draw your conclusion whether they have acted as they would have if the interests of the country were the main thing that they kept in mind. It was after a propaganda carried on for several months on an intensive scale that with great reluctance they appointed the Textile Tariff Board. The Board fully went into this matter, they examined the mill-owners, and after that they made a report, and it did not suit Government to publish that report for months and months together, but they simply sat over it. They sat over it till again the mill-owners had to carry on an extensive agitation, when Government had to publish the report. They published the report and kept quiet. They would not say what they were going to do, and a further agitation to ask them to act up to the report was necessary, and then, as you know, they gave us the meagre protection they have given. Therefore, it is but right that we should demand that at least the recommendations of the majority report of the Board should be acceded to. The Government did not like the report and so they

kept quiet over it, and when they were forced to do something, they would not agree with the majority report but they accepted the minority report as it suited them better to do so.

It is a matter of great gratification to me who is a mill-owner and who comes from Bombay, that this resolution which I have put before you was adopted in the the Subjects Committee of this Congress unanimously. We could go to Government with an unanimous voice in the name of the commercial community of India (Hear, hear.) It is indeed a matter for congratulation that all the commercial interests of varied descriptions which are represented in this Congress and which were represented in the Subjects Committee took up this resolution, unanimously and have passed it in the form I have put it before you to-day. I have no further comments to make, but I trust you will unanimously adopt this resolution, and I have no doubt that neither Government nor anybody else can say that this is a demand which comes from one particular community, now that it has had the hallmark of this Congress (Cheers)."

Mr. Jayantilal Amrutlal. (Ahmedabad Mill-owners' Association, Ahmedabad) in seconding the resolution said:

"Mr. President and Brother Delegates, it gives me great pleasure to second the resolution so ably moved by Sir Dinshaw Petit which is before you for consideration.

In support of this resolution I need not speak at length, as the question of giving protection to the Textile Industry in India has been sufficiently thrashed out, by able speakers on the platform, authoritative writers and independent and impartial inquirers. The Tariff Board held a very thorough inquiry and after judicious considerations made out very cautious and rather halty recommendations for a little dose of protection. The Textile Industry being in a very critical state of its existence required a thorough treatment of protection at the hands of the

Government by taking prompt and careful actions to safeguard the interests of the industry. But instead, what do we find? The Government deliberated for four months on the report of the Tariff Board, and after belated considerations being pressed to give reasons for such aimless procrastination on their part at a supreme moment, the Government issued a communique. The Government in their wisdom have dismissed in three brief paragraphs all the major recommendations of an authoritative body set up by themselves. One would have thought that very powerful reasons must exist for decisions so contrary to the assurances given to the Textile Industry. To speak in the words of Mr. H. P. Mody, Chairman of the Bombay Millowners' Association—"All that the communique does is to misread important findings and recommendations, to set up the majority and the minority reports against each other and to dismiss the whole subject in a few causal sentences, much as if the Government were disposing of the question of a grant of a village well."

"The Government of India has adopted all along the industrial development in India step-motherly attitude and even in the present instance has not proved any better. Since 1923, the industry has been experiencing severe trade depression, unparalleled in its history, and in such a state of the industry the Government appointed an impartial Tariff Board to inquire into the working of the Mill Industry and to report on the causes of the depression and to make recommendations to alleviate the same.

"The recommendations made by such an independent and impartial body as the Tariff Board, though halting and meagre in character have been rejected in important particulars by the Government, which has shown a most regrettable lack of appreciation of the needs and requirements of the industry and the seriousness of the crisis with which it is faced. At a time when the industry has a right to expect effective protection

at the hands of the Government it has been given more doles. The Government accepted a few minor recommendations of the Tariff Board which I will summarise as follows :-

- ' First is the ad-valorem duty which was 5% on all imports of yarn has been replaced by a specific duty of $1\frac{1}{2}$ annas per lb. on yarn below the value of Rs. 1-14-0 per lb.
- ' Second is the import duty on artificial silk yarn which has been reduced from 15% to $7\frac{1}{2}$ %.
- ' And third is that certain mill stores and all machinery have been exempted from import duty.'

" The relief which these measures have given to the industry is practically nil. The specific duty on yarn has the effect of raising to a certain extent the prices of yarn up to 40's and over. It would be remembered, however, that the Indian mills as a rule do not spin yarn of 30's to 40's for sale to a very large extent but for weaving purposes. The incidence of this duty on the prices of these counts is so unsatisfactory that it can hardly have the effect of encouraging the industry to go in more largely for the spinning of these counts, when it is a well known fact that at the present time the Japanese Mills are selling 40's yarn at anything from 15% to 25% below the cost of production of the same yarn in India. As regards counts below 30's. though the duty does in proportion give a greater amount of protection, the imports from foreign countries are absolutely negligible ; and owing to the loss of China market, to which country we used to export very large quantities of yarn of coarser counts, the internal competition has become so severe that the prices realised in India have been sometimes considerably below the cost of production. The duty therefore has not been effective in the raising of prices of yarn, and the value of this measure chiefly lies in preventing dumping of low priced yarn from China and Japan.

“The removal of import duty on machinery and certain classes of mill-stores and reduction of import duty on artificial silk yarn is a belated measure of justice to trade but is nevertheless welcome admission by the Government of India of the principles enunciated by the Fiscal Commission that the burden of taxation on the raw materials should be as light as possible. The measure of help which this abolition and reduction of duties give to the industry is insignificant in view of the fact that stores form a very small proportion of the cost of production.

“These measures to alleviate the situation have been in operation for nearly six months and what has been the result? The critical situation in the Textile trade is not a *whit* better and the depression continues as severe as ever. Unless therefore any further help is given to the industry, an early return to prosperity is not possible. The more one studies the problem the more one is driven to the conclusion that an additional duty on cloth is absolutely essential for the preservation of both the hand and power weaving industry of India. If no such relief is given it is inevitable that the present rapid progress in the imports of piecegoods from Japan must continue which in last five years have increased nearly threefold and have now reached an enormous total of 300 million yards per annum. Every yard of Japanese cloth imported into this country displaces a yard of cloth which could be manufactured in Indian mills, and helps to prevent the expansion of the weaving section of the mill industry which must take place to make up for the loss of the export trade in yarn

“The Tariff Board to some extent realised the difficulties with which the industry was faced and recommended an increase in the import duty on piecegoods and a small amount of bounty on the manufacture of higher counts of yarn, to offset the effects of unfair competition from Japan, But the Government of India has been wiser than their experts and for reasons which it is im-

possible to appreciate have thought fit to jettison the Tariff Board's conclusions.

"The industry has had all along to contend against the unsympathetic treatment of the Government of India and has managed to survive it, but to-day its position is seriously threatened by competitions of countries which receive from their Governments every possible aid in the preservation and development of their own industries.

"It gives me great pleasure, gentlemen, to stand among you, representatives of interest keenly interested in protection of national industries and call for your support making a common cause in urging upon the Government with all the emphasis at our command, the desirability of giving immediate effect, *as a beginning*, to the recommendations of their own experts (Cheers)."

The Resolution was put and carried unanimously.

Sir Ibrahim Rahimtoola (President):—"In view of the shortness of time at our disposal, I propose to put a time-limit for speeches, of ten minutes for the mover and five minutes for the seconder."

Resolution No. 5.

STATE AID TO INDUSTRIES ACT.

Cottage Industry.

Mr R. H. Gandhi.—(Burma Indian Chamber of Commerce, Rangoon), in proposing the next resolution, said:

"Mr. President and Fellow Delegates, I have the honour to move the following resolution:—

This Congress is of opinion that the development of cottage industry in India is imperative for

the amelioration of the economic condition of the people, and recommends to all the provincial Governments, which have up till now not enacted legislation for granting State aid to such industries, to enact such legislation at the earliest possible opportunity, and recommends to all the Governments which have such a legislation to amend it if necessary on right lines.

As you know, gentlemen, India has not progressed industrially as much as the West has progressed. The conditions here are quite different, and as the President in his Presidential Address has referred to the poverty of the people of India, the annual income per head comes to about Rs. 60, and out of it you must deduct Rs. 10 payable for imperial, provincial and other taxation. Then it comes down to Rs. 50. How can a man live in these days on Rs. 50 per year? It means Rs. 4½ per month. Imagine the condition of the large majority of the masses who have to live on Rs. 4½ per month. So it is very necessary that that income must be supplemented by some source such as the cottage industry. Sir Dinshaw Petit, our Ex-President, had very ably referred to this question in his Presidential Address at Calcutta, and I hope you will unanimously accept this resolution because there are many things, many articles, which may be produced even in our small villages. You know that by extensive propaganda and by actual working Mahatma Gandhi (Cbeers) has shown to us how hand-spinning and hand-weaving is a great national cottage industry (Hear, hear). Japan has shown us how articles like matches, toys and similar things could be most cheaply manufactured in our villages, not only for our own consumption but also for export to other countries, where you can sell them at commercial prices. As we are all aware, the agriculturists in India have for several months after the harvest is over no work to do. For those leisure hours of our agricul-

tourists, also, there must be some cottage industry for augmenting their meagre income.

‘ If you want industrialism to go on apace in India as in the west, then I am afraid it will bring in many evils as it has brought many evils in Europe and elsewhere ; for instance, slum life, immorality, difficulty of the housing problem, the break-up of home-life and so many other similar evils will also come into Indian life on a large scale, if we do not resort to cottage industries.

‘ There have been some enactments in several provinces aimed at giving State aid to industries, but I think except in one or two provinces nothing tangible has been done in this respect. For example, we had a Director of Industries in Bombay, and I do not know whether he is in Bombay at present. But I know till last year the Director of Industries was not supplied with any assistants or experts to help him in the development of cottage industries, and this single gentleman, the Director, was expected to do everything for the whole of the Bombay Presidency. How can you expect any result ? The Government must spend larger sums of money for the prosperity of the masses and for this reason I appeal to all Governments to make these enactments with a view to giving State aid to village industries on a larger and more extensive scale. With these few words, I commend the resolution for your acceptance (Cheers).”

Mr. S. P. S. Ayyar, (Burma Indian Chamber of Commerce, Rangoon), in seconding the resolution said :

“ Mr. President and Brother Delegates. In commending the resolution just now placed before you for your kind acceptance, I feel called upon to crave your indulgence for a while and to invite your attention to certain aspects of the present difficult and delicate situation in the country. It is a truism that the life of a nation is in the villages and it is time that the great captains of

industry and commerce as well as those who hold the reins of power to pause for a while and consider things as they are in the real India that jogs along unmindful of the bewildering changes of the passing hour and the slogans of false prophets and time-serving politicians who know little and care less about the gnawing effects of poverty for, I believe, it is only upon the foundations of a happy and contented rural India that a great future can be carved for our country—a future even more glorious than the glorious past. It is a matter for no small gratification that the various Governments in India have yielded and are yielding day by day to the compelling force of the Time-Spirit and are fast realising their responsibility to the dumb and ignorant masses and putting their shoulders to the wheel of rural reconstruction and economic uplift. True it is that some appreciable though not brilliant contributions have been made by the various Governments to the solution of the innumerable problems that beset life in the villages but more, very much more, remains yet undone. The resolution which is before you to-day is a dignified and righteous demand. It asks for nothing more than a helping hand to the starved and struggling cottage industries of our motherland. The history of the industrial and commercial progress in India is full of instances of miserable failures of small indigenous industries. The number of such industries that have decayed for no fault except want of capital and timely assistance is legion. Thanks to the high-souled patriotism and foresight of men like Mr. M. K. Gandhi the handloom industry is fast coming into its own and all true hearts must rejoice at the new spirit of self-realisation and self-help that is abroad in the country to-day. Gentlemen, I invite you all to join me in a fervent appeal to the various Governments, Central and Provincial, to come to the rescue of the indigenous industries of our motherland by giving liberal and timely State aid by amending suitably the various State Aid to Industries Acts. It is too late in the day to justify the reasonableness of our demand; it is patent on its face and

he who runs—even the proverbially phlegmatic and slothful provincial Governments—may read its significance.

“Gentlemen, it is my proud privilege and imperative duty as a son of India and a member of the commercial community of the land, and may I add as one who has had the good fortune to know something of the aims and aspirations, and of the agonies and dependence of the millions of workers in the villages of the country engaged in numerous cottage industries, to request you to testify your acceptance of the motion by hearty acclamation (Cheers).”

The Resolution was put and carried unanimously.

Resolution No 6.

RAILWAYS.

Reduction of Freight.

Mr. W. C. Bannerjee (Indian Mining Federation, and Bengal National Chamber, Calcutta) in moving the resolution said:—

“Gentlemen, the resolution that I have the honour to move is as follows:—

‘That in the opinion of the Congress it is essential for the development of the industries and commerce of the country that every facility should be provided for the transport by rail of raw materials, used by the Indian Industries to manufacturing centres and of finished products to consuming markets and as the existing rates of Railway fares and freights in this country are unduly high the Congress urges upon Government that Railway freight rates should be materially reduced.’

The resolution is self explanatory and does not require much exposition and I shall content myself with a few observations. The first part of the resolution relates to the reduction of the railway fares. We have been crying hoarse for the reduction of fares of third class passengers. Though the traffic earnings have increased Government have been turning a deaf ear to this request. We have seen from the Presidential Address that the average income of a man in India is Rs. 7-8-0 per mensem and unless the railway fares for the third class passengers are reduced these poor people cannot return to their native villages at least once a year either during Christmas, or during the Puja holidays. The Railways will say that they have not got enough railway coaches to carry all the third class passengers. But you will be surprised to hear that they have reduced the first class concession fares to a very low limit, so that in some cases there is very little difference between the first class fares and second class fares. The reason is that the first class is patronised by their own countrymen.

The next point is that the freights are unduly high. You will be surprised to hear that in several cases the freights are the same both for raw materials and the finished products. The freight for the raw materials intended for export has been kept intentionally low, whereas it should have been high; the freights for finished products for internal consumption should be low, whereas it is very high. As regards raw materials, for instance we have got wood which is useful for manufacturing pencils, splints and veneers for matches; but the freight for the carriage of wood has been kept so high that our factories are not able to use our own wood where as Japan splint and veneers are able to compete successfully with our own wood. Our Match and Pencil industries suffer on account of the excessive freight charges for the wood they require. As regards cotton, Bengal is situated in an awkward position. Certain railways charge a lower rate for cotton whereas others

charge high rates. They say that they have to reduce the rates when they have to compete with the steamers and so they have a sea competitive rate. If the sea competitive rate is profitable to them, as it is surely the case, why should not all the rates be cut down to the sea competitive rate? Anyhow so far as Bengal is concerned the cotton freight is such that it prevents cotton industry from developing in Bengal. In some cases while the railway cost of carriage has increased only 40 to 60 per cent the freight has increased from 150 to 250 per cent. You will be surprised to hear that the freight on cotton from Pindland to Madras is Rs. 12 per ton whereas from Ahmedabad to Madras which is a shorter distance by 70 miles the rate is also Rs. 12. The Railway will not put an end to these anomalies.

Next I shall come to Coal. You all know that in Karachi, Bombay and Madras we cannot compete with South African Coal. The Bombay Mill-Owners Association, and the Ahmedabad Mill-Owners Association as consumers of coal have requested Government to reduce the freights on Coal. We also of the Indian Mining Federation, requested that the freight on coal should be reduced. In spite of all these requests from the consumers and the producers Government have done nothing. The price of coal in the world has been reduced by 150 or 200 per cent, in some quarters even below prewar rates. But what has the Railway done? They have only made a reduction of 10 per cent in their freight. They said that by the reduction of freight by 10 per cent they would be losing 30 lakhs; but from the statement made in the assembly we now see that instead of losing 30 lakhs they have made a profit of 8 lakhs. The railways must embark on a bold policy and reduce the freight by 25 per cent, at least as an experimental measure and give it a fair trial. If the traffic earnings do not in the end justify the reduction, it may be revoked. The country is developing electricity and other kinds of powers and if Coal has to compete with the other forms of fuel, the freight should be reduced.

interests of the European traders. The Indian Industries have received absolutely no attention at their hands. This has been a longstanding complaint and the matter was placed before the Acworth committee who refer to it in the following terms in para 149 of their report; "It is an Indian grievance of old standing which was voiced in the Legislative Assembly in Delhi in 1925 by a distinguished Indian, now a member of the Executive Council of Bombay, Sir Ibrahim Rahimtoolah, that the Railways fix their rates to suit their pecuniary interests if indeed it did not to suit the interests of European merchants regardless of the effect of these rates on the Indian industries of India. We have no doubt that the charge is accepted as proved by a large number of Indian traders." In the circumstances of the case, what is the remedy? The remedy was suggested by the Acworth Committee itself. The committee unanimously recommended that the only remedy lay in the setting up of a body which would have jurisdiction to determine the reasonableness of charges and of facilities. As soon as this report was published the Government of India set up a committee; but the present committee is only advisory in character and we don't find any good results from it. The recommendations of the Advisory committee have no force or binding on anybody. They are no more than pious wishes. We want that this committee should be a statutory body. The present committee has no place in the antediluvian Railway Act of 1891; the Act should be amended and the committee should be given judicial functions similar to those discharged by the Rates Tribunal in England which discharges similar functions there. Its composition should also correspond to the Tribunal in England; it should be presided over by a lawyer and should be composed of two more members one to represent the railway interests and the other the trade interest. The Acworth committee recommended that in case of necessity this composition may be increased by two more, but on condition that the commerce and railway should be equally represented.

Above all this, we want that the decisions of this body should be binding on the railways. It should not be open to the Government or the Railway to over-ride the decisions of this body. The Acworth Committee also recommended that there should be a right of appeal to the Governor General in Council; but this is a matter of detail more or less with which we are not concerned. What we ask is nothing more than what the Acworth Committee unanimously recommended. They say that the European Chambers of Commerce are not opposed to this, nay, are even agreeable to this. They further say that the railway interests or representatives of the Railway accept it. When that is the case, when the European Chambers of Commerce are agreeable to it, and when the railway representatives that came before the Acworth Committee had no objection, I cannot understand why Government does not give effect to their recommendations.

There is also one other matter. The procedure to be followed by the Committee in regard to the complaints must be simplified very much so that even the meanest trader should be in a position to apply to the committee and ask it to investigate the matter. All that we are asking is a Statutory committee with judicial powers whose decisions will be binding, just like those of the corresponding body in England. When the Acworth Committee appointed by the Government itself have recommended the creation of such a committee I do not see any reason why the Government do not give full effect to their recommendations. With the above remarks I commend the resolution for your acceptance."

Mr. Haridas Laljee. (Buyers and Shippers Chamber, Karachi,) in seconding the resolution said :

"Brother delegates, I am very glad to second this resolution. The present position with regard to the railway rates is this. The Government are now having the brake of the motor in their

hands and want us to drive the car. It is impossible for us to do it. But what I want is and what the resolution says is, "Give the brake in our hands and let the Government drive the motor." That is all that we want. (Laughter). With these few remarks I heartily second the resolution."

The resolution was put and carried unanimously.

Resolution No. 8.

RAILWAY EXTENSIONS.

Mr. R. H. Gandhi.—(The Burma Indian Chamber of Commerce, Rangoon.) in moving the resolution said:

"Brother delegates, I have great pleasure in moving the following resolution :

'This Congress is of opinion that the construction of a railway line connecting India with Burma is an urgent necessity and recommends to the the Government of India to consider the advisability of constructing such a railway at the earliest possible opportunity.'

Gentlemen, I do not want to go into all the details and thereby inflict a long speech on you. I shall briefly summarise the position as follows. At present there are two railways, the Assam Railway and the Upper Burma Railway which are not financially in very good position. If we have a railway connecting these two railways, then these two railways will become paying propositions. Another point is that there is no direct communication by land between Burma and India. The only sea communication becomes dangerous in times of emergency. We saw how a single German ship Emden isolated the whole of India from Burma. Further, Sir, if a railway is opened between India and Burma trade would be developed more rapidly. Incidentally it would remove the difficulty to which the people

in the interior of Burma are put by having to travel all the way to Rangoon a distance of 800 or 1000 miles in order to catch the steamer to India. Moreover since the sea communication is the only one between the two countries, the steamer freights and fares are always kept very high in the absence of healthy competition. Sometimes the congestion of traffic is so great, especially in the harvest seasons, that the passengers have to wait for two or three weeks before they can get accommodation in the steamers. For all these reasons I urge the necessity of connecting India and Burma by rail and commend this proposition to your acceptance."

Mr. M. L. Dahanukar (Maharashtra Chamber of Commerce, Bombay) in seconding the resolution said:

"Mr. President, and Gentlemen, In seconding the resolution I wish to speak something about my experience of railway communications in foreign countries which have been opened up simply in order to foster trade and industries. It is clear that railways help to a large extent the growth of trade and industries. While in America I observed that the country had a network of railways touching even the remotest villages so that perishable goods might be sent to the nearest markets and best value realised for them. If there were no such railway facilities all the valuable goods will become rotten. When such is the case, it is highly essential that the two big countries, India and Burma, should be connected by rail. If we pass this resolution we shall be doing justice to the industrial and commercial communities in both the countries. There are also several other aspects of this question; but I do not propose to examine them here for want of time. But there is one other point which I should like to mention. If the railway is opened, the interior parts of the country which are now neglected will be opened up and plantations of tea, rubber and various other products will be brought into existence. This will engage the railways to a

considerable extent. There is no fear that any steamship company will suffer on account of the competition of the railways. Even though the railway is not remunerative in the beginning, in course of time when trade and industry develop it will be a profitable concern. I hope that this resolution will be passed unanimously by this Congress."

The resolution was put and carried unanimously.

Resolution No. 9.

KARACHI—BOMBAY SCHEME.

Mr. R. K. Sidhwa. (Indian Merchants' Association, Karachi) in moving the resolution said :

" Mr. President and Brother delegates, I have great pleasure in moving the following resolution:—

' This Congress appreciates the action of the Railway Board in sanctioning the reconsideration of the Karachi-Bombay scheme as per the resolution of this Congress last year and trusts that as the North Western Railway have completed the reconsideration of the scheme and sent to the Railway Board for final decision, the Board will expedite its decision and make a provision in the next budget.'

The resolution is self-explanatory and I do not want to go into details at great length. We are glad to find that our efforts in this direction have materialised to some extent. When His Excellency the Viceroy came to Karachi last September he assured us that the scheme would be taken on hand in 1929-30. My only request is that instead of 1929-30 the Government might expedite the matter and take it on hand even in 1928-29. The railway will not only benefit Karachi and Bombay, but will also benefit Kathiawar and Cutch and other places through which it

is expected to pass. This scheme has been waiting for the last 25 years; and it would be to the good of all concerned if it is taken up early and sufficient money provided in the budget of 1928-29."

Mr. Mowjee Govindjee Sheth. (The Indian Merchants' Chamber, Bombay) in seconding the resolution said:—

"Gentlemen, I should like to say only a few words in seconding this resolution. Till now all the resolutions that we have been passing mean either to protest against certain action of Government or to draw the attention of Government to certain grievances, but this resolution is different from the others in that it 'appreciates' the action of Government. A resolution of appreciation like this is indeed very very rare. Government after all, for the first time after the conquest of Sind by Sir Charles Napier have tried to do some justice to Kathiawar through which the railway is supposed to pass. This question has been waiting solution for decades past and we have been crying and crying, but all that was in vain. After all, this year we are able to pass this resolution of appreciation and let us all pass it unanimously. But please remember that the line is not constructed yet. (Laughter) Our request is that instead of in 1929-30 the money may with great advantage be provided in the next year's budget itself for the construction of the line. Though we are making the request the operative part of the resolution is one of appreciation and I would request you all to join with me in appreciating the action of the Railway Board." (Laughter)

The resolution was put and carried unanimously.

Sir Ibrahim Rahimtoola: (President) The Congress will now adjourn and meet again at 11 o'clock to-morrow.

SECOND DAY.

Friday, the 30th December 1927.

The Congress reassembled at 11 a.m. on Friday, the 30th December 1927, at the Pachaiyappa's College Hall, Madras, with Sir Ibrahim Rahimtoola, President, in the Chair.

The Congress proceeded to consider the Resolutions left over on the agenda paper.

Resolution No. 10.

INDIAN MERCANTILE MARINE.

Sir Ibrahim Rahimtoola (President): "I now call upon Mr. Narottam Morarjee, to move the next resolution, Resolution No. 10."

Mr. Narottam Morarjee (Indian Merchants' Chamber, Bombay), then moved the following resolution:—

- (1) This Congress reiterates the resolution passed at the Calcutta session on the question of the Indian Mercantile Marine and urges the following recommendations for immediate acceptance and action by Government:—
 - (i) Reservation of the coasting trade of India for vessels owned and controlled by Indians:
 - (ii) Starting and developing the ship-building industry in this country by liberal help from the state.
- (2) This Congress while welcoming the establishment of the Indian Mercantile Marine Training ship, 'Dufferin,'

in Bombay urges that another training ship be stationed for the Bay of Bengal and also strongly urges upon the Government of India to make it obligatory on the ships plying on the coast to recruit at least 50 per cent. of their officers from those who obtain the necessary certificate of competency after undergoing training on the training ship.

- (3) This Congress strongly objects to the 'Deferred Rebate' system and calls upon the Government to take immediate steps to abolish the same without any further delay.
- (4) This Congress further urges upon Government of India to nominate an Indian connected with Indian shipping on the sub-committee for considering the uniformity of the merchant shipping laws in the Empire as suggested at the Imperial Conference held in London in 1925.

In doing so, he said:—

"Mr. President and Brother Delegates, I believe that all of you have read the resolution on the agenda paper, and I do not propose to take up your time by reading it now.

"Gentlemen, the resolution I have the honour to place before you is one which does not require many words from me in support of it, as it is similar to the one which has been already passed by this Congress last year at its sessions at Calcutta.

"As you are aware, the whole subject of the Indian Mercantile Marine was thoroughly investigated and exhaustively dealt with by the Committee appointed by the Government at the instance of the Legislative Assembly. The recommendations of this Committee strongly backed up by the signatures not only of the Indian members of the Committee but also of their two

European colleagues including the President, have not yet been adequately responded to by the Government. As the report of the Committee was intended to consolidate the economic life of India in one very important sphere, the Government in a perfunctory way have decided not to take any action upon it. That is why we are urging not only for both the acceptance of the report and the necessary and immediate action thereon. This question is as it happens a subject upon which the Government should have done its duty long ago without waiting for any Committee. Do you think that the consideration of such an important question would have been indefinitely postponed if the report had been submitted to a National Government? If we had a Government of our own, I am sure this country would never have lagged behind others in respect of mercantile marine. The history of Indian shipping right down to the early decades of the last century shows that not only was Indian ship-building adequate for all the requirements of Indian trade but was also far-famed enough to have vessels built in India not merely for foreign merchant fleets but also for English and other fighting navies. The ships built in India out of Indian timber continued to have the predominant position until the transition stage when wood and sail were replaced by steel and steam. When this revolution in ship-building came about practically all the maritime countries saw to it that the transition was gradual and not prejudicial to the interests of their national industries. Here in India, however, unfortunately, the reins of power were in the hands of a foreign Government established to exploit the economic resources of India for the benefit of aliens living six thousand miles away. The policy of British Government in India, as we all know, has never been conducive to the economic good of India, but has always been directed for the sole benefit of England and other foreign countries. To reap rich harvest out of India's economic fields was the policy of the English Government and Indian industries were either forced or allowed to decay

and die. Shipping was one of them and no wonder when we realise the large amount of money that has been drained out of the country in the coastal trade of India alone, the country losing about twelve crores of rupees every year. In the overseas trade of the country, our annual loss exceeds the large amount of fifty crores. How long can the economic life of the country survive such a transfusion?

“Exploitation in the interests of the foreigners is the keynote of the economic policy of the Government. It is no doubt true that they have not got the courage to make a bold assertion of it. Their end is however gained by meeting strong national demands by insufficient and insincere arguments. It is stated that coastal reservation will mean a monopoly. The reservation policy will no doubt restrict the trade to Indian vessels but there is nothing to present in India as in other countries that have adopted a similar policy, the operations of all national steamers fulfilling equally the conditions laid down for them. We have now known well enough and long enough the sort of logic intended to cover their hostile policy detrimental to India's interests. It is further stated that reservation will harm the interests of the producers and consumers in India. The members of the Congress have been long accustomed to this pretended solicitude for the welfare of the Indians so recklessly exploited in the interests of the foreigner. It is difficult to see how a policy which will certainly save India several crores of rupees annually can be anything but beneficial to the whole country. Of course, there is one interest that will doubtless be hit and that is the British shipping monopoly in India, but they have been exploiting this business for the last 75 years during which time they have squeezed out enough wealth from the country to satisfy even an unrighteous mammon. We are therefore, gentlemen, quite justified in demanding the reservation of coastal trade of India in the interests of India's economic good.

That, however, is not enough. Besides coastal trade there is the much larger overseas trade of India in which the participation of Indian shipping would be developed by means of bounties and subsidies as has been done by other countries of the world including England, though she refused to acknowledge under one pretence or another. Subsidies will also be required to develop the ship-building industries in this country. It is of course understood that such subsidies will be given to concerns which are owned and controlled by Indians only. Next is the question of the manning of the ships which are engaged in the trade of India. As you are aware the Government have already established a training ship in Bombay. In view of the large size of the country, however, it is desirable that another training ship should be stationed in the Bay of Bengal so that the requirements of the adjoining provinces of Burma, Bengal and Madras may be adequately catered for.

Last but not the least important is the question of the deferred rebate system and the consequent hindrance to the development of Indian shipping. The facts are well-known to the business community and I would urge upon Government to take immediate steps to abolish the same without any further delay. If the measures that are advocated by us in this resolution are immediately adopted by the Government, I feel sure that within a reasonable space of time we will have in this country a Mercantile Marine not merely worthy of our Maritime past but also capable of meeting the modern trade and commerce of the country. With these words I place this resolution before you for your unanimous acceptance."

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta), in seconding the resolution, said:

"Mr President and Gentlemen, I heartily second this resolution. The matter is so obvious and so self-evident that it does not require many words to be said in support of it. The Government have understood fully well that a mercantile

marine is badly needed for India. But what they need is only a change in the angle of vision. (Cheers)."

The Resolution was put and carried unanimously.

Resolution No. 11.

INLAND WATERWAYS.

Mr. D. S. Erufkar. (Indian Chamber of Commerce, Calcutta), in moving the resolution, said:

" Mr. President and Brother Delegates, the resolution standing in my name runs thus :

This Congress, recognising as it does, the importance of water transport and limitations of railway transport in the industrial and commercial development of this country and having regard to the totally neglected state of the former strongly urges upon the Government of India the acceptance of an active policy of encouraging water transports and as steps toward such encouragement, recommends to the Government of India, the early adoption of the following measures:—

- (1) Provision of adequate specialised facilities for the working of coasting vessels and the shipping and landing traffic for the coast at the major and the minor ports on the coast of India :
- (2) Institution of an enquiry for the development of inland water communications with special reference to the unfair railway competition affecting them as unanimously recommended by the Acworth Railway Committee.

(3) Reservation of inland navigation to ships owned and controlled by Indians.

“ This resolution divides itself into two broad divisions, namely, (1) the limitation of the railways to cater for all the transport needs of this country and (2) development of water transport by (a) providing facilities for coastal trade, (b) protecting inland waterways against railway competition, and (c) reserving inland waterways to Indian-owned carrying companies.

“ In considering the suitability of a particular mode of transport, we must take into consideration mainly the physical conditions of the country as also the nature of the bulk of the traffic. India is a vast country extending over thousands of miles from east to west and from north to south with varying physical conditions and therefore requires not the monopoly of one mode of transport but different forms of transport as would suit best the conditions of the different parts of the country. Long distances and mountainous regions add to the cost of transport, making especially railway transport more expensive.

“ Then, the bulk of the internal traffic consists of low-priced agricultural produce meant for consumption by the Indian masses and very low cost of transport to move it from one part of the country to another becomes very essential. Again, our industries at present are in their infantile stage, and it becomes all the more important that there should be lowest possible charges on the raw materials to the factories and on the finished goods to the consuming markets. The intrinsic limitations under which the railways suffer in this country even if they wanted to grant sufficiently low rates cannot permit of such low and fostering rates. But conditions are much worse. The policy of rates making followed by the railway authorities in this country, as was disclosed before the Industrial Commission, has been detrimental to the development of Indian industries. The railway authorities have consistently encouraged, by means of favourable

rates, exports out of India of the raw materials for the factories of the manufacturers abroad.

“As against this, it is recognised all over the world, that water transport is the cheapest form of transport. India is particularly blessed by Nature with facilities for the development of this mode of transport. We have an extensive coastline extending to 4,500 miles. We have large rivers running over hundreds of miles. Besides this, before the advent of the railways, large sums of money were expended in making canals. But with the advent of the railways, the gradual but sure policy of the Government of India has been to foist the monopoly of the railways on the people of this country. Whereas in other countries including England, legislative safeguards have been provided to protect water transports from the wasteful competition of the railway authorities even though the railways in such countries are privately owned; in India, we find that the Government of this country has actually armed the railways backed by State guarantees of sure dividends, with special sanctions to eliminate water transport wherever it is found to be in competition with the railways. This gives a very clear insight into the attitude of the Government to encourage the monopoly of the railway to cater for all the transport needs of this country. So much for the limitations of railways and suitability of water transport for the needs of India.

“Now, I come to the first part of the resolution, viz., ‘Provision of adequate specialised facilities for the working of coasting vessels and the shipping and landing traffic for the coast at the major and the minor ports of the coast of India.’ As I stated already, India has an extensive coastline of 4,500 miles and here, again, the policy of rate-making by railways encouraged by the Government has been to concentrate traffic at five or six major ports only. There are, under the Indian

Ports Act of 1908, about 105 ports notified as such but the concentration of traffic at the five major ports has been so manipulated that even in the matter of the domestic trade, each of the five or six major ports command an export and import trade which is as much as, and in some cases actually larger than, the export and import trade of all the ninety nine minor ports put together. The railway policy of rate-making coupled with the want of adequate facilities at the minor ports is mainly responsible for this disappointing state of affairs. The railways want a long lead on the traffic they carry, and although the nearest minor port would be more suited to distribute the traffic in a particular district, it has got to, under the present arrangement, pass through the nearest major port and thus bear the longer haul, and in consequence heavier charges of transport have to be borne by the consumer from the major port to the destination, for want of adequate facilities for landing and shipping at the minor ports.

"Coming to the next part of the resolution regarding canals, I have to refer you to the instance of unfair competition by railways disclosed before the Acworth Committee. It was the South Indian Chamber of Commerce that pointed out that in consequence of the neglect by the authorities, instead of 30 ton boats as previously, only 20 ton boats could ply with difficulty on the Buckingham canal, making it uncommercial for boat owners to ply their boats in competition with reduced Railway rates. As I previously pointed out, before the development of railways in India, large sums of money were spent on the making of canals. But with the advent of railways the Government's attitude has been to encourage the monopoly of railways to the detriment of other modes of transport. In this connection, the illustrious name of the late Sir Arthur Cotton must be mentioned, who took up a very fearless attitude and warned the Government against a too hasty expansion of railways, and he proposed a network of canals, to meet the peculiar re-

requirements of the country. But the influence of the railways was so great that the recommendations of Sir Arthur Cotton were brushed aside, and now the Indian public has to bear the heavy burden of 7½ crores of rupees annually by way of interest alone on capital sunk by financiers in England, who control the transport policy in India to the detriment of Indian interests. The Acworth Railway Committee found serious difficulties in the way of Inland waterways. Years have passed, and it is incomprehensible why the Government of India are not taking any action on the unanimous recommendation of the Acworth Committee for a committee of inquiry into such grievances.

As for the third part of the resolution regarding the 'reservation of inland navigation to ships owned and controlled by Indians', I need not say much. It is quite obvious and necessary that the control of transport by inland waterways should be in Indian hands, if the best interests of India are to be served. The control of Mail transport being in the hands of non-Indian interests, Indian industries and Indian trade have suffered. Let us not suffer the same disability in the case of Inland waterways. With these few words, I commend the resolution for your acceptance (Cheers).

Mr. Sri Krishnadas (Indian Marchants' Association, Karachi), in seconding the resolution said:

"Mr. President and Brother Delegates; In seconding this resolution, there are one or two particular points to which I wish to invite your attention. The economic history of this country is such that in olden times our rulers built for us long and wide canals which served as a means of transport from one place to another. The British Government neglected this aspect of the whole question, and looked at the matter from their own point of view. The railways served them better, and they therefore pushed on a railway propaganda, and neglected the whole scheme or network of canals in the country so much so that not

only they did not construct any new canals but they actually neglected the navigability of the Indian rivers; so that today you cannot convey goods from one port to another with facility with the help of this inland source of navigation.

“I wish to invite your attention to one particular point, and it is this, that if we want to have our share in the world market and if we want to consolidate the whole of our country into one market for purposes of internal trade, there must be cheap methods of transport. The railways now enjoy a monopoly of it, and unless there is some agency of competition along with the railways, we cannot expect any improvement in that direction. If you will observe, you will find in any part of the world that wherever there are more than one railway line serving particular part of the country, on account of the competition the rates are reduced, but where there is only one line of railway monopolising the traffic, it does no good at all to trade, and there is no use of calling for any reduction of rates. We want water-courses or waterways specially in the case of our inland traffic. The railway lines of the Government and of the foreign companies ought not to have the monopoly as we find to be the case to-day. Even small boats owned by Indians can command much of the traffic, and thus we can develop our own industry. In the early days of British rule in India, those of us that are acquainted with the history of this problem know that about a hundred years ago a parliamentary Committee was appointed to investigate and report whether it should be the waterways or the railways that ought to constitute the medium of transport from one place to another. We, Indians, wanted that it should be waterways, and some of our English friends sympathised with us but, as expected, the report went against us.

“What do we ask at present? There is a double aspect to this question. So far as the coastal traffic is concerned, we have decided in the last resolution as to what we want, and,

so far as the inland transport is concerned, we want that Government should give us adequate specialised facility. Without adequate specialised facilities, we cannot create that keen competition among carriers which is quite necessary for us when our industries are in a state of infancy. When we ask for special facilities, they may say 'free trade is our policy', but do they remember how they have developed their own shipping industry in England. They should not have forgotten that at one stage of their industrial history they thought it necessary to prohibit the influx of foreign ships into English ports other than ships of British make. In the days of Cromwell, he passed a law in Parliament which provided that goods shall not be carried into England except in bottoms of steamers made in England and owned by Englishmen. So I put it to you thus: if to-day we, Indians, ask for little more facilities from our own Government who boast of their sympathy for Indian aspirations and for Indian industrial development, are we asking for too much?

"This resolution says that the inland traffic should be reserved for Indian owned boats. We know well that the Acworth Railway Committee recommended certain means for the development of the coastal trade and inland waterways. Why have the Government kept quiet over it? Whenever the recommendations of the Committees and Commissions appointed by Government go against the interests of this country, the Government come forward and issue press communiques to put them into effect, but when the recommendations do not suit the purpose of the Government, they keep quite, and we only protest against it. I only like to point out to you that what we must demand more than anything else is that for inland navigation the shipping must be restricted only to those boats that are owned and controlled by Indians, so that we may be able to revive an old industry which we once possessed, in which we once attained glorious prosperity, and which today, alas, is a forgotten thing, and without which we cannot make any big headway in our

industrial progress. With these few words, I commend this resolution to your acceptance (Cheers.)"

The Resolution was put and carried unanimously.

Resolution No. 12.

INDIA'S REPRESENTATION ABROAD.

India's Representatives at International Conferences.

Mr. S. N. Hajee, M. L. A. (Indian Merchants' Chamber, Bombay) moved the following resolution.

This Congress is emphatically of opinion that India should be represented at all International and Imperial Conferences by Indians only and always by a full quota of delegates and advisers and strongly condemns the policy of appointing non-Indians to be her representatives at any such Conferences and, while welcoming the endorsement by the Credentials Committee of the ninth International Labour Conference of the fundamental principle that the delegation of a country to the Labour Conference should be national in character, urges upon the Government of India that the nomination of such representatives to the League of Nations, and other Conferences should be from a panel of representatives elected by the Legislative Assembly and the nomination of representatives to the International Labour Conference, and the like Conferences should be from a panel of representatives elected by the Federation of Indian Chambers of Commerce.

- (b) **This Congress re-iterates its demand that the High Commissioner for India should always**

be an Indian and that he should be placed in the same position as the High Commissioners of different self-governing colonies with regard to representing their respective Governments at International and Imperial Conferences.

- (c) This Congress recommends the name of Mr. Narottam Morarjee to represent the Employers in this Country at the eleventh session of the International Labour Conference and the following gentlemen as his Advisers :

Mr. Debi Prasad Khaitan,

Mr. P. Mukherji, President,

The Punjab Chamber of Commerce,

Mr. R. K. Shanmukham Chetty, M.L.A.

and Mr. K. M. Desai, Secretary, Burma Indian

Chamber of Commerce.

- (d) This Congress protests against the arbitrary method adopted by Government in the nomination of the Indian Delegation to the World Economic Conference of 1927 intended to focus the non-official public opinion of the important countries of the world which turned out to be inadequate in number, partly non-national in composition and altogether lacking the confidence of the people, and urges upon the Government to make such nominations in accordance with the views of the Indian Commercial Associations in this country.

In doing so he said :--

“ Mr. President, and Gentlemen, I wish to draw your attention to a few points which this resolution desires to bring to the notice of the Government of India with regard to the representation of India at Imperial and International conferences. There is an important difference between the position of India with regard to the Empire itself and with regard to the other international organisations at Geneva. So far as London is concerned, within the Empire we are not even in the last rung of the ladder; we are simply in front of the ladder so that any one who is going up the ladder may stumble upon us. Our voices, however loud we may cry, are never heard. But under the Treaty of Versailles which created the League of Nations we have got an equal status with all the other nations of the world that meet at Geneva. It is doubtless an anomaly that while India is on a higher footing with regard to the international conferences, within the Empire itself she has not got that position. But that is a point to which our politicians are directing their attention and we as commercial men need not trouble ourselves much about it. But our trouble arises when the Government of India manipulates the delegations in such a way that even in International Conferences we are treated as if we are an inferior member of the Empire, and an inferior partner in the comity of nations. It is just and proper that not merely within the Empire but also in our external relations India should be given its due place which she is entitled to according to the various International treaties signed by her after the Great War. The means by which England manages to keep India down in International Conference is by arranging the composition of the Indian delegation in a way which will not be tolerated by any self-respecting or self-governing country. For example with regard to the League of Nations, though it is necessary that the representatives should have the mandate of the State, India is the only country where her

representatives have no such mandate. Because the Government here is foreign, the Indian delegations sent by the Government cannot speak for the country with the same authority with which other delegations speak for their respective countries. It is essential that the Indian delegation should be chosen by the people themselves and not by the foreign bureaucratic government. There should be only Indians on the delegations and the persons chosen should be such as will command the confidence of the people when they are representing. Usually the Government of India select as their delegation a Raja, a high official of the Government or a retired Governor and another Indian who is more in the confidence of the Government than of the people. Even here, the delegation has always been headed by a non-Indian. This unsatisfactory state of affairs should be removed and we should see that the Government do not deprive us of the position of equality to which we are entitled by the treaty of Versailles. We should bring pressure to bear on the Government so that our object may be achieved in no time. No country in the world would tolerate such a state of affairs, but because India's political position is weak, the status given to her in the comity of nations has been abused by the British Government in its own interests.

But in the matter of the International Labour Conference the position of India is much stronger. But even there the delegation has not always been to the satisfaction of the Indian people. It is a strange fact that the Government of India do not see eye to eye in all matters with the people of India. The experience gained by the delegates to these various conferences at Geneva is not made available to the people of India since many of them leave the country for ever. The International Labour Conference is attended by representatives of the various States, the employers and the employees. In India there are not many European employees who would by their trade unions and other organisations make their voice felt. Hence the labour representative has been an Indian. But with regard to employers the Government did

not choose either an European or a Government official. They have a very nice way of manipulating the appointment. In this country a large number of employers are Europeans. Now they as such should have no say in the matter of Indian Employers' delegate. For instance if there are European employers in Germany, France and Argentine and Chille those states do not send Englishmen to represent them at the International Labour Conference. But in India, since the Government of India is English in character they manipulate the nominations in such a way that an European is sent. Our Associations put up a strong fight against this course and fortunately, last year we got the nomination of an Indian. It is not known what the Government are going to do in future. The next important point is that the delegation should not merely be Indian in character but should also be National, and should represent the Indian organisations. There is no use in being satisfied with an Indian who has made himself a tool in the hands of the European organisations. The delegate must be chosen by the Indian industrial and commercial organisations.

The resolution that I have put before you will, if passed by you, give additional strength to the nominations of Indian gentlemen which the various industrial and commercial organisations in the country have made and which we have mentioned in paragraph (c).

The President: Mr. Haji has exceeded the time limit; but as the subject is an important one I allow him a short time more. I hope he will try and finish soon.

Mr. S. N. Hajee: I am grateful to the President for having allowed me a little more time and I shall finish soon.

With regard to the representatives of Labour at the Geneva Conference the employers are entitled to have one delegate and two advisers for each of the items that come up before the

Conference. Since in the forthcoming Conference there are to be two items, the resolution recommends four advisers to accompany the delegate chosen by us. The names that I have placed before you are well-known to you all and no words are necessary from me about them. I hope that you will unanimously recommend those persons. Unless we take action early, a time will come when Indians will not be sent to represent India in any of the International Conference which are more and more becoming the order of the day.

Last year, under the auspices of the League of Nations the World Economic conference was held. It was laid down there that the various countries should be represented by non-officials. In European countries the trouble does not arise, because officials and non-officials are in the confidence of the people so far as the fundamentals are concerned; but here the divergence of interests are so great that none but Indians in full confidence of the people of the country can do full justice to the country. But instead of sending such Indians the Government sent one European and two Indians who did not command the confidence of the people. Though the fact was brought to the notice of the Government they were stubborn and refused to change the composition of the delegation. The result was the India was misrepresented at Geneva. On various questions such as transport, protection and other matters that came up before the Conference, the delegation took up a position which was not entirely in consonance with the real state of affairs. In the report which they submitted to the Government of India on their return we were surprised to see many things which they mentioned. I hope, Sir, that by passing this resolution we will be telling the Government of India that we want in future such delegations to the International and Imperial Conferences should be composed of representative Indians, national in character and able to voice the real feelings of India in all matters that come up before such conferences.

Once again thanking the President for allowing me some more time to deal with this important matter, I put this resolution before you and am sure that you will unanimously accept it."

Mr. W. C. Bannerjee: (Indian Mining Federation, and Bengal-National Chamber, Calcutta) in seconding the resolution said :

"Brother delegates and gentlemen, I have great pleasure in seconding the resolution so ably moved by my friend Mr. Hajee. I do not think any more speech is necessary from me to commend this proposition to your acceptance."

The resolution was put and carried unanimously.

Resolution No. 13.

Report of the International Economic Conference regarding
Import and Export International Draft convention.

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta) moved the following resolution.

"This Congress while appreciating the desirability of facilitating the growth of International Economic and Industrial relations is strongly of opinion that the time has not yet come for this country to commit itself in any way to the draft International Convention of the International Economic Conference with regard to the abolition of Import and Export prohibitions and restrictions in view of India not being economically and industrially sufficiently developed compared with advanced western countries."

In moving the above resolution he said :

"Mr. President and Brother delegates, this is a very important resolution. Mr. Haji has already explained to you how the delegation selected to represent India at the World Economic Conference did not command the confidence of the country. In spite of the protests in the country voiced by no less a person

than Sir Parshotamdas Thakurdas the Government insisted on sending that deputation. The country had reasonable grounds to fear that the delegation going to Geneva would lend their support in the name of India to measures which are prejudicial to the best interests of India. It is all very well for India to take part in World Economic Conference, but it must not be forgotten that the economic conditions in India are entirely different from those prevailing in the western countries. We must advance much further in Agriculture, Industry and Commerce before we can stand on our own legs. It is not by a dose of appreciated exchange and such other acts that we can advance. Under the circumstances, I hope that no words can be strong enough to record our protest against the resolutions passed by the World Economic Conference to which the so called delegation sent from India gave their support. (Hear, Hear). I commend this resolution to your acceptance."

Mr. G. Narasimham (Southern India Chamber of Commerce, Madras) in seconding the resolution said :

"Mr. President and brother delegates, I have great pleasure in seconding the resolution so ably moved by my friend, Mr. Khaitan. For a long time India has been the dumping ground of the foreign manufactured goods and the nascent industries in India have not yet received sufficient protection and they have not got sufficient strength to compete with the well-organised and long-standing industries of the western countries. Further, steps have yet to be taken for giving them the necessary protection in their infancy. Under these circumstances, we cannot agree to any measure which will prevent us from developing our own Industries and commerce. I commend the resolution once more to your acceptance."

The resolution was put and carried unanimously.

Resolution No 14.

EXPORT DUTY ON HIDES.

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta) moved the following resolution :—

“That this Congress is strongly opposed to the idea of altering the duty into a cess, and confirms the Resolution passed in the Calcutta Session of the Congress to the effect the Export Duty on raw skins and hides be retained and increased to 15 per cent.”

In doing so he said:

“Mr. President and gentlemen, this is one of the matters to which we draw the attention of the Government. The Tanning Industry was initiated in this country during the war. Then Government levied an export duty of 15 per cent on hides. But a cry was raised against this duty and it was reduced to five per cent. Again an artificial agitation has been raised even against this meagre duty and Government in order to placate the foreign interests invoke the resolution of the World Economic Conference to their aid and want to remove the duty. They say that the export duty may be removed and converted into a cess. It will be levied on the export of hides and skins. Ultimately it will become an excise duty. We have had to clamour for half a century before the cotton excise duty was removed. Once India consents to convert the duty into a cess, the tanning industry may in a short time disappear from our midst. If the export duty is retained, the export duty will have to be paid by the foreign consumer. The Tanning Industry also will be protected. On account of the imposition of the export duty the industry is slowly developing; if it has not developed as much as it might have been it is undoubtedly due to the fact that the duty has been reduced from 15 to 5 per cent. in order to benefit the foreign manufacturers. I am sure, Sir, that you will have no hesitation in giving your strong support to this resolution.”

Mr. Md. Ismail (Southern India Skin and Hide Merchants' Association, Madras.) in seconding the resolution said:

“Mr. President and fellow delegates, in seconding the proposition put before you by Mr. Khaitan, in his characteristi-

cally able manner, I wish to emphasise the fact that the resolution in addition to protesting against the proposed alteration of the duty into a cess affirms also the previous resolution passed by the fourth session of this Congress at Calcutta asking that the present export duty of five per cent be not only retained but increased to 15 per cent. As you all know, India abounds in raw skins and hides. Our requirements of leather are not so great as to consume all the leather produced in our country or even a good portion of it. We require only a very small fraction of it. Therefore we have to find an outlet for the surplus which forms the major portion of the produce of skins and hides. And the world abroad requires our skins and hides. The question now is whether we are going to supply them in the raw state or in the manufactured state, whether it is to the advantage of our country to allow the foreigners to exploit our raw resources or to have those raw materials manufactured here and then send them out to the foreign countries in the tanned state. Of course the answer is clear. But then there comes the foreigner who wants to feed the tanneries of his own country; he does not want to take our tanned goods and thereby pay our labourers the wages for tanning. In addition to getting our hides and skins they also want to get profits of the tanning as well, which will be the case when the tanning is done by their own factories. This has been repeatedly brought to the notice of the Government. We should not be a party to allowing our raw materials to be taken out of the country especially when our country is in a position to convert those raw materials into manufactured articles. Moreover, sir, the tanning industry is not in an experimental stage. There is nothing speculative or problematic about it. It is a well established industry. We can convert the raw skins and hides into tanned ones and the world has also been satisfied with our tanned articles. That being so, we cannot understand the stepmotherly attitude of the Government in not coming to the help of the tanning industry.

Mr. Khaitan pointed out that the Government invoked the aid of the resolution of the World Economic Conference. Government reserves to themselves the right to accept or reject the resolutions of that Conference. I do not see why in this case, the Government should want to accept the resolution of that Conference, especially as it goes against the wish and interests of the people of India. If the Government wanted to reject any resolution of that Conference it is such resolution as this more than any other that must be so treated by the Government. The tanning industry is somewhat different from the other local industries in that almost all the products of this industry are exported for outside consumption leaving only a very negligible proportion of it for internal consumption while in the case of some other industries a good portion of the products are used in the country itself. Further the imports of manufactured leather is very small. The export of raw and tanned hides and skins comes to about Rs. 14 or 15 crores of rupees per annum; whereas the import of finished leather into the country is very very small and comes only to about 80 to 95 lakhs of rupees per annum, i. e. about 1/16 of the total exports. Therefore whatever amount of duty is levied on the finished articles which are imported into this country, it will not in any way protect the tanning industry of the country. That it is the reason why we say that the resolution of the World Economic Conference cannot apply to this industry and cannot be given effect to in this case. Government admit in the communique addressed by them to the local Government regarding the alteration of the duty into a cess that the removal of the export duty would affect adversely the tanning industry in India. They also admit that the removal of the duty would not benefit the primary producer in many parts of the country. Then I ask in whose interest are the Government going to remove the duty and convert it into a cess? They sometimes speak of a conflict of interests. If at all there is any conflict of interests it is there only between the Indian tanning industry and the foreign tann-

ing industry which wants to prosper at the expense of our industry. In this conflict, there can be no doubt as to the interests which are to be espoused by the Government of this country.

We urge that the duty must be retained and must not be altered into a cess. Even at the present rate of the duty the foreign competition is proving disastrous to the tanning industry which has not been able to make much headway. We urge once more on the attention of the Government as we did last year in the Calcutta session of the Congress that the duty should be raised to the original level of 15 per cent. With these remarks I beg to second the resolution placed before you."

The resolution was put and carried unanimously.

Resolution No. 15.

EXPORT DUTY ON LAC.

Mr. M. P. Gandhi (Indian Chamber of Commerce, Calcutta), in proposing the resolution, said:

"Mr. President and Brother Delegates, I am asked to move the following resolution:

This Congress is of opinion that a protective Export duty should be imposed on unmanufactured lac or that some other suitable and adequate steps should be taken with a view to preserve and develop the shellac manufacturing industry in India.

"It is common knowledge, gentlemen, that after the war trade and industries have been and are in a very depressed condition for various reasons, into the details of which we need not enter just here and now. The lac-manufacturing industry has also suffered a similar fate along with the other industries. An idea of the slump in the lac trade can be had by a glance at the statistics of the export of unmanufactured lac from this

country. During the last five years there has been a phenomenal increase in the export of lac. In 1922-23, the export of seed and stick lac was 7,631 cwts., whereas to-day the export of lac is about 1300% in magnitude as compared with 1922; that is to say 96,609 cwts of lac were exported from this country during the last year. On the other hand, prices of shellac fell, and our exports of manufactured shellac decreased in value from Rs. 5.76 lakhs to Rs. 4.32 lakhs, i. e. a drop of Rs. 1.44 lakhs. Both these facts point to the conclusion that the Indian lac manufacturing industry is losing ground and that it is faced with a serious competition from foreign countries, where attempts are being made to manufacture lac from shellac.

“The problem, therefore, is, how we can help our industry, if we want to save it from extinction. Ordinarily, a levy of an adequate protective duty should be sufficient for the purpose. In the present instance, however, a protective duty on imports will not solve our troubles, because the competition we have to guard against is not so much in the internal market, as in the foreign market. The other alternative, therefore, is to levy a protective export duty on unmanufactured lac, which alone, as in the case of raw hides and skins, can prove effective; for, while on the one hand it will restrict the export of unmanufactured lac, on the other it will give an impetus to the manufacture of shellac in the country.

“The Fiscal Commission, on which you, Sir, had the honour to serve as the President, expressed their general disapproval of export duties as a method of granting protection principally on the grounds that such duties tended to be high and that there was an alternative method of protecting home industries by an import duty. As pointed out before, the latter ground is inapplicable in the present instance. In regard to the former, viz. that the duties tend to be high, the Commission did not, I fear, recognise sufficiently that in the case of manufactured lac, speaking

roughly, 80% of the cost of the production consists of the raw material, and therefore a modest duty of say only 10% would be all that is necessary. What is more, this view of the Commission was, I am afraid, arrived at in ignorance of two important conditions of the present case which now favour an export duty. I mean, firstly, that in 1922, the Commission could hardly anticipate the volume of export of unmanufactured lac which we have witnessed since, and secondly that the views of the Commission were formulated in recognition of a possible substitute for manufactured shellac which would mean a complete loss of shellac trade in India. Happily, however, for us, these fears have been dispelled, as it is found that shellac has several advantages over synthetic lacquers and as such cannot be replaced by the latter.

“The Indian Taxation Enquiry Committee also admitted that in certain circumstances a protective duty on export of lac is justifiable. You will agree, gentlemen, that a clear case has been made out to justify the imposition of an export duty on lac. But, before I finish, I would like to meet another argument likely to be advanced by the Government, on the strength of the recommendations of the World Economic Conference that export duties should not be levied save under exceptional situations, as they put the foreign manufacturer in a position of ‘unfair inferiority.’ For one thing, gentlemen, it is difficult to understand how the foreign manufacturer suffers from ‘unfair inferiority.’ You are doubtless aware of the numerous instances in which the foreign manufacturer has been placed in a position of ‘unfair superiority’ by the Government of India. The latest instance of the exchange ratio furnishes an excellent example of how a virtual bounty of 12½ per cent. was conferred by our Government on the foreign manufacturer at the cost of and detriment to this country’s best interests. What is more striking is the attitude of the Government in putting forward the recommendations of this and similar conferences whenever it is convenient to them to do so, irrespective of all considerations

as to whether the forthwith and wholesale adoption of such recommendations at the present stage of India's industrial development is in the best interests of the country. Why the Government do not evince even an equal anxiety to accept the recommendations made by Committees and Commissions and Tariff Boards, in this country, after a very careful consideration of India's particular needs and requirements and even the personnel of which is very carefully selected by the Government themselves. is a proposition which passes beyond one's comprehension. Instances are too numerous to be cited of cases where the Government have taken no action on the reports of such Committees and Commissions. Besides, is any Government in the world guided by the effects that its economic policy would have on the foreign countries, if it is calculated to protect the home industry? Is the Government policy in matters economic to be determined by the consideration of the foreigner's interests or by that of interests of the sons of the soil, which our Government claim to hold as a 'sacred trust'? Did, for instance, I would like to ask, the Government of England give us much as a passing thought to the detrimental effects of the complete prohibition of Indian muslins in 1821, on the Indian industries? Did they consider the effects of the famous Navigation Laws on Holland and Germany? Even in cases of other foreign countries, are not the instances rare where the passing of a particular legislation to carry out a policy of protection and preservation of domestic industries was abandoned out of a philanthropic consideration of its effects on others? Even if it be so, in the present case, fortunately, no such harmful effects are likely to follow on other countries.

"Surely, it cannot be that 'trustees' still desire to make India a dumping ground for their manufactures, by retarding our industrial development. It is time that the Government realised that free trade which suits other countries at their present stage of development cannot suit India till it comes into a line with the

others in the matter of its industrial development, and pursued a policy, as pointed out by Sir Ibrahim in his able Presidential Address, which would bring prosperity to this country which in turn will bring prosperity to Great Britain. Our Government should adopt forthwith a bold policy calculated to develop India's industries. If, however, protection by means of an export duty is not a proposition that appeals to our Government, out of deference to the recommendations of the World Economic Conference, they can very well adopt the alternative method, approved by that Conference, of levying a cess on the export of raw lac, like the Tea Cess. Let the Government accept any suitable and effective method of protecting this industry. What we want and want urgently and surely is that the Government should take adequate steps to ensure the safeguarding, preservation and development of the shellac manufacturing industry in India.

"I now commend this resolution, gentlemen, to your unanimous acceptance. (Cheers)."

Mr. N. Sen (Indian Tea Planters' Association, Jalpaiguri) in seconding the resolution, said:

"Mr. President and Gentlemen, the whole case in favour of this resolution can be put in a nutshell, and it is this: something like 6 to 7 crores of rupees worth lac and shellac are exported from this country. Indeed, if they are going to take the lac and not the shellac from us, hundreds and thousands of workmen who are engaged in manufacturing shellac from lac, in our country, would be thrown out of employment. Now, what are we to do under those circumstances? Commonsense dictates that the only recourse that is left to us is to make it more expensive for them to take the lac from India than shellac. In that case, they will be bound to take shellac from us.

"Now, gentlemen, there is another factor. They cannot take shellac from other countries, because India is the only.

country which produces lac and as shellac is manufactured from it they must have to take shellac from us. We can leave aside for all practical consideration the 3 or 4 per cent. of the supply of lac that they may get from Siam and Burma.

“Under those circumstances, the only thing that we can do ourselves in order to preserve our lac industry, which affords, as the Bengali proverb goes, a ‘reserve of bread’ to our poor cultivators, is to bring pressure on the Government and ask them to take the necessary steps outlined in this resolution. It is, in this spirit, that I beg heartily to second this resolution placed before you (Cheers).”

The Resolution was put and carried unanimously.

Resolution No. 16.

IMPERIAL PREFERENCE.

Sheth Walchand Hirachand, (Indian Merchants' Chamber Bombay), in proposing the resolution said :

Mr. President, Brother Delegates, Ladies & Gentlemen,

The resolution with which I am entrusted runs thus:—

“This Congress deprecates the methods adopted by the Government of India for the introduction of Imperial Preference as evinced in the passing of the Indian Iron and Steel Act 1927 and the terms of reference of the recently appointed Cinematograph Committee.”

Imperial Preference has not always been a favourite even with the Government of India. Before it came to be considered merely as a subordinate branch of the India office, it had its moments of clear vision untrammelled by outside considerations and sometimes appreciation of real benefits to this country. Thus when the question came up even before such an autocratic

Viceroy as Lord Curzon, he put it down strongly as adverse economically to this country's interest. Not much was heard after this though off and on attempts were made to inveigle India into a sort of Imperial Zollverein. It was the war and the consequent accentuation of the cult of the Imperialism which fostered and developed the idea very much, specially as Great Britain found herself in the throes of an economic crisis and the figures of unemployment rose. India has been the proverbial milch-cow of the Empire and in this hour of economic need, attention was directed to her. The economic exploitation of this country has been going on for years and some methods were required to be adopted for a greater exploitation. Times however have changed and some consent of the Indian Legislatures was required to sanction the exploitation. Hence attempts were made and are being made to get India accord her consent to the Principle of Imperial preference. One of the biggest efforts in this direction was made when the Fiscal Commission was appointed to get them bless the scheme of Imperial preference. Even the majority of the Commission consisting of Englishmen and two Indian gentlemen laid down that free consent of the Legislature was essential and added various restrictions, thanks to the farsightedness and economic knowledge of our President of this session, there was a strong minority report which knocked the scheme on the head and boldly declared that India could not participate in any scheme of Imperial Preference till she was placed on an equal political status with the self governing Dominions of the Empire. India is prepared to do her bit if she is considered a part of the Empire with the same rights and privileges as are enjoyed by the colonies like Canada and Australia or South Africa. Canada can send an Ambassador to the Court of the United States, Africa can change even her flag, but India cannot even have her Trade Commissioner in any Country? If India while thus being outside the inner circle of the Empire chooses to enjoy the luxury of

Imperial Preference the result will be disastrous. Imperial Preference will mean that a wall will be raised, however small at first, against the imports of foreign countries like Germany or Japan or the United States which have always been good customers of this country. The natural result will be that these countries will adopt a policy of economic discrimination against India. The Indian Legislature has not upto this time given a direct approval to the principle of Imperial Preference, but when it could not be got directly, it has been attempted to smuggle it in and already one such attempt has proved successful. This is the Indian Iron and Steel Protection Act. When the bill was on the anvil of the Assembly, warning voices were raised by some of our Chambers against the insidious manner in which the principle was incorporated in it. Unfortunately some of our own representatives in the Assembly could not, because of their being non-commercial people, perceive the implications and supported the bill which has been passed into law. I shall give you here a pertinent instance to show what it has led to already. A leading Port Trust called for some tenders for some steel work. The Continental tenders which were received were cheaper than British ones in C. I. F. prices but when duty was added on to the prices the British proved to be cheaper and were accepted. This instance probably one out of many, goes to show that the effect of the iron and steel bill is to give a preference to British Manufactures. No wonder that Japan is reported to be contemplating impost of a heavy duty on the imports of Indian pig iron. Smuggling is a great temptation always, and especially to a successful smuggler. The Government of India proved to be a successful smuggler in the Iron and Steel Act and so have tried the same game again with regard to the Cinematograph Inquiry. Now this inquiry, whatever else it may be, is not and could not be concerned with vital questions of national economics. Notwithstanding this, it has got as a main term of reference investigation into this question of Imperial Pre-

ference and naturally has got some questions also bearing on it. The British Cinematograph Industry is in its infancy and is not able to make any headway against American competition, but surely this is no reason why this country should be asked to be penalised and to give preference to British films which may also as a side line teach us how to be good boys and loyal to the Empire. I realise that the Chairman of the Cinematograph Committee tried to meet this charge of smuggling in Imperial Preference by remarking in his opening speech that no such thing was intended. Unfortunately the 'Times of India' which may be deemed to be in greater confidence of Government than Dewan Bahadur Rangachariar came out with an attack on him for this repudiation. It is clear therefore that a determined attempt will be made to get the principle of Imperial Preference accepted as a result of the Cinematograph Committee whose verdict on the same may be anticipated looking to the personnel of the Committee. This Congress should therefore pronounce in unmistakeable terms against Imperial Preference so that a lead may be given to all our Indian Chambers and Commercial Associations. The doctrine as it stands is prejudicial both politically and more particularly commercially. It may come in actual practice to mean giving preference to British piece-goods and other products which will flood our markets to a greater extent than they are doing at present and getting preference in exchange for an article like tea for instance which is an industry mainly in the hands of non-Indian interests. A time may come when the Government of India will no longer be considered as a sort of an agent to the Board of Directors sitting in London, as was so expressively put by our President in his speech and when the Indian Legislatures will be free to pass what measures it likes for the betterment of our conditions. It will then rest with them to negotiate on a basis of equal partnership for commercial advantages and preferences. For the present, however, we cannot do anything else than oppose Imperial Preference whether introduced directly or indirectly.

With these remarks I commend this resolution for your acceptance (cheers)."

Mr. C. Gopala Memon, M. L. C. (Southern India Chamber of Commerce, Madras), in seconding the resolution, said :

"**Mr. President and Brother Delegates**, within the time at my disposal, I do not think I can do full justice to this subject of Imperial Preference, but I will say a few words on some of its more striking features.

"This resolution, though it deprecates only the methods adopted recently by the Government of India for the introduction of the principle of Imperial Preference in the tariff policy of India, I am sure the Indian commercial community is in spirit thoroughly opposed also to the principle of Imperial Preference and to its acceptance at the present stage of our industrial evolution.

"It is in that same spirit that the Indian commercial community strongly protested against the removal of trade barriers proposed at the last International Economic Conference. This policy of Imperial Preference was condemned in unequivocal terms by the Government of Lord Curzon, who, nobody will deny, was an Imperialist among Imperialists, as unsuitable to Indian conditions. It is, therefore, a matter for regret, Mr. President, that in recent years, we have been drifting rather unknowingly into a policy of preference to Empire goods and our tariff is showing increasing solicitude for the Empire. In 1919, the skins and hides export duty was raised to the level of a general duty of 15 per cent, with a preferential duty of 5 per cent. to Great Britain. Then came the Steel Protection Act, and the recent raising of the yarn duty. Finally, we are facing the terms of reference of the Cinematograph Enquiry Committee, in which the Committee have been specifically asked if they could recommend any methods necessary for encouraging Empire films."

"In this way, the policy of economic independence and self-sufficiency for the Empire as a separate economic unit has been growing in recent years. There is, no doubt, that in the face of severe commercial competition from the highly industrialised countries like Germany, France, United States, Czechoslovakia, Ugoslavia and other countries the order manufacturing countries have to look round for self-protection. That is why we see proposals for rubber growing in Liberia and cotton growing in Uganda.

"But the question is, has India developed her industries to a sufficiently advanced stage or is she content to remain till the end of time as an exporter of raw materials? The share of the United Kingdom in the share of the Indian export trade is only 21 per cent, which means that we are going to get the advantage of British preferential tariff only to the extent of 21 per cent. of our export trade, while the share of the United Kingdom in our import trade is as much as 50 per cent., which means that by conceding preferential rates to Great Britain we are saddling ourselves with a recurring loss covering over an extent of 50 per cent of our import trade and what is more, we shall be forgetting the lesson that we learnt with bitter experience during the war that every country whose agriculture and industries are not sufficiently developed to support its people in times of emergency will find itself helplessly left to its own resources. That danger is much greater in the case of a country whose import and export trade is dependent to a great extent on the fortunes of a single foreign country. Already a vast proportion of our imports come from the United Kingdom and a number of our exported articles like tea, rubber and skins and hides pass through the London market though their ultimate destination might be Moscow or Hamburg or New York. Any policy of Imperial Preference pursued in our Tariff is therefore going to increase that *entrepot* trade of London resulting in greater loss of revenues to us

and greater cost to the Indian consumer by 'having' to pay an extra middleman.

Another interesting feature of this policy is that the articles on which Great Britain has been good enough to grant preferential duties to Empire countries are mostly foodstuffs and other necessities of life, like coffee, currants, raisins, tea, tobacco leaf, cigars, silk raw and manufactured etc., while the industries of our country that run the greatest risk of annihilation by the grant of preferential duties are the key industries of textiles, steel, chemicals etc., which figure so largely in our import trade from the United Kingdom, and which industries we are endeavouring at great cost to maintain and strengthen. I am therefore convinced that we have very little to gain by adopting a policy of Imperial Preference, but have rather very much to lose thereby.

On this question, let me, Mr. President, advert to the opinion once expressed by the Government of India itself which was: that (1) without any such system India already enjoyed a large, probably an exceptionally large measure of the advantage of the free exchange of imports and exports (2) that if the matter were regarded exclusively from the economic standpoint, India had something but not perhaps very much to offer to the Empire that she has very little to gain in return; and that she had a great deal to lose or risk; and (3) in a financial aspect the danger to India of reprisals by foreign nations, even if eventually unsuccessful, was so serious and their result would be so disastrous that India would not be justified in embarking on any new policy of preferential trade unless assured of benefits greater and more certain than any which had so far presented themselves to the Government of India. Again, in their despatch of 1903, the Government of India frankly stated thus: "All past experience indicates that in the decision of any fiscal question concerning this country, powerful sections of the community at home will continue to demand that their interests, and not those of India alone, shall be allowed consideration."

Speaking in the House of Commons in 1908 Lord Curzon reiterated these views. He observed : " What has been our experience in the past in India of the manner in which the influence and the power of the Secretary of State as the ultimate ruler of India are exercised in the direction of the fiscal policy of India ? It is, that, in fiscal matters the Government of India has to take the views of the Secretary of State whether he agrees with them or not and these views are more likely to be guided and shaped by English than by purely Indian considerations.'

In a note submitted to Mr. Montague and Lord Chelmsford, Sir Ibrahim Rahimtoola, our worthy President here, made out a strong case in favour of the grant of fiscal autonomy to this country so that India might utilise her opportunities for enriching herself and helping the consolidation of the Empire. He believes that free trade is unsuited to the conditions of India and strongly supports the demand for protection and fiscal autonomy, in the interests of the Empire as well as in those of India. I say that even after 24 years, since the despatch I referred to was sent to the Secretary of State by the Government of India in 1903, we find the same grounds then put forward by the Government apply to the trade conditions of India to-day, so that if we adopt a policy of protection not only India has very much to gain but also the Empire.

" On these grounds, I have great pleasure in commending this resolution to your unanimous acceptance. (Cheers)."

The Resolution was put and carried unanimously.

Resolution No. 17.

SEA CUSTOMS ACT.

Mr. A. R. Doraiswamy Ayyangar (Southern India Chamber of Commerce, Madras), in moving the next resolution said -

“Mr. President, Brother Delegates and Gentlemen, the resolution entrusted to my care reads as follows :

- (1) This Congress is of opinion that the Sea Customs Act should be amended so that the system of assessment to import duty under Section 30 (a) of the Act should be so altered as to secure that the basis of assessment will normally be the invoice price plus cost of freight.
- (2) That Section 40 of the Sea Customs Act should be so amended that in cases of wrong assessment to Customs duty caused partly or wholly by the Customs authorities in their ignorance, negligence, or wilfulness, the due refund could be claimed by the assessee within a period of one year from the date of assessment.

The first part of this resolution deals with section 30 (a) of the Sea Customs Act, which reads thus:

‘For the purposes of this Act, the real value shall be deemed to be (a) the wholesale cash price, less trade discount, for which goods of the like kind and quality are sold, or are capable of being sold, at the time and place of importation or exportation, as the case may be, without any abatement or deduction whatever, except (in the case of goods imported) of the amount of the duties payable on the importation thereof.’

The practice now in force for assessing customs duty on goods imported is that of assessing duty taking the wholesale market value as the assessable value. The customs authorities arrive at the wholesale market value by deducting the duty paid from the market rate. This includes not only the actual price paid for the goods by the importer but also other charges such as freight, insurance, landing, cartage charges and the dealer's profits. As it is at present assessed, the excess duty actually paid by the

importer is invariably $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent more than the actual duty he has to pay under the Act. This is adverse to the importers in more than one respect. There are times when markets are depleted of stocks, and importers might have placed orders with mills and other manufacturers in foreign countries. By the time the goods actually arrive, the market would have gone up in price, and when the goods begin to arrive the importers have got to pay a higher duty based on the then market value. As soon as more goods arrive, the natural tendency is that the market prices fall, and the importers incur a heavy loss. The object of this resolution is therefore to have the whole system of assessment altered.

" The Indian Taxation Enquiry Committee has also recommended for the alteration of the system of assessment as per this resolution. It might be argued that the customs authorities could not have confidence in the invoice prices, and that they have therefore to assess duty on goods at the market rate. Well, Sir, commercial men are also honest business-men, and the customs authorities should believe them. If, however, this argument is seriously urged, I would suggest that the customs authorities, as a safeguard, should have powers to assess duty of the wholesale market rate, where they have reason to suspect fraud, and in such a case the importer should have the right of appeal to the higher revenue authorities.

" A similar resolution was discussed by the Associated Chambers of Commerce in their annual meeting held recently in Calcutta. Mr. Bateman of the Bengal Chamber was the mover of this resolution, and for reasons best known to that august body the resolution was withdrawn. I understand that this resolution was withdrawn as the Government Member, Sir B. N. Mitra, who was present at the time of the meeting said that this recommendation of the Indian Taxation Enquiry Committee had been considered by the Government of India who decided not to

take any action in the matter. Well, Sir, if the Associated Chambers of Commerce have dropped it, I do not see why we should not press it. I would ask the Members of the Legislative Assembly to take it up strongly with the Government of India and see that this amendment is made to section 30 (a) of the Sea Customs Act.

“ Now, Sir, so far as the second part of this resolution is concerned, it relates to section 40 of the Sea Customs Act, which reads thus:

‘No customs duties or charges which have been paid, and of which repayment, wholly or in part, is claimed in consequence of the same having been paid through inadvertance, error or misconstruction shall be returned, unless such claim is made within three months from date of such payment.’

Our resolution says that in case of wrong assessment of customs duty caused partly or wholly by the customs authorities in their ignorance, negligence or wilfulness, the due refund should be claimed by the assessee within a period of one year from the date of assessment. All that we want is an extension of time for claiming the refund of the amounts paid in excess. The reason for this is simple. The mercantile community are mostly not conversant with the procedure, and they do not find an opportunity to check the appraiser's assessment of duty, and find out immediately whether they have paid the right amount of duty. Their accounts have got to go through the hands of auditors who detect the mistake several months later. In this way, considerable time elapses before the error is detected, and by that time the prescribed period of three months under section 40 of the Act expires, and the importers have to lose the duty paid in excess. For this reason, we want a further extension of time.

“ With these few words, I beg to place this resolution before you for your acceptance. (Cheers).”

Mr. Md. Ismaif (Southern India Chamber of Commerce, Madras) in seconding the resolution said :—

“Mr. President, and gentlemen, I have not got much to add to what Mr Doraiswami Ayyangar has already said. In this resolution we are making only a simple request which could be easily granted. As at present made the assessments to import duty sometimes affect the importers in an unreasonably adverse manner. For example, when the authorities levy an import duty on a particular consignment of goods they do not of course take the value of that consignment into consideration but take only the value of similar goods in the market at that time. But it often happens that when the goods reach the market the importer gets a quite different price. It is only just that the assessment should be made on the basis of the invoice value of the particular goods that are imported.

With regard to the second part of the resolution, people, particularly those in the mofussil, take some time in the course of things to take note of their claims and the present allowance of three months elapse by that time. It is not fair on this account to penalise the people by making them lose their just claims. It may be a little inconvenient to the Government to extend the period to one year, but they should also see to the convenience of the people. There is nothing unreasonable in the two demands that we are now making and I have great pleasure in seconding the resolution.”

The resolution was put and carried unanimously.

Resolution No. 18.

Royal Commission on Constitutional Reforms.

Sheth Walchand Hirachand (Indian Merchants' Chamber, Bombay) in moving the resolution said :—

Mr. President, Brother Delegates and Gentlemen,

The Resolution which I have the honour to move reads as under :—

"This Congress strongly protests against the exclusion of Indians from the Royal Commission on Constitutional Reforms. The Congress regards this as a calculated affront to the country and strongly urges all Indian Chambers of Commerce and other Commercial Bodies not to give evidence before the Commission or otherwise assist it in its deliberations."

This resolution is of supreme importance to the future welfare of this country. As you are aware, almost all schools of political thought and opinion in India have condemned the constitution of the Simon Commission in unmistakable terms. Never did we witness before such an universal unanimity of opinion on a political issue of such magnitude. It is therefore, 'not necessary for me to speak at any great length in recommending this resolution to your acceptance.

Two important principles underlie the present constitution of the Reforms Commission. The first is the claim made by Lord Birkenhead that as England is the trustee for India, it is for England alone to decide what will be for the benefit of this country. When was the trust made and who appointed England as our trustee? If there was any trust, which we all deny, I say it has been grossly abused.

The present constitution of the Simon Commission strikes at the very root of another fundamental principle, that is the principle of self-determination about which England itself waxed so eloquent during the period of the Great War. Now, however, we are told by England: "We know what is good for you; we will decide and you shall obey. You have no right to shape your own destiny." This is the sum and substance of all the fine phraseology in which the Royal Commission is presented to India. No

country, Mr. President and gentlemen, can ever obtain-swaraj if it has no voice in shaping its own destiny. No self-respecting people can co-operate with foreigners in evolving its own future constitution under such terms and conditions. I do not however, propose to say anything further in regard to these two fundamental principles as they have been effectively dealt with from a number of platforms in this country. I shall however offer one or two remarks from the point view of how the Reforms Commission will effect the trade and industries of this country.

Gentlemen, you will all agree with me that economic domination and exploitation of this country by England has proved highly detrimental to the economic life of India and has brought about the poverty of the people of this land. It is also an obvious truth that you cannot remove that exploitation and that domination unless you have got the political power to do so. Our textile industry has been passing through a grave crisis. Have we the power to give it such economic protection as would make it prosperous? The Currency policy of the Government of this country has involved us in the loss of crores of rupees and has given an unbearable shock to our trade and commerce. Have we got the political power to change that policy for the benefit of our people? We want to develop our industries. Fifty crores of rupees are drained out of this country year after year as we have no shipping industry of our own. The Mercantile Marine Committee made its report more than three years ago to enable us to make a beginning in that direction. Have we the political strength to compel the alien government to carry out its recommendations? Consider the case of Steel Industry in which our people have sunk crores of rupees. Have we been able to obtain such an economic protection against foreign dumping and unequal foreign competition as will enable the industry to become really prosperous? Transport and communication, as you all know, play an effective part in the development of trade

and industries of a country. Have we got the political power to control the policy of our railways which has strongly assisted the foreigners to exploit the wealth of this country? Is it not the duty of the Government to provide facilities for training in various technical services which are at present manned by foreigners only? Have we the political power, I ask to give such opportunities to the sons of the soil and thus evolve new forces which will help us in shaping our own economic life for our own welfare. I can give a number of other instances of this character but I have no doubt all that I have said just now clearly establishes the fact that those who are working for the development of the trade and commerce and industries of this country are vitally interested in obtaining that political power which alone can give it such facilities and such protection as will enable it to grow and develop for the real economic welfare of this land. We are therefore, as a commercial and industrial Congress vitally interested in the composition and constitution of the Reforms Commission. It is claimed that they are impartial. May I ask, are they competent to watch, protect and further our own interests? Will not their so-called impartiality be rather the partisanship of man who wants present power from slipping away from their own vested interests into the hands of Indians? Does not our experience of previous committees and commissions strengthen this conviction? Apart, therefore, from the fundamental principles to which I referred at the outset, as there will be none on the commission to watch, protect and further our own interests, we should have nothing to do with it. We want political power to enable us to mould our own economic and industrial destiny. As I feel sure that association with the Commission constituted as at present is not only calculated to keep us further and further away from obtaining such power, but is also likely to deprive us of the little power that we possess, I strongly commend this resolution to your acceptance." (Loud applause and Cheers).

Mr. W. C. Bannerjee, (Indian Mining Federation, and Bengal National Chamber of Commerce, Calcutta) in seconding the resolution said :—

“ Mr. President and brother delegates, I heartily second this resolution. I am afraid I shall have nothing more to add to what has already been said from several platforms in the country by the various schools of political thought. The Swarajists and the Liberals, the Extremists and the Moderates and so forth have all condemned the Commission. Government have all along flouted Indian opinion in all matters whether political, commercial or industrial. Our experience of Committees and Commissions have proved clearly that they could do nothing substantial to the country. It is our imperative duty to join the various other bodies in the country in not co-operating with the Commission. But inspite of all this, I have a fear that the boycott of the Commission will not be as complete as it deserves to be; for there will be many title holders and others of that type who will flock before the Commission and give evidence. Did not a similar thing happen during the visit of His Royal Highness the Prince of Wales? But let us all have nothing to do with the Commission and ostracise those people from society who offer to give evidence before them. In this way these people will come to their senses. We have also no faith in the so-called friends of India whose schemes are more for their own self-aggrandisement than for the benefit of India.

We have no faith also in any Commission which has not got on it a majority of Indians; and if such a Commission submits a report which is acceptable to the country we will adopt it. At present India has no faith in the seven gentlemen constituting the Commission. It is all right to say that Sir John Simon comes with an open mind. But don't you remember the words 'wire pulling'? Have not everything been settled hitherto by Whitehall? Don't you see the hand of Birkenhead playing in

this Commission? So what is the good of being beggars? Beggars cannot be choosers. I therefore ask you all to support this resolution."

The resolution was put and carried unanimously.

Resolution No. 19.

PURCHASE OF STORES.

Mr. Fakirjee Cowasjee, (Buyers and Shippers Chamber, Karachi), moved the following resolution.

This Congress regrets that despite the assurance given by the Hon'ble Member for Industries nothing has been done to put into practice the demand repeatedly put forward by the Indian Legislature as well as by the Indian Commercial Community regarding the purchase of stores in India and inviting tenders in Rupee Currency and in not revising the Stores Purchase Rules in such a way as to encourage indigenous industries and on the lines of the rules submitted by the Indian Merchants' Chamber.

- (b) This Congress urges upon the Government to make it incumbent on all public departments such as Railways, Port Trusts, Public Works Department, Military Marine and Navy, and Municipalities and other public bodies to open the tenders called for before the tenderers and to declare the rates and any altered conditions submitted there and then, whether these tenders have been called by public advertisement or private enquiries and whatever be the nature or extent of the tender, and
- (c) further urges upon all the public bodies to advertise their requirements and notifications in

important local English and Vernacular papers alike.

In doing so he said :—

Sir President and Colleagues.

The first part of it relates to purchase of stores in India, and that the tenders should be called for in rupees.

The importance of this demand and its far-reaching character in the development of Indian Industries is self-evident.

India, to-day to a large extent can conveniently supply the every-day requirements of the various Government, Semi-government and Public departments and unless this factor was fully accepted by the Honourable Member for Industries he could not have given the assurance of purchasing the stores in India.

We are accused of non-cooperation with the Government Officials, but in this respect the unfair charge cannot lie at our doors, because one of the premier bodies in India, viz the Indian Merchants' Chamber have even framed rules for the purchase of stores in India and have sent them to the officials concerned but it appears that whilst the matter was in transit to the "Board of Directors" at Whitehall, as styled by our worthy President, some unsympathetic Captain must have found the cargo too heavy for his bottom to be carried to the headquarters, and must have jettisoned the same and it is therefore an incumbent duty on us to remind the Agent of the Trustees of the "Sacred Trust" that another of India's just claims is still awaiting fulfilment.

The second part of the proposition, viz., invitation of tenders in rupees is necessary to save the Indian Traders being balked by clever manipulations of sterling valuations.

Apart from the fact that an Indian Trader takes all the risks of exchange in case of goods necessary to be brought out from foreign countries, the non-Indian Trader conveniently

tenders in sterling valuations thereby in the first place eliminates the risk of exchange and in the second place hopes that the department in its benevolence would take an easy rate of exchange, whereby the tender would appear to be lower at last on paper than that of his Indian competitor. Therefore the strict adherence to submit tenders in no other currency than in Indian coinage is an absolute necessary for 'fair-play.'

The third part of the proposition, viz. the opening of tenders and reading out the rates and conditions if any, is equally vital to the well meaning of any straightforward tenderer. It must be said to the credit of some departments like that of the Chief Mining Engineer to the Railway Board that the tenders are opened in the presence of tenderers and rates given out immediately: with some other departments and with some Port Trusts the tenders are opened in the presence of the tenderers, but rates and special conditions are kept back and with others like the Municipalities the opening of the tenders is a great "State-Secrecy."

These so called "State-Secrecies" and the Semi State-Secrecies have led to considerable doubts arising in the minds of tenderers and in some cases to corruptions and alterations of tenders.

All honest minds in any Public Department will recognize that the opening of tenders in presence of the tenderers and reading out the rates and special conditions if any, would be a direct means of checking all likely corruptions and likely alterations of tenders and they themselves will support our demand and cause the legislature to be made accordingly.

The fourth and the last part viz. advertisement of requirements and notifications in known English and Vernacular papers alike, has to be legislated to put a stop to the present system of preferential treatment given to Government organs or anti-Indian papers, and that too at very fat rates at the expense and cost of the Indian tax-payer.

Legislation alone could promote the underlying principles of the various parts of this proposition. I feel sure the proposition in its three parts will be accepted as an unanimous resolution.

Mr. C. V. Venkataramana Ayyangar (Southern India Chamber of Commerce, Madras) in seconding the resolution said :

“ Mr. President and gentlemen, I do not want to give many instances after the speech of the mover of the resolution which has covered the whole ground. But let me say that my experience here of the purchase of stores by the public bodies in Madras goes only to confirm the remarks made by the mover of the resolution. For instance, in Coimbatore, for the sake of a water supply scheme steel pipes worth about Rs. 20 lakhs were purchased long before they were needed without calling for any tenders. When the Government was questioned in the Council, they said that it was done by the Chief Engineer on a misunderstanding of the orders of Government. There the matter came to an end. In order to guard against such mistakes rules should be clearly framed.

There is the question of cement for the Mettur project. In spite of our repeated protests that lime and mortar alone should be used and that cement is unnecessary, the Hon. Sir C. P. Ramaswami Ayyar who attaches a great deal of weight to his experts, has decided that cement alone should be used. They are now calling for tenders for cement. The conditions attaching to the tenders are very unfair to the Indian Merchants. First of all the Government want a large sum of money to be paid in advance to test the bona fides of the tenderers. This would drive off a large number of tenderers out of the question. Then they want to arrange for the cement for five years as a whole. We know the prices of articles have been falling and we have every reason to hope that the price of cement also will fall in the course

of five years. The amount also is not small; The Government want cement for one or two crores of rupees. If the contract is tendered into for a year only then it would be a small quantity and this would give the Indian manufacturers an opportunity. Even the materials for the manufacture of cement are available near the site and the Indian manufacturers can see whether it is possible to manufacture cement near the site. The Government say that they do not want the cement for two more years; it may even be four years when it comes to the actual time. Therefore if the Government enters into a contract only for one year they can go on with the work for another four or five years. Since the quantity of the contract will then be small the advance money that is required will also be small and many Indian companies will then be given an opportunity to submit tenders. I understand that some Indian companies have submitted tenders and I hope that they will succeed. We shall in this Congress pass this resolution and without merely being content with it, insist upon the Government both in the Council and elsewhere to give effect to these resolutions and foster Indian industries and trade.

I have very great pleasure in seconding the resolution and recommending it to your unanimous acceptance."

The resolution was put and carried unanimously.

Resolution No. 20.

INCOME TAX.

Mr. Fakirjee Cowasjee, (Buyers and Shippers Chamber, Karachi), in proposing the next resolution, said :

Mr. President and Gentlemen, the resolution standing in my name on the agenda paper is as follows :

This Congress strongly recommends to Government of India that the law relating to Income

Tax should be amended so as to incorporate therein the suggestions noted below with a view to removing its serious defects and making it more in keeping with the principles of equity and justice :—

- (1) **Amendment of section 42 of the Indian Income Tax Act so as to free an assessee in British India from the obligation to pay Income tax on the profits or interest accruing to his constituent residing outside British India.**
 - (2) **Amendment in Income Tax law so that Income Tax may be assessed not on the assessable income made in one year but on the annual average of income made during a period of three years.**
 - (3) **Amendment of section 10 of the Indian Income Tax Act so as to provide that in computing the profits or gains under this section the allowance for the expenditure of the nature of conventional trade charity should be made.**
 - (4) **That the charges for the cost, upkeep, repairs, etc. of conveyances used in business or profession be allowed to be deducted.**
 - (5) **That there should be freedom of appeal to the Privy Council.**
- (b) **This Congress wishes to impress on the Government the equity of making provision for business losses, when counting Income Tax and strongly recommends that it should be made permissible.**

for assesseees to carry forward losses for an adopted period of three years—a principle which is endorsed by the Taxation Enquiry Committee in paragraph 230 of their report.

- (c) This Congress is of opinion that depreciation at the rate of 2½ per cent of gross Municipal valuation besides municipal rates, taxes and cesses be allowed to be deducted annually from the house property, for the purposes of taxation.
- (d) This Congress further requests the Government to issue definite orders to Income Tax Officers that no assessee should be called upon to provide information for any one else and for any other purpose but that of rectifying his statement of his profit or loss.

“The first part of this resolution relates to the amendment of section 42 of the Income Tax Act, and on this I cannot do better than read out to you the reply of the Southern India Chamber of Commerce to Mr. Tottenham, who visited that Chamber on the 14th of December 1927. This is their view :

“The easy solution arrived at by Government of putting their hands into the pockets of commission agents is extremely unjustifiable. The control of the commission agent over the principal or over his assets is very limited and he is not in a position to verify the assessment made on the more or less assumed profits of the non-resident principal. The Commission agent, therefore, should not be made the scape-goat of Government's inability to collect from the proper source and should at the most be used only for obtaining any, information for making a proper assessment.”

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This sufficiently puts forward our case for asking for this amendment.

As regards the second amendment suggested, you will find as a rule Income Tax Officers are most averse to accepting the returns from any firm or anybody for a year in which the income has been less than the previous year. As a matter of fact in 99 cases out of 100, the Income Tax Officer returns the form very politely saying that there might have been some mistake. Even when he is told the fullest circumstances which governed the income and that the trade returns have been less than the previous year, the Income Tax Officer is still not prepared to accept it but calls for the books which are examined. He points out some defects here and there, and it is not possible to satisfy him. When we come prepared with books in accordance with the Income Tax law, we are told that this section would not apply but another section would operate. At last, the assessee is made to pay all the tax as computed by the Income Tax Officer, that is on an income which is far more than what he should have been really assessed. The Assessee reluctantly pays with a view to save all the inconveniences and troubles, he has to suffer by calling on the Income Tax Officer over and over again. The English Income Tax Act allows for such assessment. And if the law in England allows it, it must be equitable. Then, why not in India, I ask? There is no answer to that question? Therefore, an amendment of the Act on the principles of the English law is nothing but equitable.

“Coming to the third amendment to Section 10, the Income Tax officers are taking advantage of the exceptions to the deductions in business. One of the items which should be excepted as a deduction from business returns is sums given away in the nature of charity. The Income Tax Officer says, ‘I can allow you deductions according to law, but I cannot allow you a deduction for charity.’ He simply ignores the fact that the exception for charity that we want is in the

regular course of our business. The Income Tax Manual distinctly says that all expenditure incurred in the regular course of business are permissible to be excepted. It is a time-honoured custom with the Indian merchants to lay aside a small sum for paying or doling out charity. Charity is in the blood of the business. It is absolutely necessary that an exception of that nature should be made. But the Income Tax Officer says, 'I am very sorry. I have already given my reasons that an exception for charity is not allowable.' Therefore, it is that we have once again to go to the Legislature and say 'this is a thing incurred in the regular course of business, and cannot possibly be separated from the nature of other deductions.'

Coming to item No. 4 of the resolution, I think you will all agree with me in saying that the Indian merchant is not a capitalist. Even if it is a limited company, it is the family money largely. He buys a motor-car, a conveyance, and he is told he cannot be allowed a deduction for expenditure. Why not? 'Because you go to the Park Fair, because you go to visit your aunt.' I ask, 'well, do not the Europeans go to Mysore for the races in the company's car? Why are they allowed such a large deduction?' Simply because, the car happens to be on the books of the assets of the company! The European merchant makes it very convenient to have a car on the books of the company, and therefore a deduction to a very large extent is allowed to him for expenditure. This is allowed not for one car but for several cars sometimes. Therefore, if we are asking the Legislature for these amendments, we are not asking for anything unwise or too much.

Coming to item 5 of the resolution, what we want is to have complete freedom of appeal to the Privy Council in every matter. The Indian courts are in the position of plaintiffs, defendants, jury and the judge. How on earth are we going to get any satisfaction, if satisfaction is to be brought about, in the courts of law here? I say, none. Therefore, to a large extent an appeal to the Privy Council is justifiable. That is only fair. We are

only asking for freedom without interference from the High Courts or any other courts.

As regards clause (b) of the resolution, I might say that in paragraph 250 of the Taxation Enquiry Committee, *inter alia*, they say: 'This is a circumstance for which provision is made in the English law under the three years average system, and the Royal Commission on the Income Tax, 1920, recommended that a set-off for six years should be allowed, if, the previous year's profit was adopted as the basis of assesment.' The Taxation Enquiry Committee accept the principle contained in the above recommendation, and they say later on in the same para of their report, 'It seems to them (The Taxation Enquiry Committee) that the substantial justice of the claim to be permitted to set off cannot be denied.' But, I must make it very clear here that the present basis of assessment is limited to one year only. This leads to the Government taking away from us something more than what they deserve. When we ask Government for anything, we are pacified by giving some toy, namely, a Commission or a Committee. We are thus pacified for another 18 months or two years; we wait patiently for the report of the Committee; the Committee gives the report; it is *carefully* considered by the Government, and the Government rushes to issue a press communique if the report is in their favour. Otherwise, the report is shelved in perpetuity. Here is one such instance. Therefore, if we are asking the Government once again to take into account the average profits of only three years, we are asking only for justice.

"The next item is as regards allowance for depreciation on buildings. In business, deductions are allowed for municipal taxes and depreciation in case of buildings. But in the case of a private man owning houses, this is disallowed. Can it be possibly justified? Look at the grossness of the anomaly. If a man is capitalising his money in business on a building, he is allowed

depreciation. But if one is capitalising in a house and calls it his own, no deduction is allowed for municipal taxes or depreciation. All the allowance that is asked for in this resolution is 2½ per cent. of the gross municipal valuation, and is it so much as to deplete the revenues of the Government? We are asking this in fairness to the Government and in fairness to house-owners.

The last part of the resolution perhaps requires no comment from me. Because, it is only out of self-respect that we demand it. We have put the suggestions before the Government, as we have suggested in the preamble of this resolution, as a matter of equity and justice. Equity seems to be the watchword of the Hon. the Finance Member. Because, in the last Assembly session, he has been pleased to say, in reply to our friend Mr. Doraiswami Ayyangar who put the direct question whether the amendment to the Income Tax Act was to collect revenue by hook or by crook, that it was by way of equity. Therefore, equity is the watchword of the Hon. the Finance Member, who in all sincerity is asking for suggestions. We sincerely hope that the Hon. the Finance Member will not define equity as mere lip sympathy at least hereafter, and therefore we offer our suggestions.

"Gentlemen, I put this resolution before you, and trust that you will pass it. (Cheers)."

Mr. Umashankar Dikshit (Marwari Chamber of Commerce Ltd. Bombay) in seconding the resolution said :—

Mr. President, Brother Delegates and Gentlemen, I have great pleasure in seconding the resolution moved by Mr. Fakirjee Cowasjee.

"Sir, in this resolution we submit that the present Income-Tax Act is seriously defective and is not in conformity with the principles of equity and justice and that it is not based on grounds of sound taxation. It is a truism to state that the fundamental basis of all taxation and for the matter of that

of all administration must be equitable. The three of the most important principles of taxation, in my humble judgment, are that (1) the basis of assessment must be just (2) the incidence of taxation must be equitable and (3) the measure of taxation must conform to the capacity of assessee to bear it. Let me then consider how gravely some important provisions of the Income-Tax law now in force violate those principles.

Take the question of the assessee whose earnings are made in British India but who is an inhabitant of an Indian State and who must, therefore, under the law pay Income-Tax on such earnings. A commission agent in British India is required to pay income tax on the incomes made by his constituents or customers residing in Indian States or anywhere outside British India. Just see how absurd the arrangement is. Those of us who have a real appreciation of this business will bear witness to the fact that such customers take jolly good care not to leave with the agents any surplus. While they are making profits, they are constantly drawing bills on their agents in British India. They seldom, if ever, allow any margin to remain with the agents beyond what is absolutely necessary for interest and for commission. Thus, gentlemen, by the time income tax is realised from the agent, the income of the constituent has been paid. Then again, this arrangement is unjust from another viewpoint. The constituent in the Indian State, even if his total budget including, on the credit side, the receipts of income from British India does not permit of any tax being levied, is unjustly obliged to pay this tax. In theory he is perhaps entitled to get a refund, but actualities in this case ignore all theories in supreme contempt. Thus, we find that the incidence of taxation in this case falls upon the British Indian agent and he pays it whether or not he can pay or should pay under the law.

Then, I would like to say a few words in connection with the second point in this resolution. It is stated in it that the

basis of assessment should not be the 'previous' year, but it should be the 'average of the previous three years' income. Now this part of the resolution seeks to secure for the business community justice and relief by recommending the Government that Income-tax should not be levied on income made during what is called the 'previous year.' This Congress has been urging this matter year after year, without any result. But this is a recommendation which it is impossible to argue against. The resolution suggests that the basis of assessment should be altered from one year to three years and tax should be levied on the average income of three years. If that is not done, you will see that it will be injurious to the interests of the commercial public in a number of respects. The present basis of assessment, namely one year is too small. It should be not less than six years. But in order to be modest and sweetly reasonable we are at this stage demanding that the basis should be raised at least to three years. You all know, gentleman, that the English Act provides an identical three year average system. When precedent, expert opinion and public feeling are so united on this point, it passes one's comprehension why Government is ignoring the demand. Really, this attitude is awfully exasperating and it is time we protest against this Olympian disregard of the country's just and modest demand.

"Now, gentlemen, I give you another sample of the wisdom of the "Trustees" of Indian trade and commerce. They say 'we shall tax your charities, you must propitiate us and the gods will take care of themselves.' But Sir, we would not mind this childish attitude expressed through the provisions of the Income-Tax Act, if it were not extremely unjust in view of other facts. Government must know that the expenses on account of charity are nothing else than business expenses. If a merchant has to carry on a trade in India he must pay certain charities. If social and religious beliefs and commercial conventions ordain that we must contribute to a charitable object, we have no alter-

native. There is absolutely no go. In every part of India there is, in my opinion, no trade which does not meet a charge for charity, say towards Goshalas and Pinjarapoles. There are many other items of charity of equally universal prevalence. Such being the case, is there any reason why allowances for such expenses of trade like charity are not made, while computing the assessable income ?

“The case for making similar allowance in respect of the cost, maintenance and repairs of conveyances is stronger than ever. Does anybody need to be told that conveyances are quite necessary for business, such as a motor car for transport work of factories etc. Does not the use of conveyances add materially to the total profits of a firm, and is tax to be levied on such an item ? These are purely business expenses of a firm or person and must be exempted from tax.

We also recommend that there must be freedom of appeal to the Privy Council. Why should the business community be prohibited from applying for justice to the one supreme court from where there can be hope to secure it ? Is it because the Income Tax Department will be debarred from taking advantage of the ignorance of the assesseees or apparent loopholes in the law ? Sir, revenue which has not at its background justice is not worth having. At any rate, present conditions are crying for reform in this matter.

“You know, gentlemen, that trade is slack and profitless, and that industries are languishing, and depression is persisting. Is the country's trade able to bear on its already aching back the burden of the present taxation ? It is the clear duty of the Government that they must bring relief to the trade by bringing the law nearer the accepted canons of equitable taxation. It would be shortsighted to deny justice to us at this juncture. With the fullest sense of responsibility, I may say to Govern-

ment, " for Goodness sake and for your own sake, do not kill the goose that lays the golden eggs."

A word about the last recommendation. I do not know what is the practice in other places. But I am certain about the procedure adopted by the Income-Tax office of Bombay. They take long extracts from the books of the assessee copying out all the personal accounts appearing in their books. This is highly improper. Income-Tax authorities need to examine only those accounts which directly affect the profit and loss account. At any rate they must not copy out all the personal accounts. Where is the guarantee that the information so gathered will not be divulged to interested parties? It is not possible to effectively prevent this information about the financial position of a firm leaking out. The present state of things must be immediately set right.

"With these words, gentlemen, I commend the resolution to your unanimous acceptance. (Cheers)."

The resolution was put and carried unanimously.

Sir Ibrahim Rahimtoola (President): "The Congress will now adjourn for lunch and meet again at 2-30. I would request Members of the Subjects Committee to stop here for one minute in order to settle one or two matters."

The Congress then adjourned for lunch.

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The Congress reassembled, after lunch, at 2-30 p. m., with Sir Ibrahim Rahimtoola in the Chair.

Resolution No. 22.

STAMP DUTY.

Mr. Vidyasagar Pandya (Southern India Chamber of Commerce, Madras) proposed the following resolution :

- (a) This Congress protests against the proposed amendments in the Negotiable Instruments Act

declaring any restrictions endorsed by a holder in due course on a cheque as null and void, and requests Government to drop the recent Bill on this subject.

- (b) This Congress, while thanking the Government for having exempted the Bills of Exchange payable on demand from the stamp duty recommends to the Government of India to exempt also internal bills of exchange payable otherwise than on demand and also to amend article 53 (a) of the schedule to the Stamp Act of 1899 with a view to remove a flaw which has practically negatived the exemption given by the Indian Finance Bills of 1927 and further urges that the duty on documents or indebtedness such as loan and mortgage deeds be reduced.

In doing so, he made a brief but effective speech in Hindi.

Mr. H. D. Jasani (Bombay Shroff Association, Bombay) said:

"Mr. President and Brother Delegates, I beg to second the resolution moved by Mr. Pandya.

"The first part of this resolution is not related to stamp duty, but is a protest against the proposed amendments to the Negotiable Instruments Act. The heading of this resolution (stamp Duty) is likely to create a little confusion. The Negotiable Instruments Amendment Act introduced in the Legislative Assembly has a very curious history behind it. A member of the Bombay Chamber of Commerce found some difficulty in reading a document with a vernacular endorsement, and he placed it before the Bombay Chamber who took the matter to the Associated Chamber, and at their instance, the Government introduced a Bill. They circulated it for opinion, and various opinions were given. Then the Law Department drafted a Bill

in which they provided that endorsements made in front of a bill of exchange were to be accepted and that those on the reverse were invalid. The Associated Chambers of Commerce were not satisfied with it, and so it was dropped. Sir Basil Blackett then brought in another amendment Bill which provided that all endorsements on bearer documents would be null and void. If that is so, it would be injurious to the commercial methods of this country where hundis are largely employed. The present Act says that (that shall not apply to any document written in vernacular, which means that by the present amendment Bill only cheques were being given protection, and any endorsement on cheques are proposed to be declared invalid. The result will be that inspite of an express order by a holder in due course, the Joint Stock Bank may pay the money to any one and yet the Joint Stock Banker will be discharged from any liability. That is what we are up against. The protection already given to joint stock companies is already more than enough and that is why we, Indian Chambers, are opposing it.

"The second part of this resolution relates to stamp duty. Government have exempted demand bills from the one anna Stamp. But the Superintendent of stamps, Bombay, who is the final authority so far as Bombay is concerned, says that article 55 (a) of the schedule to the stamp Act requires that any receipt must be stamped with one anna stamp. So demand bills must be stamped with one anna in discharge. Thus, an exemption is given with one hand, and is sought to be taken away by another. We approached the Government and said that this should be rectified as soon as possible. Our further request is to exempt Bills of Exchange payable otherwise than on demand. This our request is in consonance with the recommendation made by the Royal Commission on Currency and Finance. The Government said that they have postponed the measure with a view to consulting the provincial Governments, I hope it will not be

years and years to get the opinions from the provincial Governments. Our demand is that the Government should see their way to rectify the error in article 53 (a) of the schedule without any delay and exempt also internal bills of exchange payable otherwise than on demand from stamp duty in the next budget.

“With these words, gentlemen, I second the resolution. (Cheers).”

The Resolution was put and carried unanimously.

Resolution. No. 21.

SUPERTAX.

Sir Dinshaw M. Petit, Bart. (The Indian Merchants' Chamber, Bombay) moved the following resolution :—

“That as the super-tax works as an impediment and discouragement in the way of the development of Indian Industries and commerce and as this tax which was imposed as a war measure cannot be justified in its continuance now in normal times, this Congress urges upon Government the necessity of abolishing the said tax.”

In doing so he said:

“Gentlemen, I have great pleasure in putting before you this resolution for your acceptance. I do not think that many words are necessary for commending this resolution. But there is one fact which I want to emphasise on this occasion and it is this. Industrially and commercially India is in its infancy and for its development it has got to depend upon State aid and Government help to a considerable extent. But it is a matter of great regret that instead of helping and encouraging by the Government they have been putting drag on us in the shape of this super-tax. (Hear, hear) We have to compete with foreign countries which have got well-established and old industries generations and decades a head of us and which have large funds

to depend upon and which can afford to dump this country and to out us from competition. I believe this is a fact which is well-understood by all our opponents and those who have not got the interests of India at heart; unfortunately it is not so well understood as it should be by our own people in the Legislatures. They must remember that the greatness of a country depends to a considerable extent on its commerce and industries; without commerce and industry the inhabitants of a country should be in no better position than hewers of wood and drawers of water. We cannot for ever remain an agricultural country altogether as practically we are today. If we want to occupy a forward position among the countries of the world we must also advance in industries and commerce. If you cast a glance on the countries of Europe you will find that even the smallest country in proportion to its size is far more advanced than India in commerce and industries. And that is because they have the encouragement of their respective governments. This we need very badly here. Instead of protection and encouragement we have got this tax to carry on our shoulders. We can ill afford to maintain this tax any longer. It may be said that this tax was levied during the war and that the purpose for which it was originally levied had not yet been attained and therefore it could not be removed. The answer to that is that the country has been launched into various expenses and commitments which were not foreseen at that time and I maintain that this tax is used to a considerable extent for the upkeep of this expenditure. Take for instance, the recommendations of the Lee Commission which has saddled the country with expenditure amounting to crores of rupees. I make bold to say that if such expenses have not been incurred the country could better afford to give the relief in this direction. The industries should not be made to carry this burden when the country at large is in a prosperous condition. I trust that our representatives in the Legislatures and our own people will realise this fact and will try their best and see that this tax

is removed. I hope therefore you will adopt this resolution unanimously."

Mr. Jamal Md. Saib (Southern India Chamber of Commerce, Madras) in seconding the resolution said :-

" Mr. President, I have great pleasure in seconding the resolution. The income tax is levied from 5 to 18 pies in the rupee. Over and above this, a super tax is levied ranging up to 6 annas in the rupee which is nearly half the income. If we take into consideration that so many expenses absolutely essential for the carrying on of business are disallowed the incidence of these taxes figures really even more than half the income.

But as you, businessmen know, Industry and Commerce do not always result in profits alone but in profits and losses. If the transactions of a year result in a loss there is no adjustment with an year of profit and full taxes are collected for the years that result in profits.

In these circumstances it is no wonder that very few care to venture on new industries or to further develop same. It may be said that the loss of revenue to the Government of about four crores will be difficult to be replaced. As it is, this super tax is gradually falling down.

In 1921-22 it brought Rs. 876 lakhs.

In 1923-24 it brought only Rs. 617 lakhs.

In 1925-26 again it has fallen to 465 lakhs.

This rapid fall not only indirectly shows how our trade, commerce and industry are suffering through higher exchange and heavy taxes, but it also induces one to think that the revenue from this head may dwindle down to an insignificant amount at the present rate of progress. The super-tax must be abolished. To compensate for the loss of revenue substitutes can be found

through savings by retrenchment in military expenditure and Indianisation of services. Some additional revenue can also be got through protective duties which together with the removal of the supertax must certainly give a great stimulus to our industrial development. With these remarks I second the resolution."

The resolution was put and carried unanimously.

Resolution No. 23.

CONSTITUTION OF PORT TRUSTS.

Mr. Fakirjee Cowasjee (Buyers & shippers Chamber, Karachi) moved the following resolution:—

"This Congress strongly urges the respective Government to so amend the Constitution Rules and Regulations of the Port Trust Boards in Indian Ports, whereby 75 per cent of the members therein should consist of Indians elected by commercial and other important bodies and whereby it should be obligatory on each board to make its meetings open to the public."

In doing so he said:—

"Mr. President and gentlemen, this question has been discussed on various platforms in this country and also in the several legislatures. All that we want is that there should be an adequate representation of Indian interests on the several port trusts. After a great deal of agitation we got only very meagre representation of Indian merchants' interests on the port trusts. In this connection I shall tell you what happened in Karachi when the Buyers and Shippers Chamber was visited by Hon. the General Member of the Government of Bombay and he was asked to give us more representation. At present the Indian merchants in Karachi can have only four representatives out of 14 seats. The Municipality may return one member and the Commissioner may nominate another. If these two are also Indians it will be six Indians

as against eight Europeans. When we asked Hon. The General Member of the Government of Bombay to give us more representatives he treated us to a palaver and gave a reply which he ought not have given to such a body as the Buyers and Shippers Chamber, Karachi. He said, "Gentlemen, you are only four now. It is open to the Karachi Chamber of Commerce, (which by way is composed of almost all Europeans) to return four Indians from their body." We said, "Thank you." Then he said that the military general may be an Indian in course of time and he will be nominated. He added that it was not unlikely that the Collector of Customs would be an Indian and he will also add to the number of Indians on the Port Trust. He also added in the end that the Chairman of the Port Trust himself will be an Indian. In this way all the fourteen members will be Indian members. Of course we did not ask him in what period. If that had been asked, the General Member would probably have required the assistance of a Senior Wrangler to count the period at which all the 14 members of the Karachi Port Trust would be Indians.

Indian interests in all the major ports are far far greater than the European interests. (Hear, hear) These Port Trusts are simply miniature "Board of Directors" or trustees who have the sacred trust of India. Our tax payers are bled by these virtuous trustees. The mercantile community also is taxed very heavily in all shapes in order to increase their funds. A large portion of these funds are kept as reserve funds which are not used for development of the ports; they are deposited in England and lent to English Merchants and others at very low rates of interest. If money is wanted for the development of the port they borrow money at very high rates of interest sometimes six, or six and half per cent even, while the reserve fund is lent at only two or three per cent. This monopoly is going on every day and it was high time that Indian interests were sufficiently protected. If there are sufficient number of

Indians on all these port trusts they will see that Indian interests are not exploited.

To give an instance, the fate of the much advocated transit-sheds in connection with the West wharves at Karachi is a typical example.

With the building of the West wharves, it was strongly urged that transit-sheds should be provided; these would have given greater facilities to the merchants lesser handling charges and minimum damage to the goods hitherto being experienced in railing the goods from the East wharves to the Mansfield Import yard.

Elaborate working schemes had been laid before the Board; even the secretary of the Karachi Port Trust, who has been connected with the Port for over 20 years, proved to the Board that the erection of transit-sheds at the west wharves would prove economical and advantageous to the trade, but the Chairman, a recent comer, was against the provision of transit-sheds and thought it worth while to veto all the schemes laid before the Board without consulting the various mercantile interests, through their various organized and recognized chambers and the same old labourious, costly and injurious-to-goods system of railing the imports from the steamers has been passed by a majority of one bare vote.

Thus the destinies of a growing port have suffered considerably because of the non-Indian predominance as trustees, who have mere time-interest and not a permanent interest same as the Indians have and would have.

Thus, it is essential that there should be a larger percentage of Indians on the Board than the non-Indian representatives so that the permanent interests of the India's trade should not suffer.

The next point to which I wish to draw your attention to is that it should be made obligatory on each Board to make its meetings open to the public.

In the excerpts of the minutes which appear in the press sent by the Port Trusts we often read "the chairman has made a note on the subject."

It is doubtful, if even the trustees have been furnished with the fullest details, and it is open to doubt, if even the trustees have been given the opportunity to understand the subject and to criticise it.

Unless there is some check on the acts of the Chairman, his actions will become arbitrary. Public criticism is the only way to put an end to the transparent hypocrisy now shown by some of the Port Trustees.

It is therefore in the common good to have the meetings thrown open to the public and the press.

With these few remarks I commend this important proposition to your acceptance.

Mr. Haridas Lalji (Buyers and Shippers Chamber, Karachi) in seconding the resolution said :—

President & Gentlemen, the resolution placed before you is a most important one. We Indians manage the Municipalities and other local bodies. We have majority in Legislative Councils. We have the members of Executive Councils. We have Indian Presidents of the Councils and Assembly. There could be no argument that we are not capable to manage the Port Trusts. Then what should be the reasons that we are not given majority in the Port Trust bodies.

Mr. Fakirjee says that the reserve funds are being deposited in England Banks, but as a loyal Port Trustee, I would rather correct him. We raise loans in India at 5 or 6%, convert the major

portion of money into Sterlings by remitting them to England, deposit with England Banks at 4 or 4½% and thus help the British trade. This money we require there for our future purchases and for that purpose we have our Consulting Engineers who purchase the British goods whenever required. The continental or goods other than British made will never find place for the Port Trusts' use. This Congress have passed another resolution to-day advocating the purchases of stores to be made in Rupee value. But how can that be suitable to our Port Trusts who have been converting their money into Sterlings long before they purchase the goods.

As for the goods of Indian product one word against from our English Engineers that they cannot take responsibility for such goods, is enough. As for instance, let us take the example of Indian cement. The Indian made cement howsoever it may pass the test and satisfy for the quality as good as British cement, the non-Indian majority on the Board would not allow for it. With great fight we had been able to get the Indian cement used in a small quantity for above-sea-water work and inspite of the passing of strict examination and test the Indian made cement is, upto now not being used by the Port Trust for below-sea level work.

Coming to the higher grades of services, I would say that there is entire watertight compartment for Europeans only with a rare exception here and there. Out of 26 officers in higher grade service in the Karachi Port Trust, we had only one Indian and with great fight, we have been able to have another Indian as Chief Store-Keeper only because his predecessor was an Indian. There are many higher posts for which equally good or better qualified Indians can be available, but the preference goes to the non-Indians generally. One case quoted by Mr. Jamshed N. R. Mehta in his Address yesterday at the other meeting is quite sufficient to prove the above argument, viz.,

at one port out of 190 officers only 10 are Indians and Rs. 5500/- per month are only drawn by them as against Rs. 1,87,75 drawn by non-Indians.

Gentlemen, I now say that the state of things is practically same at all Port Trusts, and each one worse than the other.

As a member and Secretary of a Commercial Chamber, I would strongly say that these matters cannot improve without having the Indian majority on the Port Trusts and that nothing short would do.

Gentlemen, I would now come to my concluding remarks. Our worthy President had about 18 years' back stated that pending establishment of Indian commercial chambers elected representation on Port Trusts should be given to the Municipalities. It is most pleasing to note that the same gentleman is now presiding over this Congress, to which over 50 well established and active bodies representing Indian commercial interests are joined together and a Federation of Indian Chambers of Commerce over and above them.

The President: "I would point out to Mr. Haridas that during that time when I was a member of Executive Council, Bombay, I have got 5 seats to the Indian Chamber, Bombay on the Port Trust Board."

Mr. Haridas: "Thank, you, Sir,, I was coming to that point, now let us pray to God that we may soon be able to achieve our Commercial Swaraj under the able guidance of our worthy President, Sir Ebrahim, the grand old man of Bombay. With these words I strongly support the resolution. (Cheers) "

The resolution was put and carried unanimously.

Resolution No. 24.

INDIANISATION--PORT TRUST SERVICES.

Mr. Erulkar (Indian Chamber of Commerce, Calcutta) moved the following resolution:—

"This Congress views with grave concern the attitude of the Indian Port authorities regarding giving practical effect to the pledge of the Government of India of 1922 to Indianise the higher grades of services under the Port Trusts and urges upon the Government of India to take early steps to ensure that as earnest of their said pledge all future appointments in the non-technical services such as accounts, traffic, stores, etc., are rigidly restricted to Indians only, as also to take active steps with a view to train Indians for the technical services under the Port Trust."

In doing so he said:—

"Mr. President, and brother delegates, this question is of great importance. It was Sir Pheroz Sethna who first moved a resolution on this subject in the Council of State in 1922. The resolution ran as follows:—

'This Council recommends to the Governor General in Council that steps should be taken to increase the number of Indians in the higher grades in the service of the Port Trusts and lay down a definite policy in regard to the same for the future'

The Government of India accepted the resolution and now it is five or six years since this was done. In that year in the Calcutta Port Trust there were only ten Indian officers drawing between Rs. 500 and Rs. 1000 while there were none drawing above Rs. 1000 or Rs 1500. Now so many years after acceptance of the policy of indianisation the number of officers drawing salaries between Rs. 500 and Rs. 1000 has fallen from 10 to 8, while as before there are none even now drawing more than Rs. 1000. The other day in reply to a question in the Legislative Assembly the Commerce Member

said that the pledge of Indianisation was redeemed by their having increased the number of Indians on Port Trusts. Gentlemen, I have the honour to represent the Indian Chamber of Commerce on the Calcutta Port Trust where recently they increased the number of Indians from one to four, but even then we are in a minority. I shall give an instance to show what happened in connection with the appointment of an aesi, accountant under the Calcutta Port Commissioners. As usual they called for applications from England. The Deputy Chairman was then in England and he strongly recommended one man we shall call Mr. A who was not a chartered accountant. Somehow this Mr. A did not turn up. The next choice fell upon an applicant we shall call Mr. B who though a chartered accountant had no experience whatsoever to speak of. When A was proposed we strongly protested that this post should be advertised in India and that it was not necessary to go to England for an accountant especially as the Government of India had Indianised their finance and accounts departments and any number of efficient Indians were available for the post. But the other Members would not accept this. When A did not turn up B was proposed to be engaged by cable. We again protested. As a result of our protests they consented to advertise in this country but only for a chartered accountant. It was even pointed out that in the whole of India there were only seven Indian chartered accountants and all of them had been engaged and we could not expect any of them to apply. All the same they advertised for Indians and Europeans. Fortunately, one Indian chartered accountant who had just come out to India after qualification applied. But the chairman said that they wanted a man with experience. We pointed out that Mr. B. who was proposed by the chairman to be engaged by cable had no experience and that it was not fair to insist on experience in this case. The question was then referred to the Auditor General and in pursuance of his opinion applications were called for both from chartered accountants and incorporated accountants.

Then the chairman recommended an increase in the salary. It was urged by the Indian members that the salary should not be increased without ascertaining that everything was done to get suitable Indians on the present salary and the post should be readvertised calling for applications from Indians who were qualified as Incorporated Accountants. The Chairman described the suggestion as whipping the dead horse. This was resented. At last one European member suggested that I had spoken long enough and should be prevented from speaking further. The Chairman while refusing to give his ruling encouraged the view that I should not speak. The European majority carried the day by mere brute force and had the post advertised both in England and in India and on a higher scale of pay. The matter rests there. This shows how our attempts at Indianisation are thwarted even in the departments such as Accounts where we have shown our worth, and where no technical skill such as for harbour masters or pilots is required.

With these words I commend this resolution to your acceptance."

Mr. R. K. Sidhwa (Indian Merchants' Association, Karachi), in seconding the resolution, said:

'Mr. President and Brother Delegates, in seconding this proposition, I entirely endorse the views expressed by Mr. Erulkar. This proposition is really a very important one, important because in a self-governing institution, if it is at all to any extent a self-governing institution, all efforts are being made by the authorities, both by the official and non-official European members, to see that Indians are not appointed on the higher grades in the services. I have come across several instances, and I will presently quote one instance to show as to how they are being actually ousted out when an opportunity occurs. Whenever a reference is made about this to the authorities, whenever a reference is made to the local Legislatures

or even in the meetings of the Port Trust, they put forward their stock arguments, those flimsy, ridiculous and untenable stock arguments, that they are technical posts and that competent Indians are not available.

"Before going into the merits of this question, I will narrate to you how in the name of technical posts they have thwarted the prospects of Indians who actually deserved recognition. In the matter of accountants, you know very well that Indians could beat any number of foreigners to any extent (Hear, hear) We can defy them, I emphatically say, in matters of figures; in mathematics they cannot stand to our level, and yet see what happened when the post of an accountant was held by an Indian in the Karachi Port Trust most successfully for 25 years. They created a post on Rs. 1200 for which they brought an European accountant from England, and they actually made the Indian gentleman an Assistant Accountant, an assistant under the European. Is it not an insult to that gentleman and upon us, Indians, I ask?

"Then, Sir, as just now pointed out to you by Mr. Haridas Lalji, recently the post of store-keeper fell vacant. That post was very successfully held by an Indian. He died and the post had to be filled up. All efforts were made to see that an European was appointed for that post, and the matter went on hanging to such an extent that unless the Indian trustees made a compromise with the European trustees, they were not prepared to have an Indian for the post, and until recently it was not filled, when they stated, 'All right, for another Engineering post we shall have an European and then you shall have an Indian.' That engineering post was also actually held by an Indian, but they wanted a European for that place and so they made this sort of compromise (Shame).

Now, gentlemen, on the question of technical posts, there was last year a vacancy of Superintending Engineer in the

Karachi port Trust. That post was held for thirty years very successfully by an Indian. Applications were invited, and 73 applicants came up, out of whom 54 were Indians, who had high qualifications and held posts in Glasgow, America and other places. And yet the recommendation was made by the sub-committee which was appointed by the port Trust that those Indians had no qualifications whatever and that therefore an European should be appointed. The matter was kept on hanging for months and even for a year. Ultimately, the Indian trustees did not succeed, and an European was appointed for the place. I ask, in the name of Indianisation of services, where are we going, leaving aside the question of wholesale Indianisation? We are actually going backward ! These are the facts, the bare facts. Therefore, I say we must lay stress on this and we must continually condemn the action of the Government in putting the port Trust in such a position. In my opinion, there is no other solution to this, except the solution of having a large majority of Indian members on the Port trust. I go further and say that the Chairman of the Port Trust must be elected by the Trustees. Until we have a majority of Indians and an elected Chairman on the Port Trust, there is no hope of stopping this backward progress of Indianisation (Hear, hear). I am sure even with the present method of Government appointed Chairman, we cannot go ahead in spite of a majority of Indians on the Port Trust. Let the Chief Executive Officer by all means be a paid man. But the Chairman should be elected by the Trustees, and unless we do that I am sure we should not go ahead in the matter. With these words, I second the resolution. (Cheers),”

The Resolution was put and carried unanimously.

Resolution No 25.

RAILWAY BOARD.

Sir Ibrahim Rahimtola (President) in putting the next resolution from the Chair said:

"Gentlemen, the following resolution is to be put from the Chair:—

"This Congress recommends to Government that a representative of Indian trade and industry should be included on the Railway Board and steps should be taken to make such an appointment as early as possible."

I have much pleasure in putting it to you for your acceptance.

The Resolution was carried unanimously.

Resolution. No. 26.

RAILWAY SERVICES.

Mr. M. K. Srinivasan: (Southern India Chamber of Commerce, Madras), In proposing the resolution, said:—

"Mr. President, Brother-delegates and gentlemen, the resolution which I have been accorded the privilege of moving for your acceptance reads thus:—

'This Congress strongly opposes the recommendations contained in the Dickinson Committee's report regarding the importation of Chartered Accountants and Cost Accountants for service on the Indian Railways and urges that as Indians with suitable qualifications are available, they should be appointed to these posts.

“Gentlemen, this is a much more important resolution than what it may appear to be on first reading. It is one more proof of the sincerity and good faith of the professions of the Government of India in regard to the Indianisation of the services, of which we have been hearing time and again. I will refer briefly to the facts connected with the Dickinson Committee report so far as they relate to this resolution. In September 1926 the Government of India instructed Sir Arthur Dickinson, an accountant of admittedly rare ability, to investigate the system of audit in the services so far as the State Railways were concerned. Sir Arthur Dickinson toured over India for some time, taking evidence from various Railway administrations, and submitted a report to the Government of India. The main conclusion of his report is this, in his own words: ‘the whole system both in workshop and accounts is with a few exceptions so out of date and inefficient that it requires an entirely new organisation such as that suggested by me of establishing an ordered and economic organisation on efficient lines. To patch it up would be worse than useless. It is beyond patch and must be replaced entirely’. With this conclusion of an eminent accountant we are perhaps not competent to disagree nor are we disposed to disagree. But his recommendation goes still further and that is the subject of the present resolution. He considers that there are at present in India no competent accountants anywhere such as those Chartered Accountants in England, who are fit to be appointed to be in control of audit services of the Railways. Sir Arthur Dickinson apparently does not know the condition in India. If there is one department of the Government of India or of the Provincial Governments which is most successfully and most efficiently manned, it is the Account and Audit service of the Government of India and the Provincial Governments. We have had most successful Indian Accountants General, Indian Assistant and Deputy Accountants-General, Indian Controllers of Currency, Indian Finance Members, and it is known to all how the financial accounts of the

Military Department which were in confusion a few years ago were set right by Sir B. N. Mitra. He was perhaps the first Indian to become the Accountant-General for Railways. Owing to compulsory retirement he had to leave but he was pressed to stay for some time as one of the great State Railways, the G. I. P. R., was then brought under the control of the Government of India. Most of the officers of the Indian Finance Service are Indians.

“Regarding the infallibility of chartered accountants I will only say this: that there were in 1922 frauds of a gigantic magnitude that ever occurred in India or in England, though the accounts of the firms in those cases were subject to the closest scrutiny of the ablest Chartered Accountants for years past. I will mention a few instances that readily come to my mind; the Bank of Burma, the Imperial Bank of India, the Alliance Bank of Simla, and the City Equitable of London, are a few of those instances. I don't say that Indians in similar circumstances might escape the burden. I say there are competent Indians who can lay as good a claim on account of their efficiency as Chartered Accountants. It is not that Chartered Accountants are guaranteed against inaccuracies. I simply point this out for what it is worth. Well, gentlemen, I do not think many more words are needed from me for commending this resolution for your unanimous acceptance. I will only say that the present attitude of the Government seems to be one of driving the thin end of the wedge with a view not only to delay Indianisation but also create a monopoly for Europeans in the Railway administration. With these words, gentlemen, I propose the resolution”

Mr. R. C. Soboni (Maharashtra Chamber, Bombay); in seconding the resolution, said:

“Mr. President, fellow-delegates and gentlemen, Mr. Srinivasam has most lucidly and eloquently explained the meaning of the resolution put before you. There is not much indeed

on my part to add. One thing strikes me that with the advent of industrialism from an economic point of view no sensible merchant will try to import things from a distance what can be produced best in his own country, and we have intelligent classes of people to man these posts. And there is no necessity for England to send her own sons for the benefit of India. If this sort of thing goes on, our young people, intelligent, first-rate young men will have no chance to rise, and if the suggestion contained in the Dickinson report is brought into effect by the Government of India, it will go against our own young men. To pass the Chartered Accountants' examination is not I think very difficult task because our young men have proved themselves capable in so many other walks of life. I think in future Indians also will prove equally competent, equally capable to manage this sort of work. With these remarks, I beg to support the resolution."

The Resolution was put and carried unanimously.

Resolution No 27.

DISPOSAL OF MINING CONCESSION.

"Mr. V. P. Lalan (Indian Merchants' Chamber, Bombay,) in proposing the next resolution said.

"Mr. President, Brother Delegates and Friends,

The resolution which has been committed to my charge for being placed before this Congress for your acceptance reads:

This Congress is of opinion that time-expired concessions should be renewed as a rule in favour of original holders and ordinarily on the same terms. When however, it appears to the Government that there are good grounds for enhancement of the Royalty the matter should be

referred to a Board of adequately represented commercial interests. This Congress is further of opinion that Government should not permit Non-Indians to exploit the mineral resources of the country which are valuable and irreplaceable public assets.

The first portion of this resolution is based not merely on equity and natural justice but also on sound business principles. Modern mining, as many of you are doubtless well aware, requires a large outlay of capital expenditure. It is true there is a limited scope for mining on a small scale which however may be more appropriately described as quarrying for which such expenses are not necessary. But for real mining e.g. Gold mining in Kolar Gold Fields, the oil fields of Burma from which petroleum is obtained, the large silver and tin mines of Burma to cite only a few examples, very large capital outlay is essential. It is pretty obvious that no one would venture to incur such large expenditure unless there be some sort of guarantee that after the expiry of the original mining lease the concession would be renewed in favour of the original lessee. Most mining leases nowadays are advisedly granted for fairly long period such as 30 years. The mining rule that affects us is the rule under which local governments can prescribe a shorter period or remove or not provide at all for the option to renew. It is therefore advisable, indeed necessary, to declare that such renewal ought to be one of the accepted canons of mining law and practice, as much in interest of the State the lessor, as in that of the mine-owner, the lessee. Even in the matter of land tenures the modern tendency is to give the tenant a stake or an interest in the land, to act as an inducement and an incentive to improve the land by manuring etc. and make it profitable not merely in the short but in the long run to the land-lord and tenant alike. The occupancy rights given to tenants under the Estates Land Act relating to Zamindaris is an example of this progressive tendency.

The Malabar Tenancy Legislation with which those of you who belong to this Presidency (Madras) are acquainted, is another illustration. In ryot-wary lands, the ryot who is really a tenant has practical ownership of the land which (in theory) belongs to the State. It ought to be very nearly the same in mining concessions also and for reasons not very dissimilar.

Coming to the proposed composition of the Board which is not merely a radical change but a real improvement, I do not think that any elaborate or lengthy arguments are required to convince you of the necessity for the suggested composition of the Board. Without meaning any disrespect to Government officials I may state what is an almost undisputed fact viz. that Government methods are not the ideal methods for business concerns and profit making. With the exception of the Postal service which is a State-monopoly, Government cannot point to other concerns which are not monopolies and which are run on sound business lines. Those of us who come from Bombay had a painful demonstration of this in the recent revelations and ugly disclosures relating to the work of the Development Department and the Backbay Reclamation scheme. When economy in running the Government services was urgently wanted the Indian Government had to invoke the valuable help of Lord Incheape a commercial magnate to do the salvage. I am only referring to these facts to meet a possible argument that business people should not poke their nose in Government affairs. During the late war, as is well known, the Cabinet for obvious reasons was composed of an unusually large number of business men. I would go one step further and invite Government to consider the desirability and expediency of associating businessmen in deciding, under the arbitration clause (incorporated in all mining leases) the solution of differences and disputes that might arise and occasionally do arise, between the lessor (the state) and the

lessee (the mine owner). As matters stand to-day, the Local Government is the final arbiter and arbitrator in cases of all such disputes. This can hardly be a satisfactory arrangement, let alone a just and an equitable one. It is unthinkable that one of the parties in a civil suit can constitute himself as the sole arbitrator for settling the matter in dispute and yet this is what the arbitration clause in the mining leases issued in this country virtually amounts to. It is true that nominally the Secretary of State for India in Council is the lessor but it can scarcely be denied or disputed, that in actual practice, virtually the Local Government is the real Lessor. If that be so, the decision of the lessor in a dispute between himself and a lessee cannot inspire confidence, much less give satisfaction. It may be asked how this arrangement has worked without any serious hitch for so long a time. My answer is that as mining concessions- the large concessions that really matter have been, hitherto, in the hands of Europeans and laterly Britishers, the opportunity and scope for the hitch has been practically nonexistent because the composition of the Local Government which until sometime ago was almost completely British and even now preponderatingly British-remember the "Steel-frame" of Lloyd George" has served to safeguard the European mining interests. With the changing times and with the entry of Indians in the field of mining, this safeguard will not be available for Indians. In a case that arose in this Madras presidency not long ago the handicap of this arrangement provided by the arbitration clause was felt and would have probably led to a serious miscarriage of justice but for the timely intervention of the Government of India though on the extremely technical ground of ultra-vires. It was a matter involving a conflict of interests between certain Europeans who were trying to get a foot-hold in an important mining concession in that presidency and an Indian Gentleman. It was a matter on which the South Indian Chamber of Commerce felt compelled to make representations to the Government

of India to look into the matter carefully. Gentlemen, you can easily imagine what the position of the Indian Gentleman would have been but for the fortuitous existence of an insuperable technical objection which permitted and compelled the Government of India's intervention. The unfortunate lessee would have been obliged to go to court where he would have been non-suited owing to this arbitration clause under which the Local Government's decision was to be final. That would be like appealing from "Philip sober to Philip Drunk." I shall give you another case where this arrangement is likely to break down and cause injustice. A prospecting licence now-a-days contains a valuable clause giving a right to a mining lease to the holder of the licence if he asks for the lease during the subsistence of the licence, which is generally issued for a year and extended if necessary for another year. This right has been declared by the Government's advisers to be "*an indefeasible right*". Supposing for instance as really happened in a concrete case the Local Government for some erroneous reason or owing to an error of judgment, declines to recognise this right and refuses to grant the mining lease, what is the remedy of the poor licensee? The document i.e. the license-giving him a right to the mining lease would, owing to the prohibition and non-feasibility of a suit, amount to little more than the Red-paper-Bond that Clive gave to Omnichand of which we have read in our school days. It is unnecessary to cite further arguments to carry conviction that the present arrangement under which the Local Government is the sole arbitrator is out of date, indefensible and I may add, inequitable. I would therefore propose that the kind of Board that is suggested in this resolution, which I commend for your acceptance, may also be empowered and utilised to deal with *all questions and disputes* whether pertaining to royalty or not that might arise between the lessor and lessee i. e. the State and the mine-owner,

The latter part of the resolution is however, in my opinion, the most important one and demands the most earnest and sympathetic consideration at the hands of the authorities notwithstanding that the acceptance them of such a resolution may amount to the imposing of a self-denying-ordinance. In these days when the nationalisation of Mines is very much a live question to an important section of the Britishers, it is not reasonable to demand elaborate reasons and arguments in support of the self-evident proposition which is almost axiomatic in its character. Were it not an unfortunate fact that economic theories, policies and laws well accepted and practised in all the Western countries are not recognised east of the Suez. I would ask you gentlemen to pass this resolution after merely reading it. I am not however sure that owing to the process of political hypnoticism and sometimes auto-suggestion, there are not some even to-day, who may demand a demonstration of the obvious. Fortunately, the number of these is getting fewer owing to the awakening of the National consciousness.

I cannot also forget that I am addressing a wider and more influential audience through this Congress which is something of a loud-speaker and amplifier. My only hope is that the amplifier is potent enough to reach the ears of the Government authorities who if not totally deaf in such matters are perhaps a little hard of hearing. Britishers however—I mean the right sort of Britishers—when consulted and requested to offer advice on such matters have transcended selfish personal and national interests and given honest and frank advice to the seekers regardless of the inconvenience and injury to themselves. That great philosopher of England, Herbert Spencer was asked by certain eminent Japanese noblemen and statesmen to offer a few suggestions for the advancement of Japan as a Nation. How honourably, nobly, conscientiously and self-sacrificingly this great man discharged his duty will be apparent when I tell you for the edification of those of you who may not have had the privilege of reading the

advice, when it was published. The first piece of advice was an interdiction of inter racial marriages i.e. between the Japanese and Europeans which was just then in vogue in Japan. Herbert Spencer pointed out that this was really a biological and not a sociological question as might be mistakenly thought by some. After quoting the opinion of an eminent breeder with whom he happened to be staying at the time, that when two very dissimilar species mate the resulting offspring reproduces the defects and faults of both types. Herbert Spencer referred to India and particularised a certain community as proving the truth of this assertion even in the human species. The next advice is more to our point though the first is not entirely valueless considering a similar tendency in our own country in certain quarters. This advice to Japan was to scrupulously Avoid giving any port, or mining concessions to foreigners no matter who they were, friends or enemies). This great philosopher once again cited the example of India as a warning and an object lesson referring of course to the expansion of the British Empire in India on the insignificant original foundations of the East India Co. an unpretentious and innocuous trading concern which transformed itself by rapid strides into sovereign power as very forcibly referred to by our worthy President in his illuminating address. The simple question is whether for the future of Indian Policy, the advice which was good enough for Japan is not good enough for India also. There can be only one answer to this question and that is an emphatic affirmative. It is significant of the times and tendencies that several Native States in India are confining the grant of mining Concessions to bonafide subjects of Native States. Mysore and Hyderabad are outstanding examples of positive preference of State subjects if not a total prohibition of outsiders. Being businessmen we shall be content to ask for and enforce what is practicable and necessary in the immediate future without looking too far ahead. I hope I am not wrong in saying that

this part of the resolution sets the ideal viz, the reservation of mining concessions in India to Indians. It is probably true that in the immediate future a strict enforcing of a rule of this kind is neither practicable nor expedient; things being what they are and capital being shy. It is probably not feasible to expect all the mining concessions available in this country to be financed and worked by Indian concerns only all at once. As it is not wise to keep idle and wait for the dawn of the millinium, a half-way house should be thought of and mentioned. I would therefore suggest that Government should accept the principle of the resolution, and while keeping it as an ideal, immediately lay down a rule that in mining concessions Indians shall have *preference* over British applicants, provided of course that the Indian applicants are bonafide applicants and possess the necessary minimum resources to carry out the mining operations, even though those resources may not be equal to or even surpassed by the British applicant's resources. Care should be taken that this wise proviso is not prostituted or perverted to perpetuate the preference for British applicants under the guise of 'the only applicant with the minimum resources required.' As a guarantee that Indian interests are not unnecessarily sacrificed or ignored I would suggest two safeguards. 1.—The transfer of "Mining" from the reserved to the Transferred half of the Local Government a step which is bound to come sooner or later, owing to the almost certain provincial autonomy that may be looked for in the not distant future. But there is no reason why the transfer of this should be delayed so long, and cannot be effected immediately. The second suggestion is that the Board, which has been referred to in the earlier part of the resolution be empowered to decide all questions involving the preference for one reason or another of British applicants for mining concessions as that Board including as it does businessmen may be depended upon to properly assess the question of minimum resources required and not allow itself to be carried away by sentimental notions

which are known to be foreign to business heads and business instincts.

Prior to the Great War not only Britishers but other European and American exploiters were allowed to acquire valuable mining concessions in India. The Germans especially were not slow to avail themselves of this blundering policy of the British Indian Government. The result was that important minerals like Wolfram and Monozite were controlled by Germans, through the ownership of such mines to the great discomfiture of the Britishers. Since the War an important amendment to the mining rules stipulates that *non-British* subjects are not eligible for mining concessions in India. It is not improbable, though not in the immediate or the near future, that Indians may be faced with a similar situation, at all events so far as the competing for, and control of, these and other essential minerals are concerned and then feel helpless owing to vested rights created in favour of Britishers. It is therefore advisable to provide in all mining concessions granted to Britishers in India that the Indian Government whether of Dominion Status or otherwise shall be entitled to buy up such concessions at a fair and reasonable price if it considers such a step desirable or expedient in National interests. A somewhat similar provision exists in the mining leases issued in recent years i.e. after the Great war, empowering the Secretary of State for India to declare a "State of Emergency" whereupon control and other liabilities follow. In the transition stage, especially when the future of India is on the lap of the Gods, it behoves the Britishers who claim that they are trustees discharging a sacred trust (i.e. the administration of India) to so conduct their affairs, as not lay themselves open to the reproach that they, by their fiduciary position have taken undue advantage of their ward's estate and mortgaged it for an unnecessary long period beyond reasonable hopes of redemption during the ward's life time, without a

requisite moral and legal necessity. If Government do not care to act on this suggestion and make it clear in all leases granted to foreigners even though they may be Britishers that their concessions are likely to be bought up by the Indian Government if and when it considers this necessary, it will be time enough to declare by a specific resolution in a future congress that the people of India will not bind themselves or abide by such one-sided, unfair and unconscionable transactions entered into not merely without their consent but in open defiance of their protest and that such concessions are liable to be repudiated without the Indian Government being subjected to a charge of treating the leases as 'scraps of paper' similar to the German way. In the meantime with mutual good will and on terms of perfect equality Britishers are welcome to develop such of the mining concessions as Indian capital, Indian resources and Indian talent cannot for the present develop, hoping that so long as they conduct themselves properly and unless compelled by some controlling necessity, their possession and enjoyment of the concessions will not be disturbed and even when disturbed, will be paid for and compensated. It may be, that the Britishers may be annoyed at the loss of the vantage position which this resolution demands but having regard to the trend of the times and the national awakening the sooner they adjust themselves to the changing environment the better for them and us. Otherwise they will be in a position not dissimilar to that of one of their ancient kings, King Cannute who bade the waves to role back.'

Gentlemen with these remarks I commend this resolution for your unanimous acceptance hoping that the inherent merits of the resolution will achieve what my limited powers of exposition alone could not have achieved.

Mr. W. C. Bannerjee (Indian Mining Federation and Bengal National Chamber, Calcutta), in seconding the resolution, said :—

"Mr. President and Gentlemen, in seconding this I shall say only one word, and that is that time-expired leases should be *ipso*

facto renewed to the original owners. In the Central Provinces they have now started a policy of withholding the certificates of approval, so that Indians cannot get these concessions. A firm of standing in Bengal applied for a certificate of approval. This firm had certificates of approval of the Burma and the Behar Governments. But the certificate of approval was not granted by the C. P. Government to such a firm of long standing. It is for that reason that we should press that certificates of approval are not withheld from Indians. So much for the first part of the resolution.

“As regards the second part. I should like to say that in future when renewals of mining concessions are made care should be taken by Government to see that they are given only to Indians,—The children of the soil.”

The Resolution was put and carried unanimously.

Resolution No. 28.

DISPOSAL OF PLANTING AREAS.

Mr. N. Sen (Indian Tea Planters' Association, Jalpaiguri), in proposing the resolution, said :

“Mr. President and Gentlemen, the resolution which stands in my name is this :

This Congress recommends that Government lands available for plantation of rubber, tea and coffee should be disposed of only by public auction, duly notified, restricted to Indian bidders only.

“Now, Gentlemen, I think I should tell you a few words regarding the difference between lands fit for tea and coffee plantation and lands which are fit only for paddy cultivation. In the case of the latter, you can have a system of irrigation by which

land which was formerly waste could be brought under cultivation. But in the case of tea and I suppose in the case of coffee also, much depends on the natural agencies. Firstly, there must be a certain altitude; secondly there must be a minimum rainfall, about 100 inches in the case of tea, evenly distributed throughout the year, and thirdly a particular composition of the soil. In those circumstances, it is but natural that, in spite of India being a very big country, lands which could be actually turned into good coffee and tea plantations are not to be found to a very large extent. As a matter of fact, you cannot find such lands in Northern Bengal save in the Doars and Terrai below the Himalyas and in the north-eastern portion of Assam. I understand there are certain good lands fit for tea and coffee available also in the Nilgiris and Travancore. There is another important factor to reckon with, viz. in order to make a big plantation a success you have also to consider the transport facilities. We have got to see that the plantations which are going to be opened must be within reasonable reach of a railway line or waterway in which steamers and boats can ply, or there must be good roads leading to the garden for transport of the produce. If you consider all these circumstances, you will agree with me, gentlemen, that though we may have lands in plenty in our country, a plantation in order to be an actual commercial proposition, can only be started on lands which have got all those facilities.

“Having regard to these facts, gentlemen, the first point that strikes me is this: that non-Indians have grabbed about three-fourths of the lands already available for tea and other plantations. In those circumstances, it is but fair that we now claim from Government to reserve the balance of one-fourth only that remains, for Indians who are the children of the soil.

“My second point is this: the foreign planters have invested about Rs 40 crores of capital in tea. Indian capital invested in plantations is only a little bit more than a crore of rupees. It is but natural that Indians should now insist upon plantation lands

being reserved for them, so that more Indian capital might be drawn to this business and Indians are not wanting in coming forward to find the necessary capital to open up new plantations.

"The third point, gentlemen, is this: this business is extremely profitable; European plantations are yielding something like cent per cent dividends, and you will be glad also to hear that in the case of Indian plantations' last year one company in the Doars paid a dividend of 200 per cent, and there are lot of other gardens under Indian management which declared more than 100 per cent. Some gardens in Northern Bengal declared dividends of 300 per cent last year. Having regard to all these facts, you will certainly agree with me in insisting upon the Government to reserve the remaining one-fourth of the land that is still available for coffee, tea and rubber plantations, for Indians and for Indians only.

"With these words, gentlemen, I beg to place this resolution before you for your unanimous acceptance (Cheers)".

Mr. C. M. Kothari (Southern India Chamber of Commerce, Madras), in seconding the resolution, said :

"Mr. President, Brother Delegates, and Gentlemen, I have great pleasure in seconding this resolution. Having during the last two days heard a great deal here about the ways and means of the trusteeship that is being executed in India by the 'sacred trustees', I beg to remind you that here is a novel method of trusteeship being executed in the case of lands being given away to foreign interests. The proposition put before you by Mr. Sen is a very important one. The present system of disposal of available lands cuts at the very core of the country in this way, that lands are alienated and perhaps vested interests are created in the country which would over be permanent. Gentlemen, temporary intrests may be created in industries and commerce. Those being temporary, perhaps the sons of the soil may snatch away those interests from the foreigners in time to come. But

when interests are created in land, allow me to remind you that they are permanent and that you will have to fight a very hard battle to destroy them. This is a question which could as well be taken up by other bodies than the Industrial and Commercial Congress. This is not merely a commercial and industrial question, but it is a national question, the importance of which has not been realised as yet by the different Legislatures and by the Indian National Congress as well. In several provinces in India, lands are alienated in large extents to foreign interests for cultivation, of rubber, tea, coffee and such things. Perhaps, it may be a gift of the trustees given to the Britishers. It may be argued, gentlemen, that the giving away or the cultivation of those lands by others has profited India to a great extent, as we are getting the assessment of land revenue; that land which would remain uncultivated and lie idle has been cultivated by planters, that it gives employment to Indian labour, and that these plantations contribute to the revenues of India by way of indirect taxes as well. Our only reply to this argument is that the sons of the soil should have the inherent right to own the land in their own country, that no one should permanently take away the land which belongs to them, and that no permanent alien interests should be created in land, leaving them to have nothing to enjoy later on.

“Gentlemen, I will refer only to one fact, and I am not going to tax much of your time as my friend, Mr. Sen, has already given a good description of the plantation lands in India already alienated to foreign interests. I would only add that about 2,60,000 acres of cultivated land have been given away to planters, and a further 2,20,000 acres of uncultivated lands have been handed over to foreign interests. It is for you, gentlemen, to determine whether such a big foreign vested interest could be continued to be allowed to any further extent to the great advantage of the foreigners and to the discouragement of the

sons of the soil. In seconding this resolution, I trust that you will unanimously support it. (Cheers).

The Resolution was put and carried unanimously,

Resolution No. 29.

INDIAN INSURANCE.

Mr. V. C. Rangaswami (Southern India Chamber of Commerce, Madras) in moving the resolution said :

“Mr. President, Brother delegates and friends, I have great pleasure in moving the following resolution about Insurance :

“While regretting the apathetic attitude of the Government of India towards the development of Indian Insurance, this Congress strongly recommends the necessity of introducing at an early date legislation to promote the growth of the same, and also for the proper regulation of life, fire, marine and other insurance companies working in India with a view to safeguarding the interests of policy holders and the General public.’

Gentlemen, I have no doubt that the Resolution will commend itself to all of you and will receive unanimous acceptance at your hands. It is a very modest Resolution. It is a well known fact that Insurance in India is still in its infancy. The history of the growth and development of Insurance enterprise in other countries points unmistakably to the conclusion that without strong State support, Insurance enterprise cannot make much headway. This is all the more the case in India where the unexplored field is vast. It is admitted on all hands by Government as well as the people—that legislation in India in regard to Insurance is at present defective, and requires remodelling. There is an Act—the Indian Life Assurance Companies’ Act of 1912—but it deals with

only Life Insurance and even in regard to this restricted branch of Insurance, the Act is far from satisfactory. Realising this and also, I think, under the pressure of Indian public opinion, Government brought forward a draft Bill in 1925 and the same was placed before the country for criticism. The Bill, however, was considered practically unanimously by the Indian community as quite unacceptable. We are not now concerned any more with that Bill, as it has been scrapped, but we must urge Government to take the matter up again, this time in a liberal spirit, so that the interests of the indigenous Insurance enterprise as well as those of the insuring public may be properly safeguarded. For one thing, by legislation it must be made obligatory on foreign Insurance Companies working in India that gather large revenues from the Indian insuring public to invest and keep invested in this country itself at least the major portion of their funds derived from their Indian business. In making this demand, we are not asking for any novel course. We are but asking for our own country, safeguards which have been adopted by practically every other country in their respective National interests.

“The funds Insurance Companies constitute a strong asset of the Nation and during the time of War, the Insurance Companies of Great Britain and America, not a little contributed to help Government : so great is the financial force of Insurance Companies. This is the reason why Insurance Companies of every country, excepting India, keep their funds invested almost exclusively in their own countries. This point is so obvious that I need not dwell on it further. There is no reason indeed why foreign Insurance Companies should not make up their minds to invest their Indian funds in India itself. Indian Government securities—not to speak of other investments—yield attractive rates of interest and are in no wise inferior to the Bonds of other Governments in regard to security.

"The premium collections amounting to several crores of rupees realised by foreign Insurance Companies out of their Indian business and remitted to foreign countries for investment there, represents so much drain on India's resources, which but for their exit would be available for employment in this country. From the point of view of the Indian tax-payer, this drain should be avoided. At present, there is no means of even ascertaining for mere information the total amount of insurance premia realised by foreign Insurance Companies: so defective is the present Act. It is needless to discuss at length what other cardinal features and safeguards must be provided in the legislation which we ask for. The practically unanimous views of the Indian community are already before the Government of India and it is expected that Government will come forward with a suitable Bill in the light of the opinion already received by them. I also understand that sufficient time will be allowed for the Indian Commercial community to express itself on the provisions of the new Draft Bill which Government are stated to have in contemplation. After the draft Bill is published the Indian commercial community must consider carefully and in detail the provisions of the Bill. The present Resolution merely indicates to Government that in the interests of National economy, Government should not continue to adopt an indifferent attitude in regard to Insurance development, but must without further delay take the matter up and help in the passing of legislation in accordance with the wishes of the Indian commercial community and the Indian insuring public at large.

"Gentlemen, with these few remarks, I commend this Resolution and hope that you will all accept it."

Mr. M. Jeevabhoy, (Southern India Chamber of Commerce, Madras) in seconding the resolution said :

"Mr. President, Brother Delegates and Friends, I heartily second the above resolution. Everything required for the

development of Insurance enterprise is available, excepting State support. This is also quite essential. Insurance in India requires Government's attention and sympathetic protection for the advancement of same. It is expected that Government will positively accord sympathetic attitude towards this question if only the members of the Assembly will take up the matter from time to time. All advanced countries have passed laws to foster the growth of indigenous insurance concerns and their Governments invariably patronise only such concerns. I hope the Government of India will proceed with the necessary legislation at an early date."

The resolution was put and carried unanimously.

Resolution No. 30.

REGISTRATION OF TRADE MARKS.

Mr. C. Rajam (Indian Chamber of Commerce, Calcutta) in moving the resolution said :

"Mr. President and Brother delegates, the resolution that has been entrusted to me reads as follows :—

'This Congress recommends to the Government of India that it is desirable in the interests of Indian trade and industries to introduce at an early date legislation for the registration of Trade Marks in India, in the absence of which Indian merchants are put to considerable hardship both in India and abroad, and India is unable to join the International Convention for the protection of 'Industrial property.'

"Sir. In England there is a Trade-mark Act and there is no reason why we should not have the same in India with necessary modifications. From past history every effort that has been

made to introduce legislation into this country had been thwarted for reasons which are far from convincing. The major portion of the trade of this country is the import of piece-goods and manufactured articles, and this trade has all along been in the hands of the European importers, whose interests are safeguarded by the Trade-marks Act in England, and who, therefore naturally strongly objected to any legislation of this kind in this country.

(2) "In the absence of a Trade-marks Act, the users of trade-marks have found considerable difficulty in establishing their rights, and if they at any time want to do so, they had to depend entirely upon the law-courts which is a tedious, expensive and cumbrous affair.

(3) "In the absence of a Trade-marks Act, trade-mark is unwittingly infringed by a person introducing a trade-mark without knowledge that similar trade-mark was used by some other person in another part of the country. Wanton infringements or infringements out of ignorance result in litigation and undue dislocation of trade. Even courts do find considerable difficulty in locating the first user in the absence of reliable records.

(4) "With a trade-marks Act in India, the commercial firms and manufacturers can register their trade marks and no infringement of the character suggested already will occur. Moreover, the consumers will be protected from inferior quality of goods or adulterated materials.

"By introducing such a Trade marks Act, not only will the interests of Indian Trade and Industry be protected in India abroad, but also India will be able to join the international convention for the protection of Industrial property of our country.

"With these words I commend this resolution to your unanimous acceptance."

Resolution No. 30.

Mr. C. Gopala Menon M. L. C. (Southern India Chamber of Commerce, Madras) in seconding the resolution said :

“ Mr. President, and brother delegates, very few words are needed from me in support of this resolution. In the first part of the resolution we are asking for suitable legislation in regard to the registration of trade-marks in order to enable India to join the International Convention for the protection of industrial property. One who registers a trade-mark has got an absolute right to the use of that trade-mark. It is very essential that a man who registers a trade-mark must be able to prove that he is the first user of that trade-mark in order to establish his right to it. For instance, a man from Salem might have registered his trade-mark here; but that mark might have been registered by another man in another district or in another Presidency and he might have been selling his goods there by using this trade-mark without any knowledge whatever that the same mark is being used by some other person. With the growth of Chambers of Commerce the question of trade-marks has become more complicated. Sometimes trade-marks that have been refused registration by one Chamber get registered in another Chamber. I have known several instances where suits have been instituted in courts as a result of these trade-marks being registered by several Chambers without any sort of co-relation among them. There is no sort of responsibility on the part of the Chamber registering a trade-mark except in affording a proof that a particular trade mark has been registered with them. We want legislation to protect the rights of the users of trade-marks. There should be a Central Trade-Mark Office as there is at present in other countries. I am aware that difficulties must arise as to the recognition of the rights of existing marks. But as time advances the subject is sure to become more complicated. Most of the advanced countries have their own laws for trade marks and they also observe a convention among themselves of respecting the trade-marks of other countries by not infringing

them. India not having the necessary legislation to protect the rights of trade-mark users, we are unable to join in that International Convention for the protection of industrial properties. With these remarks I have great pleasure in seconding the resolution which recommends the early passing of suitable legislation regarding trade-marks.' :

The resolution was put and carried unanimously.

Resolution No. 31.

The following resolution was put from the Chair and carried unanimously:—

“Reweighment of coal at destination.”

This Congress urges on all the railways to immediately re-introduce the system of reweighment of coal consignments at destination.”

Resolution No. 32.

The following resolution was put from the Chair and carried unanimously:—

POST AND TELEGRAPH.

“This Congress draws the attention of the Government of India to the interruptions in the Indo-Burma Telegraphic Traffic which still continue in spite of official assurances that the interruptions were not likely to recur and urges that suitable steps be taken immediately to provide a more reliable system of telegraphic communication between India and Burma.”

Resolution No. 33.

The following resolution] was put from Chair and carried unanimously:—

REDUCTION OF POST AND TELEGRAPH RATES.

"This Congress urges that the Inland postage and telegraph rates should be reduced to the pre-war level."

Resolution No 34.

The following resolution was put from the Chair and unanimously carried.

INDIANISATION OF SERVICES.

- (a) This Congress recommends to the Government of India to take early steps for the speedy Indianisation of all higher appointments in all commercial departments with special reference to Port Trusts, Development and Improvement Trust, Imperial Bank of India, The Railways, Post and Telegraphs, Irrigation, Customs, Accounts, and Income Tax:
- (b) This Congress reiterates the urgent need of having Indians with trade experience as Trade Representatives in the commercial centres of the world to look after the commercial and industrial interests of India."

Resolution No 35.

The following resolution was put from the Chair and was carried unanimously:—

INDIANISATION OF SERVICES.

"This Congress represents to the Government of India that the conditions at present insisted upon for admission of Indian candidates to the Bengal Pilot service are not only more stringent than in the case of European candidates

but are in effect such as to virtually preclude Indians from admission to that service and in consequence the commitment of the Government to reserve a certain number of appointments for Indians becomes meaningless. Under the circumstances, this Congress urges upon the government of India to adopt practical measures with a view to facilitate and expedite the Indianisation of the Bengal Pilot service."

Resolution No. 36.

REDUCTION OF RAILWAY FREIGHT FOR SOFT COKE.

Mr. W. C. Bannerjee (Indian Mining Federation and Bengal National Chamber of Commerce, Calcutta) in moving the resolution said:

"Mr. President, I have great pleasure in moving the following resolution:—

"This Congress urges on Government to effect at an early date a substantial reduction of railway freight on soft coke to enable consumers of different centers suffering from want of fuels to take to the use of soft coke for domestic purposes."

"The proposition in fact conveys an appeal to you from the Indian owners of coal mines of Bengal. It asks you to get your seal of approval to a scheme, which they have formulated for the popularisation of coal as domestic fuel. In placing this motion before you, I cannot emphasise too much the value which we attach to it. Unless the scheme is given effect to, we in the coal trade consider ourselves as doomed for ever. An industry which was fairly thriving five years back will probably be extinct in the course of a couple of years unless the position be improved in the direction suggested. No proposal affecting coal trade is more important than the one now introduced. I briefly summarise the entire scheme:—

- (i) Both having regard to the depressed state of the coal trade and on general grounds, it is necessary to exploit new demand for Indian coal.
- (ii) The domestic use offers the prospect of a very elastic expansion of consumption of Indian coal.
- (iii) A survey of the present state of consumption establishes the need for a popularising campaign to be carried by a proposed Coke Committee.
- (iv) Terminal charge at the rate of 2 pies on all coal and coke (except soft coke) despatches per ton and Rs. 2 per ton on all soft coke is suggested, to be levied.
- (v) Revision of soft coke freight on a tapering scale and on a lower basis is also suggested.

An increase of demand is the crying need of the Indian coal trade to-day. Apart, however, from the special circumstances in which a fall in demand is coinciding with a period of increasing production, the growth of demand is the natural vital principle of any trade or industry. During the twelve years from 1912 to 1924, Japan has increased her coal production from 19.6 to 29.2 million tons, while the most pronounced feature of coal trade in South Africa since the war has been the rapid increase of output from about 8 to 11 million tons. A strengthening of the demand for Indian coal is thus not merely a special necessity arising out of a state of depression but a normal requirement of the trade even in its healthy aspects. Such a strength in demand, under present circumstances, can be best imparted by popularising the use of coal as a domestic fuel. Fuel is an article of everyday necessity and having regard to the very scanty use of coal at present as a domestic fuel, the elasticity of its demand may practically be regarded as without limit of any quantity. According to the figures supplied by the Chief Inspector of Mines in India in his latest annual report, the total

consumption of soft coke in the year 1925 was .5 million tons. Assuming that the average number of members in a family unit is 5 and that the average monthly consumption of such a family is 4 maunds a month, it appears that out of a total Indian population of 330 millions, not more than 1.1 million persons are served by coal as their domestic fuel at present. A fairly accurate idea as to the present state of consumption of soft coke in various Indian cities are given for illustration :

Stations.	Population. (Figures in lakhs).	Consumption of soft coke as representing total despatches from E. I. and B. N. Railways.
Calcutta	11.33	
Howrah	1.95	1,49,254
Madras Harbour	5.26	1,580
Bangalore	2.39	200
Poona	2.16	339
Bombay	11.75	5,966
Delhi	3.04	2,470
Cawnpore	2.11	2,436
Lucknow	2.40	1,449
Benares	1.98	3,746

These figures conclusively establish the view that for an expansion of the use of coal as a domestic fuel, there are vast unexploited possibilities in India. It is important, however, to analyse why the use of soft coke has not been more popular or widespread in this country than what it is to-day. Two factors seem to have handicapped the popularity of domestic coke. In the first place, the coalfields being situated in one end of the country and a satisfactory system of transport being comparatively of recent growth, coal is an unknown form of fuel to householders in many parts of the country. Secondly, the high cost of carriage of coal from the centres of production to the centres of consumption render it uneconomical in use. In places like

Bombay, firewood is a less expensive domestic fuel in comparison with soft coke. In the Punjab, on the other hand, the retail price of coke compares very favourably with that of firewood, but the consumption of the former is still low owing to the comparative unfamiliarity of the general householders with the use of soft coke. It is noteworthy, however, that in the Punjab, as in fact in all the other provinces including Bombay, soft coke is cheaper than any other fuel when the burning value of each is taken into consideration. But as it is, the domestic consumers do not, generally speaking, take that farsighted view. A prospective consumer is disinclined to make experiment, and as you will doubtless realise, when a change of habit is involved, it is not easily that a man may be persuaded to discard his old habit.

Two considerations clearly emerge out of the foregoing survey: (i) an intensive campaign must be launched with a view to popularising soft coke among domestic consumers; and (ii) secondly, the gradual substitution of soft coke in place of other competing fuels must be facilitated by a drastic cut in the transport cost of soft coke. As regards an intensive campaign, the people in the coal trade have in view a machinery of the type of the Tea Cess Committee which should be brought into function under statutory provision to carry on this propagandist activity. To establish depots in centres of large potential consumption, to introduce coke in these centres in dumping prices, to publish explanatory and descriptive literature on the domestic use of coal, to exhibit instructive films bearing on this subject, to exploit the co-operation of municipal, and other agencies for the wider marketing of soft coke—these in brief, are contemplated as few of the more important functions of the proposed machinery. It is proposed that the terminal charge should be imposed at a railway terminal and collected along with the freights, the proceeds made every quarter to the Indian Coke Supply Board. The terminal will no doubt pass on to the consumer. But when it is remembered that

the levy of a cess is coupled with a proposal for a drastic cut in coke freights, little exception can be taken to this proposal. At all events the coal people have fixed the terminal at the lowest possible rate, consistent with an efficient working of the Coke supply Board.

To turn now to the proposed reduction of freight on soft coke. The schedule rate for coal, coke and patent fuel at present over all the Indian railways is:

(i) For traffic carried for distances 400 miles under:

Miles.	Per maund per mile.
1-200	0.165 pies.
plus for any distance over 200 miles	0.13 „

(ii) For traffic for distances over 200 miles:

Miles.	Per maund per mile.
1-200	0.15 pies.
Plus 201—500	0.07 „
Plus for any distance over 200 miles	0.06 „

The schedule is a telescopic one, but I suggest that the freight on soft coke should be revised on a sliding basis and the following provisional scale be given effect to, subject to "differential rule."

Miles.	Maund rate per mile.
1-20015 pies.
201-40010 „
401-600075 „
601-800060 „
801-1000045 „
1000 and over...	.035 „

The domestic coke traffic is one for which a sliding, or as it is called, cumulative scale is eminently suitable. Indeed,

having regard to the character of its consumption, the price of soft coke should be more or less identical all over the country; for, the paying capacity for an article of necessity varies within very small range from province to province or from city to city, and it is only a sliding scale of freight which can maintain the price at the same level all over the country. An idea as to the exact reduction suggested would appear from the few illustrations of calculated rate given below:—

Destination from Jharlia.	Mileage.	Excluding terminal.	
		Present freight.	Proposed freight.
Calcutta	170	Rs. 4 8 6.	Rs. 3 11 0.
Bombay (Via Naini and Jubbulpore)	1185	12 12 0	5 15 0
Madras (Via Asansol and Waltair)	1131	12 3 0	5 10 0
Lahore (Via Ghaziabad)	1214	11 10 0	6 1 0
Ahmedabad (Via Agra, E. Bank)	1162	12 10 0	5 13 0
Nagpur (via Assansole)	673	8 6 0	5 11 0
Benares (via Moghul Serai)	265	5 13 0	3 13 0

Once more, gentlemen, I appeal to you on behalf of the coal trade and trust you will be good enough to carry the resolution unanimously."

Mr. R. Sitaram. (Indian Chamber of Commerce, Calcutta) in seconding the resolution said:

"Mr. President and Brother delegates, in seconding the resolution my task has become comparatively easy as Mr. Bannerjee has marshalled all the facts relating to the coal industry. As the soft coke industry is entirely in the hands of the Indian mine owners who feel considerable difficulty in pushing forward their

coal against the competition of European mine owners, this attempt requires every support from the Indians generally. It is common knowledge to many of us that the railway companies not only do encourage import and export traffic but have for a long time been apathetic to the promotion of the Indian Industries.

The depression in coal trade about which we are hearing every day can partly be overcome by a propaganda for the use of soft coke which, gentlemen, cannot be effected without a reduction in railway freight. After a continued agitation for many years we have been doled out a Railway Rates Advisory Committee which, you all know, is an eye-wash. This does not mean, however, that we must be unmindful of the fact that there is a certain amount of co-operation and organisation required amongst colliery owners. It is high time that their efforts should be concentrated on a sound organisation which will go a great way to relieve the depression in the Indian Mining Industry.

Attention may also be drawn to the primitive methods employed in manufacturing soft coke, as such methods as are now adopted in manufacturing do not help in utilising the valuable bye-products which can be made available in the course of consumption. It would not be too much to suggest that the Indian Mining Federation should undertake to send young chemists and engineers to foreign countries to study the methods and make such improvements as will allow this industry to thrive without extraneous help.

In foreign countries low-grade coal is being converted into briquettes and utilised for domestic purposes thus proving the value of research.

With these few words I commend this resolution for your acceptance."

The resolution was put and carried unanimously.

Resolution No. 37.

REPRESENTATION OF INDIAN COMMERCE ON
PUBLIC BODIES.

Mr. M. Jamal Mohamed Sahib (Southern India Skin and Hide Merchants' Association, Madras) moved the following resolution :

"That as the Indian Commercial and Industrial bodies are not given adequate representation on Central and Provincial Legislatures and public bodies this Congress urges on the Government to go into the matter with a view to provide such representation as would be in keeping with the importance of the interest concerned."

In doing so he said :—

"Gentlemen, the recommendations contained in this resolution are so self evident that they require not many words from me to commend them to your acceptance. It is well known to all who have studied the many serious problems confronting us in this country that most of them can be traced to things mostly economic. The remedy for that naturally lies in doing all that is necessary for the development of our trade, commerce and industries which in other words means that the policy of the country should be so shaped as to bring about these desired results. For that the commercial and industrial interests of the country should not only be represented but very adequately represented in the Legislatures and on the other public bodies. In this Presidency for instance, the tanning industry, the foremost for our Presidency and the third for all India, has no representation either on the local Legislative Council or on the Madras Corporation and has only a solitary representative on the Madras Port Trust. As you all know that out of seven crores worth of tanned skins and hides exported from India as much as six crores worth of goods go out from this port alone and yet the representation given to it as stated above is only one representative in the

Port Trust and none in the Corporation of Madras. Whereas the representation of other commercial bodies on the various public bodies is as follows:—

	Legislative Council	Corporation.	Port Trust
Madras Chamber of Commerce	2	4	4
Trades Association	1	2	2
Planters Association	1		
Indian Chamber	1	2	2
S. I. S. H. M. Association			1
Piece Goods			1.

You will thus see how badly Indian Trade and commerce is being treated as compared with European commercial interests. I don't grudge them these privileges but we Indians should at least have equal, if not better treatment in our own country. I commend this resolution to your unanimous acceptance."

Mr. Sankalchand G. Shah (Indian Merchants' Chamber, Bombay) in seconding the resolution said :

Mr. President and brother delegates, I have great pleasure in seconding the resolution so ably put forward by Mr. Jamal Mahomed. The question of adequate representation of Indian commerce on the several public bodies in India is particularly important at this juncture and should receive your special attention. In the Legislative Assembly the representation given to us is very inadequate. Only the Indian Chamber of Bombay has a right to send one representative. Others are neglected. It is necessary that every Important Chamber in India should have at least one representative in the Legislative Assembly.

As regards Provincial Councils there is again the disability of a similar nature. There are two important Chambers in Karachi but none of them has a right to send their representatives to the

Council. Similarly in many other places. As against this you will find that the European Chambers of Commerce have got adequate representation both in the Council of State and in the Provincial Councils.

It is contended by some that Indian Commerce should not have any special representation but should go through the common electorates. I believe, Indian Commerce requires as much representation as European Commerce and in this connection I would point out to you the satisfactory results which we have obtained through our representatives, such as Sir Pureshottamdas Thakurdas, Sir Ibrahim Rahimtulla and others. Besides at the present juncture when economical and commercial problems have been occupying the special attention of our people, is it not high time that we must have adequate representation in both the Legislatures.

As for Port Trust and Municipalities, we have got some more seats but not a majority and our voice is not sufficiently felt.

Taking into consideration, all these circumstances, I am quite sure, you will give whole-hearted support to this important resolution.

The resolution was put and carried unanimously.

Resolution No. 38.

Mr. T. V. Santhanam (South Indian Chamber of Commerce, Madras) in moving the next resolution said :

“Mr. President and Brother Delegates, the resolution which I have the honour to move for your acceptance runs as follows:

This Congress deplors the lack of practical training in commerce and industry in the present system of education and invites the attention of Indian Universities to the urgent need of it with a view to the development of business training in India.

"Gentlemen, this is a most important matter, and I would request you to give it your full attention and kind consideration. An identical resolution had been moved at the last Congress held at Calcutta. I am told that we have not advanced one step further since. That is the reason why we have to reiterate this matter.

As a practical businessman, I know what amount of difficulty I experience for want of trained assistants. I am sure that this is the case with almost every other branch of industry or commerce. What is this due to! Surely, to the present system of education. The present machinery manufactures clerks and subordinate officials. It had been specially designed for that purpose and that purpose only. If in spite of this some people distinguish themselves it is due to other reasons.

"Gentlemen, this reminds me of a story. A big landholder of South India did not care to encourage the starting of even a primary school in his village for fear that he might find it difficult to recruit servants. The same mentality pervades our Government. There is no other country in the world where the Government is so callous.

"Gentlemen, wherever opportunity has been given, and the doors thrown open, Indians have acquitted themselves very well. Take, for instance, the practice of Law, Medicine, Engineering, etc. for any of which we have men more competent than the westerners. Similarly, what we want now is adequate training and instruction for our boys in all branches of industry and commerce. This will immediately remedy the canker of unemployment which eats into the vitals of our young men, sometimes driving them to desperation and suicide. Of course, here and there, the Government have provided technical schools, but I am sorry to state that they are not of much use as no suitable provision is made for giving such students practical training as apprentices.

“Gentlemen, there is a recent instance. A student, highly connected, got admission to the Government Trades School at Madras, subject to his being an apprentice in any workshop. In spite of all efforts, no firm would have him as an apprentice. Hence he could not get the admission. This is not a solitary instance. We have, therefore, to ask the Government not only to take steps for advancing technical and commercial education, but also to see that all firms give facilities or undertake to train a definite number of apprentices, on pain of stoppage of all Government patronage or by other compelling means; unless this is done, no real advance could be made. We appeal to all the Universities in India and Burma to so frame their syllabuses and curricula that vocational instruction of some sort or other is made compulsory in all existing educational institutions as also to provide for higher and specialised commercial instruction and training.

“Gentlemen, I need not speak more on this. Commerce and industry are the backbones of every country. These cannot be well organised without proper training. India has suffered much by commercial enterprises being started by inexperienced men. Unemployment is very great in the country. There is a crying need for developing industries. We have no chemical industries; not much of oil industry; no dye industry at all. Our indigo, which commanded once the world's market, has been killed. We are far behind other nations in every kind of industrial activity. If we continue in this state, the time is not far distant when we, as a nation, will be wiped out of existence. The question of commercial training is of vital importance to the public in general and to the commercial public in particular. It is up to us to see that the present state of affairs is remedied at an early date,

“With these few words, gentlemen, I commend this resolution to your kind acceptance. (Cheers).”

Mr. M. L. Dahanukar, (Maharashtra Chamber, Bombay), in seconding the resolution, said :—

“ Mr. President and Brother Delegates, I have great pleasure in seconding the resolution moved by Mr. Santhanam. I am happy to find that the commercial community in India has taken up this problem in hand and surely it will create an impression with Government who will be compelled to tackle this problem themselves and to make necessary improvements over the present state of things. You will all agree with me that commercial training is a crying need of to-day in every part of our country. The present arrangements for imparting instruction and training in commerce and industry are very meagre. You know how the graduates produced at present by so many Universities are helpless and are of no use to the augmenting of the wealth of the country. I would therefore suggest that Government should adopt a method by which they revise thoroughly their present curriculum of education and devote at least half of it for providing for industrial and commercial education for our boys. While I was touring in America, I saw that boys in the Columbia University were trained for industrial and commercial pursuits. They had a course of three years' training for boys in office organisation, and they had branches of training schools in various places. You thus see how those Universities are dealing with this problem of industrial and commercial education. That is why we find those countries are at the topmost rung in the commerce and industry of the world.

“ I have therefore great pleasure in commending this resolution to your unanimous acceptance. (Cheers).”

The Resolution was put and carried unanimously.

Resolution No. 39.

COAL

Mr. W. C. Bannerjee (Indian Mining Federation and Bengal National Chamber, Calcutta), in proposing the resolution, said :

“ Mr. President and Brother Delegates, the resolution which I have now the honour to place before you is as follows :

This Congress is of opinion that while Indian mine-owners are prepared to work the convention of the International Labour Conference re: female labour in mines and the legislation that was recently enacted by the Government of India to put that convention into effect, the pace of eliminating female labour should not be too fast and urges that Government might begin with eliminating female labour in deep mines for the present allowing the same in the mines of depth not exceeding 300 feet from the surface and providing for elimination of this also gradually in the next ten years.

“ We in the coal industry are now threatened with a serious piece of reform. I mean, gentlemen, the proposed prohibition of the employment of women under-ground in a mine. Let me state at once that we are not blind to the humanitarian considerations that may be said to underlie such a proposal. We are aware gentlemen, that in many countries such employment has been prohibited. But, in the first place, can Indian economic conditions be compared with those of other countries? An average Indian as he lives in a village deserves a humanitarian worker's interest. But that is a different story and a humanitarian attempt to improve the average Indian worker's life involves a complete overhauling of Indian economic conditions. In judging the issue before us, let us not be awayed by mere fine sentimental temptations.

“ In 1928, Government revised the Indian Mines Act taking powers to prohibit employment of women under ground. It is now proposed to exercise the powers. In a lengthy letter to the local Government, the Government of India set forth

their views favouring the prohibition of employment. We in the coal trade maintain that no case has at all been made out by the Government. In the first place, it has been stated that in a majority of Indian mines, the conditions of work to-day are such as to render the employment of women undesirable; the temperature is high, provision for artificial ventilation is scanty, the explosives are being increasingly used and the risk to women's life are greater than before. The picture presented is largely a fancy one; at any rate, it is drawn with needlessly lurid colour. The facts are that only a very limited number of Indian coal mines to which this description could answer, deep or extensive workings in the sense they are understood in other countries do not exist, except with outstanding exceptions. There are a few mines where there is any necessity for artificial ventilation or where the humidity temperature is high, or where explosives are in use. As regards the increasing risk to miners' lives misleading as the suggestion is, it is impossible to deny the fact that risk to-day is greater than what it was twenty years ago. But such increase in risk merely justifies a stricter control of mining operations and if at all warrants exclusion of women, it does so to the precisely same degree of men as well. The complete remedy of such a situation would lie in the substitution of manual by mechanical mining and it were well if such a view was clearly pronounced. In the absence, however, of such a suggestion from any quarter, the increasing risk in the Indian mining by itself makes out any but a very feeble case for prohibition of women underground. Two facts may be noted here in this connection. The Mines Department have under the present Mines Act ample powers to enforce artificial ventilation in cases where it is considered necessary. The fear of risk to women's health in deeper mines seems, therefore, hardly justified.

“Secondly, the substitution of mechanical coal cutter is hardly a practicable proposition in Indian mines, so many of

them being small undertakings and as such unsuited for economic application of elaborate machinery. Apart from the state of the mines, reference is made by the Government of India in this connection to the trend of public opinion. To the judgment of a well-informed public, the mining industry must no doubt loyally submit. But I venture to think that persons intimately connected with the condition of work in the mining industry have not lent the weight of their support to the proposed exclusion of women from mines proceeds more or less from an academic endeavour to assimilate Indian labour legislation with those of other countries. Unfortunately, life and working conditions are fundamentally different in India from any other country. For thirty years at least, women have worked in Indian mines without impairing in the least their capacity to bear healthy children. In 1899, when the first Mines Bill was in draft, the same 'public' opinion was brought to bear on the Government, asking for prohibition of employment of women. The same arguments as are being raised to-day, were brought forward on that occasion also. I presume that if these arguments could be overruled thirty years ago without any injury to the health and safety of the miner women, there is no more reason to attach additional weight to them today. It may be noted here that in a progressive country like Japan women still work underground in mines. We understand that no less than 70,000 women are employed to-day in Japanese mines, working underground for 12 hours per shift. Japan is a member of the Washington and Geneva Conferences. If female labour is allowed to be continued in the case of Japan, why should India be unnecessarily pressed, when it is generally fulfilling all the recommendations of those Conferences.

"In the next place, it has been said that the employment of women tends to lower standard of life. It is difficult to follow the force of this observation. A higher standard of life generally presupposes a larger scope of earning, and with the female members of the working families thrown out of employment, it

is more likely that the standard of living will fall rather than rise by this prohibition.

“To sum up the position, it appears that it is not only that the case for the exclusion of women has been rested on weak arguments but weighty considerations emerging out of the issue have been entirely neglected. I would only briefly refer to them here.

“(i) The demand for higher wages by male labour would raise the cost of production by annas 8 to annas 12 per ton. The whole of the added cost will fall on the producers either in the form of lower prices or lower demand for coal.

“(ii) The social and moral health of the labouring classes in the coalfields will be greatly endangered by the exclusion of women in active work. Persons competent to speak on behalf of the labour have expressed serious apprehension to this effect.

“(iii) The fact has been entirely overlooked that the labour supply of the coalfields is by no means abundant and that the serious shortage of labour will be felt on the withdrawal of female labour from the mines. Indeed, the shortage apprehended will turn out more serious than what the tea industry is faced with today.

“(iv) Lastly, assuming even the labour supply will present no difficulty, there is bound to be unprecedented congestion in the coalfields with consequent risk to the health of the locality and increased capital expenditure for provision of additional housing.

“So, we suggest that female labour should be restricted in the case of the deeper mines first. With these remarks, I commend the resolution to your acceptance (Cheers).”

Mr. Mavji Govindji Sheth (Indian Merchants' Chamber, Bombay), in seconding the resolution, said:

"Mr. President and Gentlemen, the proposition has been spoken to with such length and breadth, weight and warmth, (laughter) that no words are necessary to second it, and I have great pleasure in seconding the resolution. (Cheers)."

The Resolution was put and carried by a very large majority, with only one dissentient voice.

Resolution No. 40.

PROTECTION FOR COAL INDUSTRY.

Mr. W. C. Bannerjee (Indian Mining Federation & Bengal National Chamber, Calcutta), in moving the resolution, said,

"Mr. President and Gentlemen, the resolution which I have the honour to move runs as follows:

Having regard to the national importance of the coal industry, this Congress recommends to Government of India to take immediately all the necessary measures to grant adequate protection to it.

"You will doubtless realise that, as representative of the coal trade, the Federation cannot view with unconcern the policy steadily pursued by the Government in the recent years of expanding the railway collieries. Important facts have in this connection been disclosed by the report of the Indian Coal Committee. In paragraph 22 of their report, it is said that the production of the railway collieries which in 1923-24 was no more than 1,600,000 tons is estimated to be 1,900,000 tons for the year 1925. and is expected to reach the high figure of Ra. 200,000 by the year 1930, and the higher figure of 4 million tons by the year 1933. These figures have been a most disquieting revelation to the coal trade, for it could

hardly be expected that for the next eight years the Government would be responsible for increasing the output of Indian coal by no less than 6,60,000 tons each year. Taking retrospect of the nine years prior to 1914 it is observed that the increase of production was from 17.1 million in 1915 to 18.76 million tons in 1923, in other words, the output advanced by 175 millions in the course of nine years, or at a rate of fairly below 2 million tons each year. The period between 1915 to 1925 represents, moreover, the unprecedented years of commercial and industrial activity. But assuming even that the demand for coal would grow at this rate in the near future, the normal growth of the coal industry cannot be regarded at anything higher than 2 million tons a year against 6,60,000 tons estimated to be the annual increase in the next eight years.

“Overproduction would probably be all the more aggravated if the present depression in important Indian industries continues. The small industries do not revive and the foreign trade of the country also fails to recover its losing ground. But what these eventualities would be in course of the next ten years, it would probably be idle to speculate but at any rate the trade would be well-advised to be prepared for the worst. The question, therefore, naturally arises as to how far the policy of expanding the railway collieries steadily pursued in the recent years has been justified. It need hardly be pointed out that the principle of State enterprise in competition with private capital has received the severest condemnation in every country from the highest statesmen, politicians and economists. It cannot be argued that in the present instance the State enterprise is intended merely to meet the State demand itself and not the demand of the ordinary public. Having regard to the vast importance of consumption of Indian railways in the Indian coal market, such a line of argument is obviously untenable. The Indian coal trade has systematically in the past and particularly since the war been suffering acutely, the responsibility for which it is impossible

for the Government to evade. In the specific matter of coal supplies for Indian railways, it is a well-known fact that owing to the operation of a system of wagon preference, the Indian railways used to purchase their coal considerably cheaper than other industrial consumers. It would be an unthinkable shabby treatment of the coal trade, if the Government having reaped valuable advantages from the trade decide at last to withdraw or at least very severely curtail its custom from the coal trade. Nor can the policy be supported on grounds of economy. The experience of the other countries in the matter of State enterprises, namely, that it is uneconomical is also fully borne out by the workings of the railway collieries in this country. In the Giridih collieries owned by the East Indian Railway controlling an output of 8 lakhs tons a year, the raising cost is in the close vicinity of Rs. 6. If these collieries were circumstanced as ordinary private concerns paying all taxes and cesses as also royalty to the superior landlords, and if it controlled a lower output, it is conceivable that the raising cost would have advanced to a figure at which the Government are able today to buy coal of the corresponding quality in the open market. If further proof is required of the uneconomical working of the railway collieries, this is strikingly afforded by the fact that the raising of coal per person employed in the Giridih collieries is only 84 tons as against the general average of 107 per head in the case of private enterprise. I am not aware if these facts were carefully considered by Government, but as they review the situation today, they cannot deplore too strongly the feverish speed at which collieries have been sought to be acquired and developed for the Indian railways in recent years. To take as an instance, in the Talehar coal-fields, the Bengal Nagpur Railway and the Madras and Southern Mahratta Railway are reported to be contemplating opening of their collieries, according to a statement made by the Government on the 1st of February 1924, on which no less a sum than Rs. 80,00,000

is proposed to be spent. But this is precisely the whole area with regard to which the recent Indian Coal Committee state that the quality of the coal so far proved in the area is of an unimportant character. It is difficult for me to understand how Government could have been induced to launch into such a colossal capital outlay without being satisfied as to the quality of the coal deposit in the new coal fields. The raising cost at the B. N. Ry. collieries is over Rs. 4 per ton, which quality of coal can be had at Rs. 2-12-0 to Rs. 3 per ton. The conclusion to which I am now driven is that the only consideration which weighed with the Government was their anxiety to make Indian railways independent of the coal supplies of the private capitalists as far as possible and at as early a date as possible.

“So, I would urge that the Government should halt at the further development of railway collieries and take at least 50 per cent. of its requirements from the coal trade and not launch a competition with private enterprise, which is not their legitimate function. Otherwise, on the plea of meeting railway requirements or the requirements of its employees, they will start wheat, seeds and all sorts of trade, as they tried to justify special rates etc. for the B. B. C. I. Railway Cooperative Store at Ajmere in competition with the local trade. This is a dangerous policy. So, I hope you will all support my resolution. (Cheers).”

Mr. D. P. Khaitan, (Indian Chamber of Commerce, Calcutta), in seconding the resolution, said :—

“Sir, my friend, Mr. Bannerjee, has already done sufficient justice to this resolution, and no further comment from me is necessary. I therefore heartily second it. (Cheers).”

The Resolution was put and carried unanimously.

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta) " Mr. President and brother delegates, during this session we have sufficiently criticised the Government and asked them for a large number of things. It is now my turn to ask you, brother delegates, to favour us by going to Calcutta next year for holding the next session of the Indian Industrial and Commercial Congress. It is true that only last year we held the session of this Congress there. But as the Indian National Congress is also going to Calcutta next year it would meet the convenience of a large number of delegates of this Industrial Congress if the next session is held at Calcutta. I hope you will all do us the favour of going to Calcutta and enjoy our hospitality however poor it may be."

Mr. Haridas Lalji (Buyers and Shippers Chamber, Karachi) :—Mr. President, I congratulate Mr. Khaitan on his fortune in having our Congress at Calcutta every alternate year. Karachi ought to have been the venue for this year, but as the National Congress was held in Madras our Congress also came down to Madras. Fortunately for Mr. Khaitan the National Congress goes to Calcutta next year and with that our Congress also. Anyhow our invitation to Karachi is there pending before you unconditionally and I hope that you will all take the earliest suitable opportunity of honouring Karachi by holding a session there. I would anyhow pray you all to see that one session at least is held in Karachi in my life time." (Laughter).

Mr. Fakirjee Cowasjee. (Buyers and Shippers Chambers, Karachi)—"Sir, We Karachi people have got a grievance against you. Government have judiciously overlooked us. But you gentlemen who stand as pillars of strength for Indian Commerce and Industry should not refuse to give us the pleasure of your visit. Bombay is going to have it the year after next and it is but fair that Karachi should be favoured as the venue next year. I fully realise that the National Congress

is going to take place in Calcutta and that Calcutta would be convenient to a large number of delegates who attend both the Congresses. But I feel sure, Sir, after the unity established by the National Congress at its last session there will not be such a huge programme before them to attract all the delegates. If my anticipation is correct, I ask you, Sir, provisionally to fix Karachi till such time as a change to Calcutta appears to be necessary and unavoidable."

Mr. R. K. Sidhwa:—(Indian Merchants' Association, Karachi):—

"Sir while I come from Karachi and while I am very anxious to have the next Industrial and Commercial Congress held at Karachi seeing that the Indian National Congress is holding its session next year at Calcutta, I do not think it convenient to all the delegates if we insist that the next session of this Congress should be held at Karachi."

Sir Ibrahim Rahimtoolah (President):—"Gentlemen, You must all feel highly gratified that two insistent invitations have been extended to you for the next session. On an issue like this it is desirable to reach some agreement unanimously."

Mr. Fakirjee Cowasjee (Buyers and Shippers Chamber Karachi):—"Sir, I have no desire whatever to raise a controversy on a matter like this. If it is not possible to fix Karachi even provisionally I beg to withdraw my invitation."

Sir Dinshaw Petit, Bart.—(Indian Merchants' Chamber, Bombay:—"Two very pressing invitations have been given for holding the next session of this Congress. I may call the attention of the delegates to this that the Congress is being held under the auspices of the Federation of Indian Chambers of Commerce I would ask the gentlemen who have so pressingly issued invitations to the Congress to allow some time for the Federation to consider the position. The Federation would be very much delighted to give the fullest consideration and

would decide the question as far as possible to the satisfaction of all the parties concerned. Therefore, I would pray that the invitations may be kept pending for a little time."

Mr. Fakirjee Cowasjee (Buyers and Shippers Chamber, Karachi):—"Sir, I, for my part do not want to disturb the harmony of the Congress by any means. I place myself entirely in the hands of Sir Dinshaw Petit."

Sir Ibrahim Rahimtoola (President): "Gentlemen, I hope it is the unanimous desire of the Congress to leave the matter to be decided by the Federation."

Resolution No: 41.

VOTE OF THANKS TO THE PRESIDENT.

Mr. Abdul Hakim Sahib (Southern India Chamber of commerce, Madras) in proposing a vote of thanks to the President spoke in Tamil and said:

"Brother delegates, ladies and gentlemen, it is now my pleasant duty to propose a hearty vote of thanks to our distinguished countryman and able President Sir Ibrahim Rahimtoola under whose guidance we have concluded this session with so much success, I now move:

"That a hearty vote of thanks be accorded to Sir Ibrahim Rahimtoola K. C. S. I., C. I. E. for his able conduct in Chair."

Mr. Movjee Govindjee Sheth (The Indian Merchants' Chamber, Bombay) in seconding the resolution said:

"Brother delegates and gentlemen, for the last three days we have seen how harmoniously and perfectly the business of this session of the Congress has been conducted. That is mainly due to the sweetness, imperturbability and the business acumen of our very able and distinguished President. (Hear, hear) When the choice of the President was made we congratulated

ourselves that we were very fortunate that a person of the calibre of Sir Ibrahim Rahimtoola was at our disposal to conduct the affairs of this Congress.

Gentlemen, we in this country are in a very unfortunate position. If a casual observer came to India and took up an Anglo-Indian newspaper and read the proceedings of the Associated Chambers of Commerce he would jump to the conclusion that India was very prosperous and that business was going on very nicely and that this is a land of milk and honey. But if his attention is drawn to the fact that there are two sets of commercial interests in this country, the Anglo-Indian interests opposed to the Indian commercial interests he would be astonished. We are all practically in the position of hewers of wood and drawers of water. A few hundred years ago India was in a very prosperous condition. She was the Mistress of the seas. Her ships went up the Thames and were envied by the shipbuilders in the dockyards there. Our fine muslins were worn by the kings and queens of the world. India's prosperity not only invited invaders but also traders, such as the English, the Dutch, the Portuguese, and the French. The East Indian Company which came here to trade with India flowered into Company Sircar and the Company Sircar flowered into the British Government and the British Government in India flowered into the British Empire. One of the greatest Frenchmen called the English as a nation of shopkeepers. In India when the invaders came to India very often they lived in the country itself and thereby the wealth of the country remained in the country itself. But after the advent of the trading corporation known as the East India Company all the wealth of the country was drained away. It was that great Rishi, Dadhaboy Navroji who first drew our attention to the drain of India's wealth to Britain and her daughter colonies. Things went on in that fashion for a long time. We are by nature a very sleep people. Besides that we were permeated by ideas of Vedanto and

have by nature become exceedingly charitable to any and every foreigner who set his foot in the country. We used to say, "This is mine and this is thine, is the calculation of very small brains and very narrow hearts" and also, "To the generous hearted man the whole world is kin, the whole world is his family. We must be broad minded and liberal and so on." As a result of this when strangers came to trade in India and ultimately rule it, the people could do nothing. A small trading corporation developed into the British Government of to-day. Look at their huge paraphernalia—Railways, Steamers, extensive plantations of all kinds, mines of all kinds and so on. All this is assisted by the successors of the East India Company, the Government of India. I say, Sir, the Government of India rule India more commercially than politically. You would have followed the controversy over the Reserve Bank and the question of the ratio of exchange with keen interest. You would have noticed also how India's interest were sacrificed mercilessly to the interests of the successors of the East India Company, the English merchants who are now sitting in London, Sheffield and Manchester and other places. If any patriotic Indian who is an acute observer of the way in which India's wealth is drained by these people raises his voice of protest, either his voice is generally not heard or he is thrown to background. To the latter category belongs our able and distinguished President of this session, Sir Ibrahim Rahimtoola. Unfortunately situated as we are our greatest men cannot rise to their full stature in this country. Though the Government neglected our President we have conferred on him the greatest honour that we can. Mr. President, if you were born in England you would have been made the Chancellor of the Exchequer and a very able Chancellor of the Exchequer at that. If you were born in America you would have won many laurels. You spared neither time nor energy in serving our motherland in various capacities, as Member of the Bombay Corporation,

member of the Bombay Legislative Council, Member of the Imperial Legislative Council, Member of the Bombay Executive Council and finally as the President of the Bombay Legislative Council. Your speeches on the various questions concerning India's welfare were worth careful study by all interested in India's welfare. As President of the Fiscal Commission, I myself came under your searching glare of questions as a witness before that body—your report contains a mine of information for the welfare of India. Your services were always at the disposal of the public.

We requested him to join our Chamber and place his services at our disposal. And to-day we find him here toiling amidst us. The younger generation will find in him an example and devote their attention to the problems of commerce, and industry and labour hard and labour quick for the organisation of Indian commercial and industrial interests on a sound basis. That would be ample thanks to him and he will be most glad to see the day when there are hundreds of chambers in the country, solidly organised and looking cautiously and circumspectly over the protection of India's trade interests.

“ At present what are we in the world? We had a glorious past, and we will have a glorious future. But our present position in the world of commerce to-day is that of suppliers of coolies and raw materials. We shall be thanking our President really, if we organise ourselves, follow his footsteps, and labour for the good of India.

“ With these words, I second the resolution (Cheers.)

Mr. Fakirjee Cowasjee (Buyers and Shippers Chamber, Karachi) “ Gentlemen, the saying goes ‘he laughs best who laughs the last’, and it has fallen to the lot of Karachi to support this resolution—according a vote of thanks to the Chair. If you, Mr. President, will permit me a digression, I may say here that

during the last three days, we, coming from the length and breadth of India, representing east and west, north and south, including Burma, have met together, sunk all our differences of opinion, and worked for the successful conclusion of this Congress. We have worked, heart to heart, mind to mind towards one goal, namely the uplift of our motherland, Bharatha Bhumi. There is no doubt that our aspirations are all national. Scot says,

‘Breathes there a man with soul so dead.

Who never to himself hath said.

“This is my own, my own native land.”,

Therefore, I hope we shall stand firm and compact like the Himalayas, compact in structure, tall in stature, and unassailable in our commercial integrity. The spirit of unity has pervaded through and through our labour for the last three days

“During our labours, we have been called to refreshments and we have been treated to excellent hospitality by our worthy host, Sir M. Ct. Muthiah Chettiyar, and it would certainly be ungratefulness on our part if we did not express our thanks and grateful regard to him and his colleagues. (Cheers). We cannot possibly overlook the fact that we have three Sir Knights amongst us, first of all our retiring President Sir Dinshaw Petit, then our Chairman of the Reception Committee, Sir M. Ct. Muthiah Chettiyar, and lastly our President—Elect Sir Ibrahim Rahimtoolla. When these three veteran knights have drawn their swords in the common cause of India, much trouble and difficulty will be overcome, and India will have its rise again (Cheers).

“If I may have the audacity, I may refer to one point in connection with the Presidential address. I find it is a most uncommon statement. After all, in it bare facts were laid before us, and the President drew a comparison between Japan, a self-governing country, and India, a country under the trusteeship of the ‘sacred trust.’ He has put in a few words very effectively a

warning as an eye-opener to those trustees of the 'sacred trust.' I hope they will take a leaf from his book and benefit the country.

"Speaking in chivalrous terms because our President is a Sir Knight I may say his shield is his fulness of experience, his escutcheon bears the armorial bearings of broad-mindedness, his banner his undaunted courage, his lance is his fairplay and his sword is emblematic of powerful endurance. I doubt very much if any other President would have given us so much latitude as he has given. We have taxed his patience, but he bore them all. And we thank him for that. We wish him a happy life and a useful career among us at least for three scores years and five to come before Almighty Lord should wish it otherwise (Cheers). I thank you all for the opportunity given to me to speak on this occasion."

Sir M. Ct. Muthiah Chettiyar (Chairman of the Reception Committee): "Gentlemen, it has been proposed, seconded and supported"

That a hearty vote of thanks be accorded to Sir Ibrahim Rahimtoola, K. C. S. I. C. I. E., for his able conduct in the Chair.

I request you all to carry the resolution unanimously (applause.)

The Resolution was carried unanimously amidst loud cheers.

The President, Sir Ibrahim Rahimtoola, was then garlanded.

Sir Ibrahim Rahimtoola: (President) then rose amidst cheers and said: "Sir Muthia Chettiyar and brother delegates: To say that I am deeply touched by the appreciation you have so kindly shown towards me is hardly adequate to express what I feel for the kindness which you have extended to me. You have thanked me for having presided at this Congress; may I tell you that I regard that thanks are on the other side and that my gratitude is due to you for having invited me to occupy the

Chair at this Congress and for giving me an opportunity to be associated with you, in the laudable efforts you are making to promote the cause of India's prosperity. It has been stated that in consequence of my association with Government I was on the shelf for about eight or nine years: it is therefore the greater reason why I should feel grateful to the promoters of this Congress for providing the opportunity to devote my humble services again to our Motherland. (Hear, hear). If I have availed myself of this occasion and tried my humble best to serve the cause we have all at heart, if my presidential address has appealed to you, I feel amply rewarded.

"Gentlemen, I need not tell you that there are many advantages that can be secured to the trading, commercial and industrial interests of India by such an organisation, which enables business men from all parts of this vast continent to meet and exchange views on important topics affecting the prosperity of our Motherland. One who attends such a Congress for the first time, cannot but be impressed by the variety of the problems that come before it. The perfect unanimity which has prevailed in this Congress with regard to the questions affecting the various parts of the country is a happy augury for the future united action of Indians in the vital economic interests of our Motherland. (Hear hear). I should like also to congratulate you on the business like methods in which you conducted the proceedings. You have made my task the easiest possible. We have got through a very large amount of work harmoniously and in the best of spirit. Great credit is due to the delegates for the manner in which they have discharged their duties in this Congress and I earnestly trust that it will lay the foundation of all future united action on the part of all parts of the country.

"Gentlemen, reference was made in the course of his observations by Mr. Khaitan to the co-operation between the commercial community and the Indian politicians. I do not think there is any diversity of interests in regard to the economic problems

affecting India. If you study the various addresses that have been delivered in Madras during this season, commencing from the address of the President of the Indian National Congress, you will find that the underlying principle is the economic well being of India. (Hear, hear) There can be, as I said, no diversity of interests in the economic sphere of our activities. I am confident that all the interests vitally affecting our country will be promoted by every person who calls himself an Indian. (Cheers) I remember that at the time when I was taking active interest in the political life of our country I was told that I was a very foolish person, that I was a business man and that my function was to attend to business and leave public affairs to others. I am glad that that short sighted view is no longer held. You have the example of Britishers in India. The members of the most influential commercial and industrial firms make it a point to spare the services of one or more of their representatives to attend each of the sessions of the Central and Provincial Legislative Councils. They take an active part in all matters which affect the trade, Commerce and Industry in India. Is it not obviously a greater duty upon business men amongst Indians to follow the example and go to the Councils in larger numbers and co-operate with our political leaders in joint action for the economic well being of our country? (Hear, hear).

"Gentlemen, reference has been made to our past glory. I have heard on many platforms references to the great glory of India in the past. I do not think any one contends that we the successors of our ancestors have become so degenerate that we cannot hold our own at the present time. Why is it then you will ask, that we are still backward the reason is that we are divided. There is nothing in the whole universe that can keep India in this position if we were all united in the cause of our mother land. (Loud cheers). Gentlemen, you know that several resolutions were passed in the course of our discussion

amongst which there is one to the effect that we Indians are not being given a fair opportunity even when we are fully qualified. I wonder whether the real significance of these views is realised. We Indians are obliged to study what is to us a foreign language, foreign to the extent that it is not even an Asiatic language. We have to compete with those people whose mother-tongue is English. It is usual in sport to handicap the better player. You know what happens at the races. The superior horse is handicapped in order to have a fair race. We Indians are handicapped in our contest with those whose mother tongue is English and still many an Indian has distinguished himself in this unequal race. The position as laid down by the British who claim to be sportsmen is that we Indians shall be handicapped by having to pass in a foreign language when they have to do so, in their own mother tongue. Does not this prove that we are intellectually in no way inferior but superior to those competing with us. (Loud cheers). Before the introduction of simultaneous examinations for the Indian Civil Service our students were required to study a foreign language, to go to England and stand in competition with Englishmen who were educated in their own country and in their own language. In spite of all this handicap our students came out successful for the Civil Service. (Hear, hear). Gentlemen, I have already said that this was a clear proof of the capacity of our people. Use it in the right direction; don't keep on fighting amongst yourselves, don't be divided but unite, and there is nothing on the face of this Earth that can keep you from your just and legitimate rights and aspirations. (Cheers).

Gentlemen, it was said that if I had been born in some other country I would have risen to the highest positions. While appreciating the compliment intended I should like to say that I am proud that I was born in this Country. (Hear, hear). The work that is to be done here is of great consequence and I am proud to have had this opportunity, in addition to the many-

opportunities which I have had during the last thirty— five years of my public life to serve my Motherland. I will repeat that I am most grateful to you for the high honour you have done to me in inviting me to preside over your deliberations.

"Gentlemen, I cannot conclude my observations without discharging one of my principal duties. I think you will all allow me on your behalf to offer our most grateful thanks to Sir M. C. T. Muthia Chettiyar, the Chairman, and the other members of the Reception Committee for the cordiality of their welcome, and for the arrangements they have made for our comfort and convenience during our stay in this city. (Hear, hear). They have been, if I may say so, kindness personified. They have looked to every one of our requirements and gone out of their way to do all they can in the matter. I hope you will join with me in tendering to them our most cordial thanks (Hear, hear). If this Congress has been a success, as we can claim it has been, most of the credit is due to Sir M. C. T. Muhtia Chettiyar and the Reception Committee. I would like also to refer to the indefatigable efforts of Mr. Gopala Menon for the great service he has rendered. (Cheers). When each one has vied with the other in rendering service it is invidious to single out names; but I cannot refrain from expressing our thanks to Mr. Md. Ismail, Mr. Kothari, Mr. Narayandas Giridharadas and Mr. Srinivasan who acted as joint Secretaries to Mr. Gopala Menon. And above all we should tender our grateful thanks to the volunteers who have maintained order and tried their best to serve the delegates. Gentlemen, in conclusion I will ask you to tender our grateful thanks to Mr. J. K. Mehta, the one gentleman who has proved to be the real soul of this Congress and if I may be permitted to add, of the Federation also. I remember many years ago, when a few merchants of Bombay decided to form an Indian Chamber of Commerce, we had a small meeting and the few people who assembled there while realising the many difficulties that stood in our way, had the

courage and foresight to establish the institution. What success it has since achieved is now a matter of history. One of the great good fortune of the Chamber was that it secured the services of Mr. Mehta as General Secretary. It is needless to add Mr. Mehta's services to the Chamber have been invaluable. His activities have not been confined to the Indian Chamber of Bombay alone; but have extended throughout the country in the industrial, trading and commercial activities of the land we live in. Gentlemen, you will join with me in tendering our grateful thanks to him and wishing him many more years of active service to the cause of Indian trading, commercial and industrial community. (Loud cheers).

The Fifth Session of the Congress then concluded with three cheers to Sir Ibrahim Rahimtoola proposed by Mr. C. Rajam which were heartily responded to by the whole gathering.

APPENDIX.

LIST OF OFFICE-BEARERS OF The Fifth Session of the Indian Industrial and Commercial Congress, Madras.

Chairman :

Sir M. Ct. Muthiah, Chettiar. Kt.

Vice-Chairmen :

M. Jamal Mahomed Sahib, Esq.

Dewan Bahadur Govindoss Chathoorbhoojadoss

C. Abdul Hakim Sahib, Esq.

Hon. Secretary & Treasurer:

C. Gopal Mehon, Esq., M. L. C.

Joint Hon. Secretaries:

C. M. Kothari, Esq., B. A., L. L. B.

Narayandass Girdhardoss, Esq.

P. N. Srinivasan, Esq., B. A.

M. Mahomed Ismail, Esq.

General Secretary :

Mr. J. K. Mehta, M. A.

Alphabetical List of the Members of the Reception Committee.

1. Abdul Hakim Sahib Bahadur, C.
2. Abdul Kader Sahib, O. C. P. S. E.
3. Abdul Razak Sahib, V. P.

4. Adam Haji Mahomed Sait
5. Alagasingary Naidu, P.
6. Aiyer, P. N. S.
7. Balasundaram Naidu, Dewan Bahadur M.
8. Duraisamy Aiyengar, A. R.
9. Gopal Menon, C.
10. Govindachariar, Rao Bahadur K.
11. Govindas Chathoorbhoojadas, Dewan Bahadur
12. Haridas Girdhardas
13. Haridas Visonjee
14. Jamal Mahomed Sahib Bahadur, M.
15. Jamal Moideen Sahib, M.
16. Kalifullah Sabib, Khan Bahadur, P.
17. Kajamean Rowther, Khan Sahib, N. M.
18. Kothari, C. M.
19. Kulandaivelu Mudaliar, M.
20. Kuppusamy Chetty, T. T.
21. Letchumanan Chetty. Rao Bahadur O. A. O. K. L.
22. Mathan, C. P.
23. Manika Mudaliar, K. R.
24. Mahomed Ismail, M.
25. Mahomed Ibrahim Rowther, V. S.
26. Moulvi Modi Mahomed Ebrahim Sahib.
27. Muliash Abdullabhoy Sheik Mahomedally
28. Murugesam, Rao Sahib C.R.
29. Muthajif Sahib, M.
30. Muthiah Chettiar, Sir M. C. T.
31. Munusamy Chetty, S.

32. Nagi Chettiar, S C.
33. Natesan, G. A.
34. Narayandas Girdhardas
35. Narasimham, G.
36. Narayana Iyer. (Subramainan and Bro. V.)
37. Nathamuni Naidu, P.
38. Parthasarathy Mudaliar, C. T.
39. Raghavelu Naidu & Sons, V. M.
40. Ramasamy Mudaliar, S. V.
41. Ramasamy Iyer. N. S.
42. Ramasamy Iyer. T. S.
43. Rangachariar, T. M.
44. Rangasamy, V. C.
45. Ranganayaculu Chetty, C.
46. Rasheed Ahmed Sahib, P.
47. Sankaranarayana Chettiar, L. (Asvin & Co.)
48. Santhanamier.
49. Secretary. Krishna Jute & Cotton Mills.
50. Shanmukha Mudaliar, Rao Bahadur, V.
51. Shanmukh. Chetty, R. K.
52. Sheik Meeran Sahib, K.
53. Somanathan Chettiar, V.
54. Srinivasan, P. N.
55. Srinivasan, M. K.
56. Sundara Varadan, D.
57. Suryanarayana Rao, K.
58. Thiruvengada Chariar, T.
59. Venkateswara Sastrulu, V.

60. Venkatramier, N.
 61. Vidya Sagar Pandya
 62. Vijiaraghava Chariar, C.
 63. Yusooif Sait, Esq.
 64. Zamindar of Kumaramangalam.
 65. Dandeker, M. K.
 66. Raghavachariar, M.
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**List of Delegates who attended the fifth Session of the
Industrial and Commercial Congress held at Madras
on 29th and 30th December 1927.**

I. Ahmedabad Millowners' Association.

1. Sheth Jayantilal Amratlal

II. Behar and Orisha Chamber of Commerce Patna.

2. B. C. Pandit

III. Burma Indian Chamber of Commerce Rangoon.

3. Mr. Ranchordas H. Gandhi
4. Mr. S. P. S. Aiyer
5. Mr. S. S. Halkar

IV. Buyers and Shippers Chamber, Karachi

6. Mr. Jamshed N. B. Mehta
7. Mr. Haridas Lalji
8. Mr. Fakirji Cowasji
9. Mr. Mulraj Doongersey

**V. Desi Beopar Mandal (Indian Chamber of
Commerce, Lahore)**

10. Malik Girdharilal
11. Mr. K. Santanam

VI. Diamond Merchants, Association, Bombay.

12. Mr. S. B. Mehta

VII. Godavari Chamber of Commerce, Cocanada.

13. Mr. Ch. Rangiah Garu
14. Mr. Choeka Suryanarayanamurthi

**VIII. Hyderabad (Deccan) Chamber of
Commerce, Secunderabad.**

15. Raja Girdhardas Paramandas
16. Rao Sahib Chidura Kanthiah Durvasulu

IX. Indian Chamber of Commerce, Calcutta.

17. Mr. D. P. Khaitan
18. Mr. D. S. Erulkar
19. Mr. Ranglal Jajodia
20. Mr. C. Rajam
21. Mr. R. Sitaram
22. Mr. M. P. Gandhi
23. Mr. C. S. Rangasami

X. Indian Chamber of Commerce, Tuticorin.

24. Mr. J. L. P. Roche Victoria
25. Mr. M. C. Muthukumarasami Pillai
26. Mr. A. Janakiram Chettiar.

XI. Indian Merchants' Chamber, Bombay.

27. Sir Ibrahim Rahimtulla, K. C. S. I., C. I. E.
28. The Hon'ble Sir S. R. M. Annamalai Chettiar.
29. Mr. Walchand Hirachand
30. Mr. B. F. Madan
31. Mr. M. A. Master
32. Mr. S. N. Haji, Bar-at-Law
33. Mr. V. P. Lalan
34. Mr. N. W. Gurjar
35. Seth Dayaram S. Lahoti
36. Sir Dinshaw Petit, Bart.
37. Mr. Mavji Govindji Sheth

- 38. Mr. K. C. Desai
- 39. Mr. Narotam Morarjee
- 40. Mr. Sankalchand G. Shah

XII. Indian Mining Federation, Calcutta.

- 41. Mr. W. C. Banerjee
- 42. Mr. V. V. Thacker

XIII. Karachi Indian Merchants Association.

- 43. Mr. R. K. Sidhwa
- 44. Mr. S. H. Lula
- 45. Sri Krishnadas

XIV. Maharashtra Chamber of Commerce, Bombay

- 46. Mr. M. L. Dahanuker
- 47. Mr. R. C. Sohoni
- 48. Mr. Bhaisahib Kotwal

XV. Marwari Chamber of Commerce, Bombay.

- 49. Mr. Ramchandra Baid
- 50. Mr. Umashanker Dikshit

XVI. Mysore Chamber of Commerce, Bangalore.

- 51. Mr. F. M. Abdul Quddus
- 52. Mr. Mirza M. Azezulla Baig
- 53. Mr. S. L. Mannoji Rao
- 54. Mr. P. Subbaram Chetty
- 55. Mr. Syed Ismail

XVII. Southern India Chamber of Commerce, Madras.

- 56. Mr. A. Rangasamy Iyengar
- 57. Mr. Ranganyakulu Chetty
- 58. Mr. A. Nathamuni Chetty

59. Mr. Narayandas Girdhardas
60. Mr. G. A. Natesan
61. Mr. Laldas Govinddas
62. Mr. M. Jeevabhai M. Moradali
63. Mr. M. Mahomed Ismail
64. Mr. M. Jamal Mahomed Sahib
65. Mr. K. Sultan Maricar
66. Mr. V. P. Abdul Razack Sahib
67. Mr. A. Chithambaram Pillai
68. Mr. K. Govindachariar
69. Mr. K. Suryanarayanamurthi Naidu
70. Mr. T. S. Kachapikessa Mudaliar
71. Mr. H. M. Ziauddin Sahib
72. Hon. Sir S. R. M. Annamalai Chetty
73. Mr. K. C. Narasimbachariar
74. Mr. M. A. Muthiah Chettiar
75. The Agent, Central Bank of India
76. Mr. Sura Letchmiah Chetty
77. Mr. T. R. M. Chidambaram Chettiar
78. Mr. B. Chennayya
79. Mr. P. N. S. Aiyer
80. Mr. S. R. M. C. T. Sabaratnam Chettiar
81. Mr. A. L. A. R. Lakshmanan Chettiar
82. Dewan Babadur Govinddas Chathoorbhoojdar
83. Mr. Haridas Girdhardas
84. Mr. M. J. Abdul Kader Sahib
85. Mr. C. V. Venkataramana Iyengar

86. Manager, Goculdas Jamnadas & Co.
87. Manager, Goculdas Jamnadas & Co.
88. Mr P. N. Srinivasan
89. Mr. S, A. A. Annamalai Chetty
90. Mr. P. S Subramania Aiyer
91. Mr. R. K. Shanmukham Chetty
92. Mr. S. V. Ramasamy Mudaliar
93. Mr. G. Narasimham
94. Mr. P. Alagasingary Naidu
95. Mr. Vidya Sagar Pandya
96. Mr. P. Abiraman
97. Mr. B. Sundara Bashyam
98. Mr. G. V. Sambanda Chetty
99. Dewan Bahadur A. M. M. Murugappa Chetty
100. Mr. V. C. Rangasami
101. Secretary, India Gold Thread Mills, Ltd.
102. Mr. T. Thiruvengadachariar
103. Adam Haji Mahomed Sait
104. Mr. A. R. Duraisamy Aiyengar

**XVII. Contd.-Southern India Chamber of Commerce
Madras.**

114. Mr. R. R. Jhote

**XVIII. Southern India Skin & Hide Merchants'
Association**

115. Mr. M. Jamal Mahomed Sahib
 116. Mr. N. B. Muthalif Sahib
 117. Mr. Jamal Moideen Sahib
 118. Mr. C. Haji Abdul Kndus Sahib
 119. Mr. M. Mahomed Ismail Sahib
 120. Mr. M. A. Abdul Rahim Sahib
 121. Mr. Mahomed Musthan Sherif Sahib
 122. Mr. M. Sundaram Nai du
 123. Mr. Moulvi Modi Mahomed Ibrahim Sahib
 124. Mr. Bangy Hyath Batcha Sahib
 125. Mr. P. Rasheed Ahmed Sahib
 126. Mr. M. S. Abdul Kader Sahib
 127. Mr. V. Abdul Wahab Sahib
 128. Mr. Haji Gulam Hussain Sahib
 129. Mr. N. Mahomed Ghouse Sahib
 130. Mr. Abdul Azeez Sahib
 B. Chenna Abdul Jabbar Sahib
 79. Mr. P. N. S. Aiyer Fareem Sahib
 80. Mr. S. R. M. C. T. Sabaratnam Chettiar
 81. Mr. A. L. A. R. Lakshmanan Chettiar
 82. Dewan Babadur Govinddas Chathoorbhoojda
 83. Mr. Haridas Girdhardas
 84. Mr. M. J. Abdul Kader Sahib
 85. Mr. C. V. Venkataramana Iyengar