

*Friday,
29th March, 1889*

ABSTRACT OF THE PROCEEDINGS
OF THE
Council of the Governor General of India,

LAWS AND REGULATIONS

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ABSTRACT OF THE PROCEEDINGS
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS,

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*Abstract of the Proceedings of the Council of the Governor General of India,
assembled for the purpose of making Laws and Regulations under the pro-
visions of the Act of Parliament 24 & 25 Vict., cap. 67.*

The Council met at Government House on Friday, the 29th March, 1889.

PRESENT :

His Excellency the Viceroy and Governor General of India, G.C.M.G.,
G.M.S.I., G.M.I.E., *presiding*.

His Honour the Lieutenant-Governor of Bengal, K.C.S.I., C.I.E.

The Hon'ble A. R. Scoble, Q.C., C.S.I.

The Hon'ble Sir C. A. Elliott, K.C.S.I.

The Hon'ble P. P. Hutchins, C.S.I.

The Hon'ble Sir D. M. Barbour, K.C.S.I.

The Hon'ble R. Steel.

The Hon'ble F. M. Halliday.

The Hon'ble Syud Ameer Hossein, C.I.E.

The Hon'ble Rájá Durga Charn Laha, C.I.E.

The Hon'ble G. H. P. Evans.

The Hon'ble Maung On, C.I.E., A.T.M.

The Hon'ble Muhammad Ali Khan.

The Hon'ble J. W. Quinton, C.S.I.

NORTH-WESTERN PROVINCES AND OUDH KANUNGOS AND
PATWARIS BILL.

The Hon'ble MR. QUINTON moved that the Bill to authorise the imposition of a Patwari-rate in the North-Western Provinces and Oudh, and make certain provisions respecting Kanungos and Patwaris in those Provinces, as amended, be passed.

The Hon'ble MR. EVANS said :—

“ The Financial Member is to be congratulated on the lucid exposition he has given of the present financial position. That position is distinctly better than was generally expected. The diminution of the estimated deficit for 1888-89 and the estimate for a small surplus for 1889-90 in the face of increased expenditure and without the imposition of additional taxation are welcome surprises, though accompanied by a note of warning as to the future. No one will

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expect from me a detailed criticism of the Budget. I am not an expert in finance, and my time is too fully occupied for me to be under any temptation to attempt the rôle of an amateur financier, but I propose to make a few remarks upon certain points.

"The difficulties besetting Indian finance have been graphically described by Sir David Barbour. Famine and war—the act of God and the Queen's enemies—are beyond our power to avert; and there is no international insurance company to guarantee us from loss from such causes. We are our own insurers. As to the first, we are doing our best to mitigate the evil by improved means of communication between different districts and provinces. As to the second, we are doing our best to make it a dangerous and hazardous thing for any enemy to attack us; but the expenses are much increased and efficiency diminished by the short-service system, with the expensive and useless transport which it necessitates. The advantages of the short-service system are advantages to England, not to India.

"As to the opium-revenue, the uncertainty of the future is great, but I have heard of no proposal by which it can be lessened. We can only hope for the best and look out for fresh sources of revenue should this dwindle away in course of time.

"But the fourth difficulty—the exchange—is one which high and competent authorities believe can be dealt with and practically removed by international agency.

"Though I, like most other people in India, have devoted some consideration to this problem and have had the opportunity of seeing the report of the late Commission and the evidence taken, yet the questions involved are far too complicated for me to offer any opinion on the details of the schemes that have been proposed for the removal of this great source of embarrassment.

"There are, however, one or two great facts and principles that seem to stand out clearly beyond the sphere of doubt or uncertainty.

"It seems clear that it cannot be for the advantage of the empire as a whole that there should exist within its limits two monetary standards varying largely and rapidly in relative value.

"In the present days of keen competition, of telegraphs and of steam communication, any cause which hampers trade and impedes the free flow of capital

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to the fields where it may be most profitably invested must be injurious. There can be no doubt that the absence of a common money standard between England and its Colonies on the one hand and its Eastern Empire on the other hand produces these evils.

“By introducing an additional element of uncertainty it puts difficulties in the way of honest and legitimate trade and makes business more risky.

“We have just seen the bank rate in Calcutta standing week after week at over 12 per cent., while the London rate was 3 per cent. or under. We all know the difficulty of inducing English capitalists to lend money in India. They are shown the return they will get in rupees, but their answer is—what will the rupees be worth when we get them? In India there is a reluctance to take sterling loans, for the borrower cannot tell how many rupees will repay the interest or principal at a future date.

“The Budget Statement now before us shows clearly the embarrassment to which the present state of things subjects the finances of this country, and the danger of future serious alteration in the relative values of gold and silver appears to be very great.

“I understand that the United States now coin every year £5,000,000 sterling of silver. This they cannot continue to do permanently unless they are prepared to adopt a silver standard.

“There are also rumours of Russia and other countries wishing to adopt a gold standard. Any one of these changes would probably have a serious effect on the relative value of gold and silver.

“I see no method by which we can get over the uncertainty which now hangs over the future except by an international agreement or understanding of some sort, and I hope that the Government of India will continue to press the importance of this question on the attention of Her Majesty's Government in England.

“This period of pressure, when the Provincial Governments have been obliged to come to the assistance of the imperial revenue, is not an opportune moment for inquiring which taxes are most objectionable, or for urging increase of expenditure which is not absolutely necessary. But I deem it my duty to draw attention to certain facts connected with the administration of justice in Bengal. The surplus revenue produced by the administration of civil justice

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in Bengal (appearing under the head of Court-fees) is, according to the figures supplied by the High Court, over 30 lakhs per annum. I understand the correctness of these figures was not admitted by the late Financial Member, though he never produced any statistics to contradict them. Whether they are correct or not, it cannot be denied that the surplus is large. This surplus is said to be applied in meeting the deficiency arising on the administration of civil justice in other parts of the Empire. I will not now discuss the justice of taxing the litigants of Bengal to meet the costs of litigation in other provinces.

"The point I desire to bring forward is the narrower but graver one that, notwithstanding the surplus arising from civil litigation in Bengal, the provision made for the administration of civil justice in that province has been insufficient. The High Court has more than once of late years drawn the attention of the Government to the fact that the provision made for the administration of justice in Bengal is inadequate; that while the business and the surpluses have increased by leaps and bounds, the increase of the subordinate judiciary has not kept pace with it; that the strain on the Subordinate Judges is excessive and the arrears heavy, while the number of Munsifs is wholly inadequate; that the prevalence of sickness amongst officers of the Subordinate Judicial Service and the frequent collapse of health, and even more serious consequences, are largely due to the unhealthy and ill-ventilated huts in which those officers have to hold their Courts and to excessive overwork.

"It is reported that the High Court recently asked for the appointment of a large number of additional Munsifs to cope with the continually increasing current business and with the arrears, and that the Local Government recommended the sanction of a certain number, being less than what the High Court asked for, but that the Government of India cut down heavily the number recommended by the Local Government and sanctioned a much smaller number and appointed a commission to make inquiries with a view to future alteration in the system. I do not suppose the High Court to be infallible. The High Court may study efficiency more than economy, but if and so far as the High Court and the Local Government are agreed upon a question so particularly within their knowledge,—the number of Munsifs now needed in Bengal,—it appears to me that the Government of India has taken a heavy responsibility in not acceding to the demand. The zamindars of Bengal, who have to pay their revenue to the day, have just cause of complaint when they cannot get their rent cases speedily tried for want

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of sufficient Munsifs. That there are not enough Munsifs for the work is a patent fact; and the High Court was of opinion, at the passing of the Bengal Tenancy Act, that it would not be safe at present in the interests of the raiyats to secure greater speed and economy by a more summary method of trial, and in this opinion the Governments of Bengal and India agreed. It would thus appear to be the bounden duty of the Government having a surplus from this source to provide the necessary number of officers, while it is far from clear that the duty has been performed. The commission, whatever future reforms it may recommend, will not try cases or relieve the present pressure.

"The other evils—insufficient accommodation and an insufficient and under-paid establishment—are equally patent to all who are acquainted with the mufassal of Bengal. They have grown up gradually under former Governments and intensified, and it would not be fair to ask the present Local Government to cure them at once by a stroke, as it were, of the pen.

"I am aware that the Local Government has recognised these evils and attempted to meet them, but has been hampered by want of funds. Some progress has been made and a good deal of money spent on the larger Courts. But the state of things is unsatisfactory, and it is right that attention should be drawn to the fact that the department which is in this unsatisfactory state is one which actually not only pays its way but yields a large surplus.

"Last year, on the passing of the Petroleum Bill, I drew attention to the possibility of some relief to our finances from a complete overhauling of the Home charges. I will not go over the same ground again. I understood that the Secretary of State was about to appoint a commission to enquire into various matters connected with those charges, but I have not heard of any result as yet.

"With regard to the future, I venture to think that the Government might profitably turn their attention to the possibility of a general succession-duty. It is a tax unobjectionable in principle. It cannot be so difficult to work or so vexatious as an income-tax; the yield would be considerable if a working scheme could be devised, and the revenue-authorities instructed to see that the duty was collected and not evaded, instead of the collection being left entirely in the hands of the Civil Courts, as is the case with such succession-duties as are now paid by a limited class of the inhabitants of India."

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The Hon'ble RAJA DURGA CHARN LAHA said :—" I must confess to an agreeable surprise. I never expected that there would be a surplus, no matter how small. There was a general apprehension of a deficit. The Finance Minister has given us a surplus, which is so far satisfactory. Looking, however, to the means by which this surplus has been brought about, I am bound to say that the financial position does not seem to me to be in a sound condition. The surplus this year has been produced by taking a contribution of 74 lakhs of rupees from the Provincial Governments. The Imperial Government has been benefited by this contribution, it is true, but the resources of Local Governments have been considerably crippled. I do not wish now to discuss the policy by which the Provincial Governments will be starved to supply the needs of the Imperial Government. But it cannot be denied that the Local Governments will be great sufferers by thus ministering to the wants of the Imperial Government. They will have to find means by local taxation to fill up the gap which has been created in their resources. I may be permitted to mention the patwari-cess by way of an illustration of what I mean. Had it not been for the contribution which the Imperial Government has taken from the North-Western Provinces, it would not have been necessary to impose this tax. We thus see that, though the country will be saved from imperial taxation this year, there may be taxation in another form in the provinces; and thus it is clear that the provincial contribution has in no way relieved the financial pressure of the country. If the provincial contribution be left out, the budget estimates show a deficit of 64 lakhs of rupees. Even if we take no notice of the temporary relief given by the accidental circumstance of there being a credit of 52 lakhs arising from the receipts on account of exchange on the capital transactions of railway companies, we cannot shut our eyes to the fact that the financial outlook is anything but cheering. The revenue is increasing every year, and still there is a deficit. Within the last eight years nearly 16 crores have been added to the annual revenue, but the expenditure has increased in proportion. Much of this expenditure may be unavoidable, but still it may be possible to keep it in check by having a vigilant watch over it. The Finance Minister tells us that there is no ground for desponding views. Be it so. But I must say that the financial situation of the Government of India has filled me with grave apprehensions.

"It is by practising economy and husbanding the revenue that the financial equilibrium of the country can best be restored. The Government of India is reducing expenditure in all its departments, consistent

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with the efficient administration of the country. There is yet room for further economy, especially in the Public Works Department. I have no doubt it will be effected when opportunity offers. The curtailment of high official salaries wherever practicable will also, I hope, engage the attention of the Executive Government. But it is not in India alone that there is room for economy. The charges in England—the Home charges—are a severe drain upon the resources of the country. We find that the expenditure in England is a great deal more than the country can bear. This year the budget estimate of the amount to be remitted to England on account of the Secretary of State's Bills is £14,690,900, equivalent to about 21 crores of rupees. In other words, nearly one-fourth of our revenue is drawn by the Secretary of State. There is an absolute necessity for reducing this amount, and, unless this is done, small savings here and there in India will not afford any appreciable relief to Indian finance.

“The Finance Minister has referred to the falling off of receipts from the salt-revenue. This has been largely due to the groundless rumours regarding an anticipated reduction of the salt-duty. The Secretary of State recently stated that the earliest occasion would be taken to abrogate the increase in the salt-duty. It must have been represented to His Lordship that the increased duty on salt is working great hardship on the people. Such a representation, if it has been made, had no foundation in truth. A slight increase in this duty would hardly affect the people one way or another. I am certain it is neither harassing nor oppressive. The incidence of taxation on account of increase in this duty is so small that the people hardly feel its pressure. The Secretary of State, therefore, need be under no anxiety on this account. Not to speak of the evil effects of a frequent change of policy in regard to any important fiscal system of the country, the abrogation of the increased salt-duty will entail a needless sacrifice of revenue—a sacrifice which will bring but little relief to any class of the community. If the finances be in such a condition as to admit of any reduction of taxation, I would suggest that the taxes which act oppressively on the people be first taken away. The income-tax is working great hardship. No form of direct taxation is suited to our country. If the income-tax be abolished, it would afford a substantial relief and would be really appreciated by the people. Another tax which operates prejudicially to the interests of the people is the rice-duty. It is a duty which greatly affects the material welfare of the people. If it be reduced or abolished altogether, it is certain to add to the prosperity of the country. If it be true

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that the peculiar circumstances of Burma make the rice-duty take the place of the land-tax in Bengal, that may be an argument for retaining the rice-duty in Burma, but it is no argument for the retention of so burdensome an impost in the provinces which contribute their due share to the land-revenue.

"The Finance Minister is hopeful that the financial position of the Government of India will under ordinary circumstances shew a decided improvement in a short time. Let us all hope that this expectation may soon be realised.

"In conclusion, my Lord, I earnestly trust that the people may under your *regime* enjoy freedom from further taxation. May the patwari-cess be the first and last form of taxation to be imposed on the people so long as Your Excellency is at the head of the Government."

The Hon'ble SYUD AMEER HOSSEIN said :—"The hon'ble member in charge of finance is to be congratulated on his presentation to this Council of such a full, comprehensive and well-balanced Financial Statement.

"It is indeed satisfactory that in the face of so many and such various difficulties he has been able to show a surplus of Rx. 106,000 in the Budget of the coming year.

"I trust that the next year may be free from those unforeseen disasters which contribute so largely to the augmentation of public expenditure, and that through the usual elasticity of the existing sources of revenue the Hon'ble Minister may be able to show at the end of the year a much larger surplus than what he has very carefully estimated in the Budget, and he may be able to give some substantial relief to the payers of direct taxes, specially those who are taxed for an income below R1,000 per annum under the Income-tax Act.

"My Lord, the deplorable case of this class of tax-payers deserves a merciful consideration at Your Excellency's hands, and I earnestly hope that an early opportunity may be taken by Your Excellency's Government to raise the existing taxable minimum from R500 to R1,000. The parties who pay tax under this class of the schedule are petty tradesmen and clerks in Government offices or in private employ. They form the lower middle classes of the people; and have not only to live decently and appear in public in decent raiment but to maintain a large family. Their necessities are such that, considering the general rise in the prices of the articles of food and clothing during the past twenty years, it is impossible for them to make the two ends meet with a paltry income varying from £34 to £68 a year.

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"Moreover, I very much doubt whether the administration of direct taxation in this country, notwithstanding the vigilance and careful supervision of the higher revenue-authorities, is as satisfactory as it should be. It is open to question whether some of those who are returned by the assessors as drawing an income of Rs500 or upwards really enjoy that income.

"The case of European tax-payers with small incomes is probably still harder. They are not only required to live respectably and maintain a decent appearance in society but to send large remittances home under ruinous rates of exchange.

"I have, however, no doubt, my Lord, that as soon as the Exchequer has attained an equilibrium the unsuitability of direct taxation to this country especially to those that come under the lower classes of the schedule, will force itself into Your Excellency's attention and the desired relief will be afforded, at least to the much-suffering portion of the community."

The Hon'ble MR. STEEL said :—

"At the previous stage of the Kanungos and Patwaris Bill it was remarked that there appeared to be no sufficient reason why the cess should not be re-imposed on the same scale as before 1882. In reply several speakers have justified the reduction. It has been shewn that the village-accounts are valuable to Government for the purpose for assessing the land-revenue. Also that they are important to the Oudh raiyats as enabling them to protect the interests they have acquired under the Rent Act. The conclusion is drawn that those who have an interest in the accounts should contribute to pay for them. I confess the argument has not convinced me. The zamindars held their interest in State property on the condition that they paid for keeping the accounts, and the fact that the accounts possessed value to others should not disturb this bargain. It has also been suggested that, if the landlords had not been relieved from the ten lakhs, they would have been able to reimburse themselves by exactions from tenants-at-will. It seems to me that, if they have the power of exacting money from their tenants, they are not likely to be restrained from doing so by the arrangement proposed. The exactions of a landlord from a tenant-at-will must be regulated by the ordinary laws of supply and demand. The fact that the ten lakhs are to be paid by Government will not apparently prevent the landlord from making the tenant pay the cess over again.

"The fact is the arrangement appears to be the result of a compromise, and as such has been made the subject of commendation. A compromise may

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often be a prudent settlement of a disputed question of law or of fact, but a compromise of principle is always objectionable. The zamindars are naturally enough glad to settle by payment of two-thirds of the amount which might have been demanded from them; but, if we would follow the precedent of Solomon's judgment, the proposal to divide the child has identified the owner.

"And now, My Lord, I beg to express the satisfaction of the public that Government should have followed the precedent of last year, by giving an opportunity for the discussion of their financial arrangements in this Council. The Hon'ble Finance Minister is to be congratulated upon the extremely able and interesting statement he has laid before us. Considering the intricacy and difficulty of the subject with which he has to deal, he has thrown very clear light upon the situation. The results of the past year, if they cannot be deemed altogether satisfactory, are at any rate better than the public had reason to apprehend. The falling off of the revenue of the East Indian Railway is an unfortunate feature, especially as this seems to have arisen from causes which may permanently depreciate the value of that splendid property. The temporary falling off in the quantity of salt which has paid duty I look upon without any concern. My hon'ble friend has given us an explanation. He has attributed it partly to the mistaken notion that the duty was likely to be reduced. But there is another reason which has had an important influence in reducing the amount of duty paid in Bengal during the past year. This is the advance in the rates of freight on salt from Liverpool to Calcutta. The duty of Rs 2-8 per maund is a fixed charge. Until this unfounded rumour arose the dealer in salt has had no object in delaying his purchases in the expectation of a reduction in the duty. But if he had been accustomed to buy salt in bond at 8—10 annas per maund, and the price advanced, as it has done, to Rs 1 per maund in consequence of higher freight, then he would look upon the advance as due to a temporary cause and would restrain his buying in hopes that the bonded price would come down to its old level. In so doing he would act upon the reasonable principles which govern the operations of trade. We may rely upon it that the consumption of salt is going on just the same as before, and increasing with the increase of the population and the improvement of communications. The stocks in the hands of dealers and petty shopkeepers have been depleted, but these stocks will have to be replenished, and the amount of duty paid in the future will be all the larger in consequence. I may say with confidence that not a single coolie has used a pinch of salt the less in consequence

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of the advance in the duty. The progress made in the improvement of the revenue of Upper Burma is a promising feature, and we may hope that with the pacification of that province one of our principal financial difficulties will disappear.

“ On the expenditure side I feel no inclination to complain of the charges for military works, frontier railways and improved arms of precision for our soldiers. It is for Your Lordship's Government to obtain the best professional advice on these matters, and, having made up your mind as to the value and necessity of the measures proposed, to carry them out with due regard to economy. You may rely upon the support of public opinion in incurring expenditure necessary for the protection of the empire.

“ And now, my Lord, I will make some observations concerning the arrangements for the coming financial year. When considering how I might best avail myself of this opportunity, the first thought that occurred to me was the difficulty of making any practical suggestions. The financial policy of Government has been decided on after mature consideration. The assent of the Secretary of State has been obtained. The Finance Minister has been for many weeks engaged upon his budget. This budget consists of an enormous mass of figures, dealing with the income and expenditure of an empire containing a population of two hundred millions. It is complicated by the separation of accounts relating to productive and non-productive works—by expenditure on works which, when complete, will be productive, but which, while as yet incomplete, yield no revenue—by loans to municipalities repayable by aid of sinking funds—by considerations of exchange, affecting not only our annual gold obligations but also our gold indebtedness. It is indeed the most intricate body of accounts ever submitted to a consultative assembly. We have had two days to consider it, and I think I may say that even cursory examination of such materials in so short a period is beyond the powers of man. Even if it were possible to analyze the figures and found upon them any adverse criticism of the budget, it would be impossible for Government to alter on the 29th of March a single arrangement which must come into force on the 1st of April. To one accustomed to deal with financial matters from a practical point of view, the attempt to comment upon such a budget is indeed a discouraging task. I believe, however, that a discussion may have a remote, but yet a practical, value. For the coming year we can do nothing but accept the budget as it stands. It is, however, possible that an expression of public

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opinion may influence the Government in future years. I think I may say that in past years our finance has been administered without any support from instructed public opinion in India. At the same time it has been subjected to a certain amount of deleterious influence through pressure on Secretaries of State, by grievance-mongers, ignorant of the wants and wishes of the people of India, but confidently declaiming in their name. We have reason to hope that it is now the policy of Government to give us as much influence as possible in the management of our own affairs. With further progress in this direction we may hope that the stump orator's occupation will be gone. Anything that strengthens the hands of the Government of India will, I am satisfied, be a gain to this country, and nothing will effect this except the support of a body of enlightened Indian public opinion. With this behind them our Government may disregard all the clamour of interested agitators.

"Concerning the budget proposals then I have little to say. The estimates of income appear moderate, and I think there is reason to hope they will be exceeded. The expenditure proposed in the estimates does not suggest to me any special remark. The Hon'ble Member proposes to borrow $2\frac{1}{2}$ crores of rupees in India, and I think it right to say a word on the subject of loans. We have the choice of borrowing silver in India or gold in England, and I wish to give my reasons for thinking that the former is a most wasteful and extravagant course. We can borrow gold at 3 per cent., and we have to pay 4 per cent. for silver. There can be but one reason for preferring the latter course, and that is the prospect of such a decline in the value of silver as shall deprive us of the benefit of this difference in interest. Now, if it be desirable to insure ourselves against the risk of a decline in silver, is this a reasonable premium to pay? The difference is one-fourth of our interest charges. If we borrow gold, we will effect an economy unless and until the value of the rupee falls below one shilling. Now would it not be much better to borrow on the cheaper terms even if we thought it right to accumulate the saving of 1 per cent. in the form of a sinking fund? Such a fund would in forty years extinguish the whole debt. In considering this important matter it should be borne in mind that the ruling difference of interest, payable on gold and silver respectively, is not principally regulated, as my hon'ble friend has assumed, by the prospect of a change in the relative value of the precious metals. That consideration may operate in some degree, but the greater part of the difference arises from other causes. An Indian gold loan is, next to consols, the highest form of security known. It is admirably adapted for the investments of trustees, who desire above all

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things to hand over the full amount entrusted to them on the expiry of their office. Such investors naturally object to a silver loan, because the rate of interest obtained is to them of no importance compared with the absolute integrity of the principal. Again, the banker who has to invest money deposited with him at call can find no more appropriate investment than an Indian gold loan. If he requires his funds he can sell his stock at once with perfect ease and without any sacrifice. This consideration is to him of far greater importance than the rate of interest obtained. Thus by borrowing in gold we obtain our funds from that limited class of investors who are content with low interest for the sake of high security. But when we borrow silver, although the capitalist is usually in England, he is commonly of a somewhat different class. He is content to accept the risk of certain fluctuations in the value of his security, but he looks for higher interest. I am satisfied that it should be the object of the Government of India to raise their loans in that form which is most acceptable to those investors who are willing to accept the lowest rate of interest for the sake of obtaining security that suits them. Nor am I afraid, my Lord, of the logical conclusion of this argument. I wish the Government would consider the desirability of converting their silver loans into gold loans, with the object of saving a crore per annum in interest. If spread over the next ten years such an operation would enable the Government to reduce the amount of their Council Bills and would bring a larger flow of silver bullion into the country. I can honestly say that in my opinion any private interest would be managed in this way. My hon'ble friend has views of his own about the effects of the fluctuations of exchange. Nothing will serve him except the fixity of exchange at its present point. He is apparently as apprehensive as I am myself of the evil consequences of a rise in exchange; but, on the other hand, he seems to me needlessly afraid of a fall. I cannot wonder that a Finance Minister should fear the disturbing effect upon his budget of a fall in exchange, but this need not alarm the country, if, as could be proved, the people gain far more than the Government loses. The hon'ble member draws attention to the fact that the gold price of silver and the gold price of commodities have fallen in similar proportion. He assumes a necessary connection between the two, but he does not attempt to distinguish which is the cause and which the effect. Those who voted with him on the Currency Commission were very confident that the decline in the value of silver caused the fall in the value of commodities. I do not understand that my hon'ble friend takes up this position, and I am therefore relieved from the necessity of attempting a refutation.

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"I heard with pleasure his loyal defence of his predecessor in office from the rash attacks of would-be reformers of our liquor laws. The defence appeared to me absolutely satisfactory. Mr. Westland was well understood at the time to aim at an increase of revenue by the stricter enforcement of the claims of the excise, the natural consequence of which would have a restrictive effect on the consumption of ardent spirits.

"The Hon'ble Finance Minister referred to complaints that Government does not place its reserve balances at the disposal of the Presidency Banks. These complaints have as usual been put forward in the name of the public, but I know not with what authority. To the best of my knowledge the complaints are not supported by the majority of those qualified to express an opinion. For myself, I may say that it would be suicidal policy for Government to place at the disposal of trade funds which it may at any time require at the shortest notice.

"If these balances were available to the public, they would be absorbed by the Exchange Banks and used in the purchase of sterling bills. The object of the Exchange Banks is naturally to make money. When it suits them they will remit to England not only all their own funds but all they can raise by borrowing. If Government, in consequence of any sudden call for funds in India, was obliged to stop drawing Council Bills, it might be impossible for the Exchange Banks to bring out funds soon enough to meet the requirements of trade, and a ruinous crisis must result. The experience of 1886 should be sufficient warning. The Exchange Banks in that year obtained large advances of Government money from the Presidency Banks which they remitted to England in the form of trade bills, and by declining to purchase the Secretary of State's bills in London caused a violent fall in exchange. When the Presidency Banks stopped lending, the Exchange Banks were obliged to rush for the means of remittance to India, and exchange rose 10 per cent. If the Government of India had required money at that moment for any special purpose, a panic and crisis would have been inevitable. I am confident that public opinion will support Government in the determination to keep its balances in its own control.

"I now venture to offer some remarks concerning the policy which should guide us in our construction of productive public works. In the first place, it is obvious that, however much we appreciate the value of railways, our action must be guided rather by relative than positive considerations. We must first make up our minds as to the capacity of the country to bear taxation

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before we can resolve upon expenditure. An expected benefit from expenditure may not be commensurate with the injury done to the people by additional pressure of taxation. On the other hand, a narrow economy may be the worst policy, if the wants of the people are urgent, and if the condition of the country enables it to bear initial expenditure in the expectation of an adequate return. The first position then which should be established is to lay down with as much accuracy as possible the economic condition of the people. We hear a great deal about the poverty of India. That the majority of the people are poor none will deny; but it is fair to enquire whether they are poor in comparison with their wants. I believe they are not poor in this sense of the word. I believe that the sensational story that fifty millions of people are insufficiently fed is absolute nonsense. I believe that in comparison with the population there are more people in England than in India who find it difficult to procure the necessaries of life. I find that all over the country wages are steadily advancing—much more rapidly than the cost of living. I find that small agriculturists are prospering as they never did before. Manufacturing industries are slowly but surely extending. I find a proof of the prosperous condition of the people in the absorption of specie. We are coining silver at the rate of ten crores annually, but it all finds its way to the interior in payment for produce, and never comes back again. Then, if the country is more prosperous, is it more highly taxed than formerly? By no means. The amount of revenue obtained from the people has increased in smaller proportion than the population. Is it then true, as is constantly stated, that the extreme limit of taxation has been reached? I do not hesitate to state that such an allegation rests on no foundation whatever, but is either wilfully or ignorantly untrue. The pressure of taxation on the people is lighter than it ever was before. This is no reason for expending more money than is necessary. It is no justification for extravagance, but it is for the advantage of the credit of the country that the truth should be known. We are in a position which justifies our borrowing money for the development of our resources, provided always that in any expenditure we incur we are clear that we get value for our money. I am glad to know that some advance is at last being made in the construction of railways by private enterprise without the guarantee of interest, and I trust the Government will do all in their power to foster it in every way. But applying what I have said about the condition of the country, I would say that, if the Hon'ble Public Works Member has on hand any schemes for the extension of paying State Railways, I would recommend Government to push them on at once with borrowed money, in perfect confidence that they will receive the support of public opinion.

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"The interesting part of the Hon'ble Sir David Barbour's speech which dealt with our financial prospects in coming years will give food for satisfaction to the country. We have now broken the back of the huge expenditure devoted to frontier railways and defensive works. Our expenditure in Burma promises to decrease rapidly, and our ordinary revenue is rapidly increasing with the advancing prosperity of the people. There is reason to hope that before long we may have to face the agreeable problem of choosing such form of remission of taxation as shall confer the greatest benefit on the country. I am not going to weary the Council by repeating what I said last year on the comparative merits of various claims for remission. But I must warn the Government that a reduction of the salt-duty should not be the first object, as there are far more pressing claims. The Secretary of State is understood to have said that he was sure the Government of India would take the first opportunity of reducing the salt-duty to its old level. I have no complaint to make of this dictum, provided it means that this remission shall come in its proper turn. But I earnestly beg the Government to consult the wishes of the Indian people before they adopt the advice of some who unwarrantably speak in their name. When the time for remission comes give us the opportunity to prove our case before an irrevocable decision is arrived at. We ask nothing more."

His Honour THE LIEUTENANT-GOVERNOR said :—"I had not intended in any way to take part in this debate, but some remarks fell from my hon'ble friend Mr. Evans on the subject of the administration of civil justice in Bengal which seem to call for a few observations on my part. I rather wish to deprecate the idea which he has gathered from some paragraphs in the newspapers on the subject to the effect that there has been a serious triangular duel going on between the High Court, the Government of Bengal and the Government of India. There had undoubtedly been a difference of opinion, but what happened in the particular case was this. The hon'ble Judges of the High Court pointed out some time ago that the Munsifs as a body were very much overworked, and that the buildings in which many of them performed their functions were inadequately ventilated and insufficient in space ; and finally, after some correspondence in the time of my predecessor, the Government of India asked the Judges of the High Court definitely what they wanted, and in reply they stated that they wanted an addition of sixty-six Munsifs. The Government of Bengal examined the question, and, admitting freely that a considerable increase in the number of Munsifs was wanted, requested the Government of India to

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appoint a commission to examine whether, by changes of jurisdiction or by any other method, such a very large increase, amounting to about 25 per cent., might not be avoided. In making this recommendation I observed that if my recommendation was not accepted, that if something had to be done without such an enquiry, I would suggest a number something smaller than what the High Court proposed. However, the Government of India did adopt my recommendation ; they appointed a committee of enquiry, and pending the result of that enquiry they authorised a limited number of additional Munsifs to be appointed. But the number so allowed was merely a temporary provision pending the result of the enquiry, and it does not, as I understand it, in any way determine what the ultimate increase of establishment should be. The arrears, as my hon'ble friend observed, are still there: the commission will not try cases and will not bring down the number ; but they are not at present heavy ; they do not amount to the number instituted in any single quarter ; and I think that the result of a careful enquiry will probably be well worth both the money and the time it occupies. I do not propose—however, because I have not the means to do so—to follow my hon'ble friend's remarks about the surplus of receipts over expenditure under this head. The question is one with which only those who have the finances of the whole empire in their hands can deal. There is unquestionably a surplus in Bengal, though I am not by any means sure that there is a considerable surplus in the provincial part of the receipts. But whether there is a surplus at all in the whole of India is a different question, and it was to this question that the Hon'ble Mr. Westland addressed himself in the discussion which took place in the Council last year.

“I have only one other remark to make. I understood the Hon'ble the Finance Member to say that with scarcely any exception the Local Governments had been able to pay their contributions to the imperial revenues on this occasion without any difficulty. I can only say that in Bengal the contribution was given cheerfully, but certainly not without difficulty. It was felt that it was an obligation to be met, but owing to circumstances which were for the most part temporary, and which landed us in heavy expenditure, we assuredly found it a matter of exceeding difficulty and inconvenience to make the contribution.”

The Hon'ble MR. HUTCHINS said :—“With regard to the condition of the Civil Courts in Bengal, and the action of the Government of India in allowing, as a provisional measure, a smaller number of Munsifs than was asked for, His Honour the Lieutenant-Governor has given the explanation which I intended to

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give. I only wish to add, though I am unable to give the figures, that there are many indirect charges connected with civil justice which, if taken into consideration, would show that the State derives no real profit, or, if any, at all events a very slight profit, from litigation."

The Hon'ble SIR CHARLES ELLIOTT said:—"My hon'ble friend Rájá Durga Charn Laha in his interesting speech gave just credit to the Government of India for a desire to reduce expenditure under all heads as much as possible, but he hinted that there were still some reductions which might be made in the Public Works Department. I think it may be interesting as well as useful to the Council if I should, as briefly as possible, make a few remarks as to the nature of the expenditure in that Department, and how far we have been able in recent years to effect economies. The expenditure in this Department is divided into three main divisions, namely, Railways, Canals, and Roads and Buildings, and the expenditure in each of these may again be divided laterally into the three heads of Working Expenses, Construction and Establishments. With regard to railways the largest item in the expenditure of the Department is the working expenses of open lines, and that is an expenditure which must necessarily increase as the number of open lines and their mileage increases and as new railways are made and worked. The demand for new capital outlay on these lines is also an item which tends to grow in the most insidious way; but there is no branch of expenditure to which greater care and attention have been taken to keep it down. Demands for new and ever new improvements and additions come up from all railways calling for increased allotments more vigorously than in any other branch of the Department. I may mention here the name of a very distinguished adviser of the Government of India who has just retired from Government service, Sir Guilford Molesworth, who had a perfect passion for economy in this direction. Many years ago he laid before Sir Evelyn Baring a proposal for closing the capital account of all railways when they had reached a certain degree of completeness, and recommended that all further expenditure connected with them should be charged to revenue and not to capital. A few months ago I had a list of all the previous year's demands for expenditure on open lines classified and laid before Sir Guilford Molesworth, and I asked him whether there was any one item in it which ought not to be granted, and he said that it was not possible, with due regard to the maintenance of those railways and to the increase to their revenues which such improvements might be expected to bring in, to refuse in a single case the money which was required. I mention this to show how vigilant we are in scrutinizing expenditure

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and how impossible it is to keep it down and at the same time to keep pace with necessary improvements.

“The working expenses of canals are in the same class. They must be kept up, and, as the number of miles of canals and their distributaries increase, the expenditure must increase. But in all these cases there is a per contra in the revenue which comes in from them, and it would be found that, except in a particularly bad year, such as 1887-88 had been for railway traffic, the growth of the revenue more than kept pace with the expenditure.

“Again, with regard to the construction of new canals and railways, I would point out that in each of the last three years about 50 lakhs have been laid out on canals, and 50 lakhs is the sum budgetted for this year. This amount is devoted partly to completing works under construction and mainly to three great canals. One of these is the Periyar canal in the Madras Presidency. The able Irrigation-officers of Madras have urged—and they afford excellent evidence to show—that this canal will not only preserve the Madura district from famine and failure of water but will also bring a large return to the treasury. Two other canals are in the Punjab and are intended to irrigate tracts to which special attention was drawn by the Famine Commission as requiring protection. In both of these there is absolute certainty, as far as there be any human certainty and prevision, that the water will bring in a large return and greatly increase the area under cultivation and give room for the expansion of the constantly growing Punjab population. I am sure that what we are doing in the way of construction of canals fully meets the canon laid down by the Hon’ble Mr. Steel. I am not so sure that what we are doing in the way of construction of railways meets his canon. In the present year we have provided 356 lakhs under this head. Of this the larger part is devoted to carrying on and completing the works in hand and which could not be possibly stopped. There are only two new railways which have been taken up within this year. One is the Mu Valley Railway in Burma, an extremely important work which is required on military and administrative grounds in order to get access to a part of the country which now from want of roads and communications is difficult of access and without which the Chief Commissioner feels it would be impossible for him to undertake that we shall be able to hold our ground against outrages and disturbances. The second is the famine railway in Madras, which runs parallel on the eastern side to the Madras Railway and opens access to a large tract of poor country in which in 1877-78 famine raged with extreme virulence, where the people were poor and the nature of the country makes it hard to

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make roads. The Famine Commission urged the necessity of this railway, and both this Government and the Government of Madras have long had it under consideration, and have strongly recommended it as a most important work, and, I am glad to say, the Secretary of State has sanctioned its commencement during the present year.

"There are in the list of projects no paying State Railways, and, with regard to what the Hon'ble Mr. Steel said on this subject, the only thing I have to say is that we find ourselves limited by instructions received from the Secretary of State, that more cannot be spent than can be conveniently and properly raised by loans in this country. The Finance Member has stated what this amount is, namely, from 2½ to 3 crores, and more than this cannot be raised in the course of the year for railway construction.

"The third item of Public Works expenditure consists of the construction and maintenance of roads and railways, and appears in the Budget under the head of Imperial Civil Works. There has been a considerable reduction under this head during the last three years. The allotment consisted in 1886-87 of 89 lakhs, the year after of 77 lakhs and the present year of 64 lakhs; that is to say, there has been 20 lakhs of reduction on expenditure. Of the 64 lakhs, 30 lakhs go to Burma, and that sum has been expended during the last three years. That leaves only about 30 lakhs, and even of this 10 lakhs are allotted for expenditure in England, mainly on the furlough pay of officers. This leaves a small and irreducible minimum of 20 lakhs for the whole of the territories which are not under the orders of any Provincial Government but are directly administered by the Government of India, together with the expenditure on the great departments of the post and telegraphs. When you consider what we have to do in these two departments and the wants of Coorg, Rajputana, Hyderabad and Baluchistan, I think you will admit that the sum of 20 lakhs is exceedingly small and further reduction is not possible.

"The fourth branch of expenditure is Establishments. It is a very large item of expenditure, and it is very difficult to deal with it. The establishment necessarily has to come down in numbers as expenditure on public works is reduced. The Government of India is doing all in its power to reduce the establishment, and yet at the same time it is bound to do justice to the able and highly efficient officers who compose the higher branches of the department. We have lately obtained the sanction of the Secretary of State to a large decrease in the annual recruitment of officers for the Public Works Department, and certain steps have

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been taken to induce officers to retire earlier than they need otherwise do in order to relieve the Government of the necessity of finding posts for them. This is a subject which has given us a great deal of anxiety, and I can assure the Council that no pains have been spared to keep down expenditure under this head.

“I think that with this explanation before them hon'ble members will agree that we are doing all that is possible to avoid any unnecessary expenditure in the Public Works Department.”

The Hon'ble SIR DAVID BARBOUR said:—“My Lord, I need hardly say that the suggestions and criticisms on the Financial Statement which have been offered to-day will receive the fullest attention on the part of the Finance Department, and I have no doubt they will be productive of valuable results.

“It cannot be expected that there should be complete unanimity of opinion on all the difficult and complicated questions connected with Indian finance, but there is a greater degree of agreement than I had anticipated.

“There are only a few matters in regard to which I think it necessary to make any remarks. The Hon'ble Mr. Evans has alluded to the alleged surplus from the administration of civil justice in Bengal. My hon'ble friend did not profess to be very confident about the amount of this surplus, and I am afraid I am to some extent in the same position. The calculation of the surplus or deficit is an extremely intricate one, and, though considerable attention has been paid to the subject, I am afraid the results are not perfectly trustworthy. I understand that my hon'ble friend would not include the receipts from the probate and administration duty or from the fees on succession certificates among the receipts of civil justice, and if so the surplus in Bengal would probably not exceed thirteen lakhs of rupees yearly. In Madras there is an equilibrium, or nearly so, and in every other province there is a deficit. In the Empire as a whole there is a deficit of considerable amount. I will look into the figures again, and, if it should appear that some reliance can be placed on them, I will, with Your Excellency's permission, propose that they be published in the Gazette of India. My hon'ble friend has also called attention to the expediency of a reduction in the Home charges. It may perhaps be useful if I briefly explain the nature of these charges. The public are apt to look at their total amount, and to assume that these charges are capable of reduction merely because their amount is large. Owing to the method of administration of this country a large number of bills are drawn by the Secretary of State for India which in the case of other

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countries would be drawn by private persons and would therefore escape observation. A portion of the drawings of the Secretary of State is intended to meet the cost of stores required by the Government in India. I see no way of reducing this charge unless somebody can be found who will supply stores for nothing, and that is a contingency which we need not consider. A very large portion of the drawings represents the interest on capital invested in railways and other public works in India. Some of that capital has been raised at a little over 3 per cent. per annum, a large portion at $3\frac{1}{2}$ per cent. per annum, and another portion at 4 per cent., while the capital of the older Guaranteed Companies was raised at 5 per cent. per annum. On the whole the capital has been raised at a very moderate rate of interest, and India derives great benefit from the public works in which it has been invested. I see no means of reducing this portion of the Home charges unless we are prepared to repudiate our obligations while retaining all the benefits for the sake of which they were incurred. This is a course which, it is needless to say, my hon'ble friend would not recommend. There remain the administrative and military charges, which, speaking from memory, I would put at about £7,000,000. If my hon'ble friend or any other member of this Council can point out any way in which these charges can equitably be reduced, I shall feel it my duty to give him every support, and I am sure Your Excellency's Government will not fail to press the question with all the authority which the Government of India can command.

"My hon'ble friend Syud Ameer Hossein has made a plea for some relief to the payers of income-tax, and especially for those whose incomes are less than ₹1,000 per annum. So far as regards the wealthier members of the community, I think the claim for relief is very weak. I doubt if there is any other country where the taxation falls so lightly on such classes as it does in India. I would ask my hon'ble friend to consider what taxation he and I and the other official members of Your Excellency's Council contribute towards the cost of the government of this country. If he does, I think he will be astonished at the moderation with which taxation is imposed in this country. And the argument holds good in the case of the commercial and professional classes as well as in the case of the official classes. I admit that there is more to be said for the exemption from the income-tax of persons whose income is less than ₹1,000, but even in their case the plea for exemption appears to be by no means a strong one. In the first place, as incomes rule in this country, an income of even ₹500 a year is not low relatively to the incomes of the vast majority of the people. In the next place, the persons whose

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incomes are between ₹500 and ₹1,000 would pay little or nothing towards the expenses of the State if they did not pay the income-tax. And, last of all, we cannot do without the money, and I do not at this moment foresee the time at which we will be in a position to say that this class has the first claim to relief.

“ The Hon'ble Rájá Durga Charan Laha has referred to the contribution of 74 lakhs for next year from Local Governments and appears to hold that the resources of those Governments have thereby been crippled. I do not know what foundation my hon'ble friend has for that statement. I am happy to say that, even after making their contributions, the resources of the Local Governments of Bombay, Madras and Lower Burma are ample.

“ The Central Provinces and Assam make small contributions which do not press on them with any severity, and the only province which is in any way straitened is Bengal. No doubt it has been found necessary to re-impose the patwari-cess in the North-Western Provinces and Oudh ; but, after all, that only amounts to replacing a burden which had been borne from time immemorial up to 1882. And the whole cess has not been re-imposed. The zamindars and raiyats of the provinces in question have been relieved to the extent of one-third of the total amount required. It is a fact that the taxation in Bengal is far lighter than in any other province of the Empire; and Madras, Bombay and the North-Western Provinces and Oudh complain loudly—and I think with some justice—that Bengal escapes her fair share of the State burden. In these circumstances, it is with some surprise that I have heard my hon'ble friend as a representative of Bengal complain of the burden of taxation and propose to abolish the income-tax, which is really the only means we have got of making the professional, the commercial and the official classes contribute anything worth mentioning to the expenses of the State. My hon'ble friend apparently would contemplate with equanimity the remission of the rice-duty in Bengal while retaining it in Burma. I cannot believe that when he made that suggestion he was aware that Bengal is the most lightly taxed province of the Empire in proportion to population, and that Burma is the province which pays the highest rate of taxation. My hon'ble friend has alluded to the increase of revenue by 16 crores in the last eight years, but he has not noticed, as I think he ought to have done, how much of that increase is due to traffic receipts on new railways and to the purchase by the State of lines formerly owned by Guaranteed Companies.

“ I am sorry to have to say that I do not agree with my hon'ble friend either as to the income-tax or the duty on salt. The salt-tax is a tax on

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a necessary of life and falls with almost the same weight on the rich and on the poor. No doubt the salt-tax has its advantages in some respects: it is easily collected, it is productive, and its incidence is spread over a wide area, but the lower the rate of duty can be kept the better from every point of view except the purely financial one.

"I have already dwelt on the question of the income-tax in replying to the remarks of the Hon'ble Syud Ameer Hossein, but I may add that it is with great regret that I have heard the Hon'ble Rájá Durga Charn Laha propose the abolition of the income-tax while retaining the salt-duty. I do not doubt that my hon'ble friend is thoroughly sincere in his opposition to the income-tax, and that he considers it unsuited to this country; but the practical effect of his proposals would be to make the rich richer and the poor poorer, though the wealthy members of the community whom he proposes to relieve are those who gain most by the Government and contribute least to its support in proportion to their means.

"I think it would be an injustice so gross as to amount to a scandal if the Government were to take off the income-tax while retaining the salt-duty at its present figure.

"The Hon'ble Mr. Steel has made some remarks on the question of exchange which show that he is under a misapprehension as to my views—a misapprehension due, I dare say, to my not having made my meaning sufficiently clear. It is not the case, as my hon'ble friend supposes, that I would be satisfied with nothing but fixity of exchange at the present point, nor is it the case that I am as apprehensive as he appears to be regarding the evil effects of a rise in exchange. I will quote again the words which I actually used at the last meeting of Council—

'In the interests of India a sudden reversion to the old ratio of 1 to 15½ brought about by the action of foreign countries, and the continuous and progressive demonetisation of silver, accompanied by a fall in the value of the rupee to an unknown and unlimited extent, are alike to be deprecated.'

"I am afraid in the interests of India of a sudden and violent reversion to the old ratio of 1 to 15½ brought about by alterations in the currency laws of foreign nations, but I am not apprehensive as to the effects of a gradual and moderate rise in exchange. So far from being apprehensive of the ill effects of any rise in exchange, I should welcome a rise of a penny or two in the value of the rupee during the coming year as an unmixed blessing, and I do not

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think that even my hon'ble friend or the important class he represents would view such a change with either apprehension or regret. I admit that I am afraid of the results of a further fall in the value of the rupee of unknown magnitude. We have used up a great many of our resources during the last five years in meeting the fall in exchange, and, if I thought the fall was likely to be as great during the next five years as it has been during the last five, I should take a much more gloomy view of our position than that which I expressed in the Financial Statement.

"For the reasons I have stated I am in favour of prudent, gradual and well-considered measures being taken to relieve us from our present difficulties and from the dangers of the future, and I am of opinion that the measures should be such as will secure the object aimed at with a minimum of disturbance to existing interests. I know no means of achieving this result except by international agreement.

"The Hon'ble Mr. Steel has also expressed a strong opinion that to borrow in silver instead of in gold is a most wasteful and extravagant course. He says that there can be but one reason for preferring the former course, and that is the prospect of such a decline in silver as shall deprive us of the benefit in interest. I do not think that this is quite a fair statement of the case, and my hon'ble friend somewhat over-states the advantages of borrowing in gold. The difference in the rate of interest at the present moment is no doubt very great, but I think that difference will diminish, and my hon'ble friend does not seem to attach sufficient weight to the burden of having to repay the principal of the gold debt after a fall in the value of the rupee. I freely admit, however, that an arithmetical calculation shows that the gain from borrowing in gold is sufficient to balance the loss from a very great fall in silver in the future—a fall so great that I sincerely trust we shall never witness it. But I cannot admit that the question is merely one of arithmetic. It is contrary to sound principle for a country to incur obligations in any standard other than its own—a principle which we have already violated to a greater extent than is either prudent or safe. In recent years we have practically borrowed very largely in gold, and will do so in the coming year, by guaranteeing interest payable in gold on capital raised in England for the construction of railways. During next year the Secretary of State proposes to raise no less than £3,750,000 in London on this account. And if a severe famine occurred, as it might at any time, I have no doubt that money would have to be borrowed largely, and that it must be borrowed in London.

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"The Government is incurring heavy expenditure on military preparations, and I understand that their policy has the support of my hon'ble friend. There would be no justification for such expenditure if a great war were not at least a possibility of the future. The money for a war of this nature could not be borrowed in India, and must come from England, and there is no doubt but that the amount required would be very great. Looking then to the fact that we have already incurred heavy gold obligations, that we are at this moment borrowing largely in gold, that we may have to borrow still more largely in this way, and that we know nothing of the future relative value of gold and silver, I think it is only a matter of ordinary prudence that in a time of peace we should incur some loss in order to avoid adding to what is already a cause of embarrassment and might become a source of danger. Both from a political and an economic point of view there are great advantages in raising money in India. It will be in the recollection of this Council that some time ago we obtained a loan of $3\frac{1}{2}$ crores of rupees from the Gwalior State. The interest on that sum comes to fourteen lakhs of rupees yearly. Every rupee of that amount is pure gain to India; there is no portion of the Indian expenditure which I contemplate with greater satisfaction; and, notwithstanding the criticism of my hon'ble friend, I should be very glad to hear that other States were prepared to lend on the same terms.

"In this respect I am in entire agreement with the Hon'ble Durga Charn Laha as to the expediency of keeping down the Home charges."

His Excellency THE PRESIDENT said :—

"It will not be necessary for me to occupy the time of the Council for many minutes, but there are one or two observations which I should like to offer before this discussion closes. It has been an unusually short one, but the speeches which have been delivered afford an excellent illustration of the advantage to be derived by the Government of India, and by the public, from the practice of affording to the Legislative Council every opportunity of considering, reviewing and criticising the financial proposals of the Government. The ultimate responsibility for such measures must no doubt remain with that Government, but that responsibility will certainly sit more lightly upon our shoulders if we know that our proposals have been framed in such a manner as to stand the test of examination and criticism by our colleagues at this table.

"It has, I believe, usually been held that the terms of the Act by which our proceedings are governed preclude such examination except when

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the financial arrangements for the year involve legislation in Council. I will not pause to inquire how far this view is borne out by the letter of the Indian Councils Act. It has certainly been borne out by the persistent interpretation which has been placed upon the Act both here and by different Secretaries of State. A case is, I understand, upon record in which a Viceroy drew upon himself the censure of the Secretary of State for having permitted a discussion of the Budget without the pretext that it was connected with one of the Bills brought before Council during the session. The result has been that the Legislative Council has or has not been able to discuss the Budget according as it was or was not connected with some change in the laws of the country, and it has thus come to pass that during the last twenty-five years the Budget has been discussed in Council upon twelve occasions, while in the remaining years no such discussion has been allowed to take place.

"This seems to me, I must say, an altogether incongruous and inconvenient arrangement, and I feel little doubt that, as far as the present year is concerned, hon'ble members will share the opinion of my hon'ble friend and will approve of our action in taking advantage of the passage of the Bill which we are now considering, and which to some extent touches the fringe of our financial arrangements, in order to lay before Council the whole of our scheme for the financial administration of the coming year. This course is one which entirely commends itself to my judgment, and I am glad to express publicly my opinion that the opportunities accorded to the Legislative Council for passing under review the financial situation of the country should occur with regularity, and should not depend, as they depend at present, upon what is after all a mere accident—I mean the necessity of financial legislation in any particular year.

"Hon'ble members are no doubt aware that this question has been for a long time under the consideration of the Government of India, and that the view which I have just expressed was strongly entertained by my predecessor, who felt it to be his duty to make a representation upon the subject to the Secretary of State. Since my arrival in this country I have followed the matter up with the entire concurrence of my hon'ble colleagues in the Government of India, and I am glad to say that Lord Cross has given his cordial adhesion to the proposition which I have just advanced.

"The arguments in its favour appear to me, I must say, conclusive, and they are supported by a great weight of authority, including, I believe, that of all the principal Chambers of Commerce of India.

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" I remember being much impressed at the time by an observation from my hon'ble friend Mr. Steel on the introduction of the Bill now before us. If the imposition of a new tax is a matter worthy of discussion at this table, it is, I think, quite true that, as he observed, the remission of an old tax is equally worthy of such discussion. I can conceive no pretext upon which it could be held that in one case discussion is desirable, and in the other inconvenient or unnecessary. It seems, indeed, to me that if a distinction is to be drawn, if the criterion is to be the public importance of the step, the remission of an old tax may often require more careful discussion than the imposition of a new one. The imposition of a new tax is pretty sure not to be resorted to without sufficient consideration. The measure is bound to be unpopular with some one. It is sure to provoke criticism, and it will certainly be narrowly scrutinised both by those who impose the tax and by those upon whom it is imposed. The abandonment of an old tax is, however, a very different thing. The Exchequer may be overflowing at the time: the remission is agreeable, both to those who make it and to those who profit by it: the temptation to be liberal, to spend the money while you have got it, is strong: every one is pleased: and it thus comes to pass that by a stroke of the pen a permanent source of income is lost or alienated, without that consideration to which a step so momentous is entitled.

" Even, however, if the Budget involves neither the imposition of taxation nor its remission, but merely the retention of existing taxes, it does not appear to me that we are therefore relieved from the duty of taking Council into our confidence. The proposal to retain an existing tax may, under certain circumstances, be as fairly open to question as the proposal to remit taxation or to impose it. Every Budget involves proposals falling under one or other of these three heads, and the conclusion appears to me to be irresistible that it is for the public convenience that, under whichever category the proposals contained in the Budget of any given year may happen to fall, those proposals should be submitted for your examination here.

" Another consideration leads me to the same conclusion. Financial criticism, if it is to be valuable, should be as continuous as the financial policy which it criticises. The financial history of a country is uninterrupted; so should be the watchfulness of those who are entrusted with the duty of passing it under review. It seems to me almost an absurdity that it should depend upon the mere accident of the introduction of a Bill whether that review

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should take place or not. Such a review should extend not only to the past and to the present, but to the future, with its prospects and possibilities. Perhaps no advice is more valuable than that which has reference to the remoter future. The income and expenditure of the past year are beyond recall, and at the time when the Budget is framed it would be extremely difficult for the Government to recede from the arrangements which it has made for the year which is just about to commence. In regard, however, to the years which lie beyond, the Government of India is not committed to the same extent and is still in the position to profit by useful suggestion and advice. I welcome in this spirit that which has been given to us by the hon'ble members who have placed upon record their opinion as to the course which should be adopted in the event of our being hereafter in a position to remit taxation. I trust that they are right in anticipating that we may, before we are much older, find it to be our agreeable duty to consider what burdens we can remove from the shoulders of Her Majesty's subjects in this part of the Empire; and I can promise them that, should the Government of India, while I have the honour of being connected with it, find itself in the happy position of being able to dispense favours, we shall be careful to do so with the utmost circumspection and with a due regard to the arguments which they have advanced.

"I mentioned just now that the Secretary of State had expressed his concurrence in the proposal that there should be an annual, instead of an occasional, discussion of the Budget in Council. I may perhaps take this opportunity of mentioning that this subject appears to the Government of India as well as to the Secretary of State to be closely connected with another—I mean the propriety of giving to members of the Legislative Council of the Government of India, under proper safeguards, the right of addressing questions to the Government upon matters of public interest. I am in a position to state that we are in favour of a change in this direction, and that this question is also engaging our attention and that of the Secretary of State. I make this announcement, however, subject to two important qualifications. It will, in the first place, be necessary to ascertain clearly whether the law, as it now stands, permits the course which we should like to adopt, and, if it does not, how it should be amended. In the next place, it will be necessary effectually to limit the right of interpellation in such a manner as to preclude absolutely all questions which could not be put without injury to the public interest. This is a point of the utmost importance, and will require the most careful examination.

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"The case of the Bill before us shows how much easier it is to surrender a source of income than to get it back again. The evidence adduced has demonstrated that the remission of the patwari-cess failed to have the effects anticipated from it, while it involved the sacrifice of a large annual revenue. We have now to be content if we can recover for the public a part of the resources which we then abandoned. We shall also, I am afraid, be compelled to admit that, to some extent at all events, it may prove beyond our powers to distribute the incidence of the re-imposed burden between landlords and tenants with absolute fairness. It is difficult to disprove the statement that the new law may involve a certain degree of apparent hardship to those tenants who obtained no benefit from the remission of 1888, and who, having, upon that occasion, failed to obtain any relief from the taxation to which they were then liable, may now find that under this Bill a new burden is imposed upon them. We may, however, I think, take for granted two facts,—first, that any attempt to deal exceptionally with these apparently hard cases will involve the creation of a much greater number of much harder cases. I have little doubt that, as was stated in 1884 by Sir Alfred Lyall, 'it is impossible to resolve existing rents into their original component parts and to lay down what portion of them represents the old patwari-cess'; and I am also afraid that any attempt to exempt tenants with occupancy-rights from the new impost would involve the infliction of what would certainly be regarded as a grievous wrong upon the tenants-at-will, whom we could not protect and who occupy nearly one-half of the total area of these provinces. In the next place, it seems to me that considering the smallness of the rate for which the tenant is liable to be called upon,—a rate which cannot exceed, speaking in round numbers, one per cent. upon the annual rent of his holding,—considering also the fact that the tenants as a body have a large interest in the effectual performance of the services rendered by the patwari, the grievance, if indeed it be one, is of infinitesimally small proportions."

"I will say one or two words only as to the Financial Statement of my hon'ble friend and the observations which have been made upon it. That statement appears to be one which we can contemplate, if not with positive satisfaction, certainly with the feeling that much worse things might have befallen us. During the course of last summer my hon'ble friend and I were in constant personal communication with the Secretary of State and with other persons regarded as high authorities upon Indian questions. I think

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that at that time we should all of us have been extremely gratified if there had been reason to anticipate that my hon'ble friend would be able to show so satisfactory a condition of things either in respect of his anticipations for the Budget of next year, or in regard to the accounts of the year which is about to close.

“That he should have been able to do this is partly due to circumstances which we can regard with unmixed satisfaction. The downward course of the gold value of silver has for the moment been arrested, and the elasticity shewn by the ordinary sources of revenue has, upon the whole, been satisfactory. On the other hand, I feel bound to express my regret that we should have found it impossible to establish a financial equilibrium for 1889-90 without again calling upon the Provincial Governments to contribute towards our necessities from the balances at their disposal. No one, whether an individual or a corporation, particularly enjoys treatment such as that which the Provincial Governments have lately experienced at our hands. It is treatment which I have heard described in terms which lost nothing of their severity from the fact that they were usually couched in allegorical language. The Council is well aware that it was the intention of the Government of India to achieve its purpose by a more ingeniously contrived and more plausible procedure than that which we actually adopted. The scheme for the assessment of the provincial contributions embodied in the well-known Circular of October 2nd of last year is within the recollection of hon'ble members. When I arrived in India that scheme still held the field, and representatives of the principal Provincial Governments had been invited to meet the predecessor of my hon'ble friend in this city and to confer with him in regard to the proposals therein contained. The conference took place, and it disclosed two most important facts. The first of these was that the Hon'ble Mr. Westland, after full discussion with the provincial delegates, came to the conclusion that some of the proposals, and amongst them those which had been regarded as the most important and essential features of the project, ought not to be insisted upon. We became aware in the next place that the representatives of the provinces very much preferred the simple and unscientific methods which my hon'ble friend has adopted to the more elaborate and ingenious procedure by which the Government of India had designed to place the provinces under contribution. Under these circumstances one course only was open to us. My hon'ble friend had but lately assumed the duties of his

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important office. I had myself only been a few weeks in the country, and we were, under the circumstances, both of us entitled to ask that any attempt to dispose finally of this important question should be, for the present, deferred. It seems to me that under these circumstances my hon'ble friend was amply justified in abandoning the procedure originally contemplated, and in giving up for the moment any attempt at a scientific re-adjustment of the basis of these provincial contributions and in resorting to an *ad interim* arrangement which would give him the ways and means which he required, but which would leave the much larger questions at issue still open for further review. I will add nothing to this part of my observations unless it be to express, with reference to the remarks which have just fallen from my hon'ble friend the Lieutenant-Governor, my sympathy with the Provincial Governments which have been called upon to submit to these sacrifices for the sake of the Imperial Exchequer. The balances upon which we have indented may in some cases have been due to the natural growth of the revenue; in others they may have been the result of careful and economical administration and of the wise husbanding of resources in view of the necessity of large expenditure on local objects of a useful character. The sacrifices which the provinces have been called upon to make have no doubt involved in some cases the abandonment of cherished schemes of local improvements, and we cannot expect the Governments concerned to submit to such a sacrifice without a murmur. We can only assure them that if the concession was disagreeable to them it was not less disagreeable to us to require it, and that we have asked them to submit to it upon a principle the soundness of which they will not dispute—I mean the principle that the solvency of the Indian Empire is a matter of interest to every part of it; that the finances of India must be dealt with as a whole; and that the relations of the Central and Provincial Governments should be such as to place upon the latter the obligation of sharing to the full the financial responsibilities and difficulties of the Empire.

“We are, however, I think, bound to ask ourselves whether it would have been possible for us to avoid these demands on the provinces or to remit any of the taxation which has recently been imposed by a retrenchment of our expenditure. I yield to no one in my conviction that watchfulness over our expenditure lies at the bottom of sound finance in this country, and I agree with what fell just now from the Hon'ble Rájá Durga Charn Laha when he dwelt upon the urgent necessity for exercising such watchfulness. But, although look forward to the time when it may become possible to keep that

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expenditure within narrower limits than those within which it is at present confined, I am bound to say that it is not easy to point to any items in the estimate for next year in which an unreasonable demand has been made by the responsible Department.

“My hon’ble friend has dealt fully with the question of army expenditure. These estimates show no doubt a large excess over the estimate for the year which is just ending. I have had frequent communications with the hon’ble member in charge of the Military Department upon this subject, and I am bound to admit not only that its requirements do not appear to me to be extravagant, but that it has had, in deference to our necessities, to abandon more than one useful project which it might otherwise have pressed upon us.

“We must not allow ourselves to lose sight of the fact that since 1885 the number of troops in India has been increased by 30,000, and that the presence of so large an additional force in the country involves not only an increase under the head of pay but a large consequential expenditure under the head of barrack accommodation and other items.

“Then, again, we have an increased expenditure of £206,000 in England for new rifles and guns—an exceptional expenditure incurred for an object absolutely essential to the efficiency of the different arms of the service. We have besides a sum of 20 lakhs for the mobilization of our forces—an expenditure which I hope we shall none of us grudge, but which is also an unusual one. There is besides a very appreciable increase of expense occasioned by the higher prices which we have lately been called upon to pay for provisions and forage. A small extra vote has also been taken for the two sets of military operations at this moment in progress. This expenditure is also exceptional in character, although I am afraid that with our extended frontier we cannot allow ourselves to look forward in the immediate future to a time when such expeditions will become unnecessary.

“I would make one general observation upon this question of military expenditure. I trust that we may be far remote from the time when it may become our duty to make use of our military resources in actual warfare, but it is idle to conceal from ourselves that we may be called upon to do this, and that the call may be a very sudden one. It seems to me that a solemn obligation lies upon us to see that the defences

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of this part of the Empire are maintained in a state of the highest efficiency. The recent tension and uneasiness which have prevailed upon the western frontier of Afghanistan afford a good illustration of the risks to which the public peace is exposed in that part of the world. I rejoice to be able to state that all the information in my possession is to the effect that nothing has been further from the thoughts of His Highness the Amir of Afghanistan than to provoke a collision, and that the measures recently taken by the Government of Russia were prompted not by any desire to court one but rather by the apprehension that the presence of the Ruler of Afghanistan on the frontier might lead to an outbreak of a kind which, even in the absence of any desire to foment mischief, arises too readily amidst the inflammable materials which are to be found in that part of the Asiatic Continent. That tension has, however, served to illustrate the precarious nature of the conditions upon which peace in this part of our borders depends; it is our duty under such conditions to maintain a high state of preparedness, and I trust that we shall not cease to do so, and that we shall not regard with too much reluctance the sacrifices entailed by such a policy.

"Great Britain is at this moment submitting to such sacrifices, upon a scale by the side of which what we are doing sinks into insignificance, with the object of strengthening herself to the point required by the huge armaments and vast hosts accumulated by foreign Powers. It seems to me that India may fairly submit to bear some share of the sacrifices thus imposed upon the Empire. The least that we can do here is to carry out promptly and effectually the defensive measures which the Government of India has already sanctioned. Nothing is more calculated to produce a mischievous and mistaken impression than any apparent breach in the continuity of our military policy. I am glad to learn that the defences of our north-west frontier are making satisfactory progress, and are approaching completion; that out of a total estimated expenditure of Rx. thirteen and a half millions assigned to frontier railroads, Rx. eleven and a quarter millions will have been covered by the end of the next financial year; and that we shall by that time also have paid for three out of five and a half millions of expenditure assigned to coast and frontier defences. In these matters a consistent policy and the rapid and uninterrupted execution of works, when once they have been determined upon, will, I am convinced, be found in the end to be the most economical course, and I was glad to hear my hon'ble friend Mr. Steel state as explicitly as he did that we might rely upon the support of public opinion in adopting that course.

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"If this is the opinion of my hon'ble colleagues, they will, I hope, agree with us in believing that, under the circumstances which have been so clearly set forth by the Hon'ble Sir David Barbour, we were justified in not proposing to the Council any important changes in the taxation of the country and taking measures to secure for the coming year the small additional amount of revenue required in order to raise our income to the level of our expenditure.

"We may, I think, dwell with satisfaction upon a well-maintained increase in our land-revenue and in our receipts from Railways, Post Offices and Telegraphs—an increase which is likely to be sustained in years to come. Let me, in connection with this question of the increase of our revenue, express the satisfaction with which I listened to Sir David Barbour's effectual vindication of the Government of India and of the Provincial Governments from the charge which has been made against them that they have, in order to increase their receipts from Excise, stimulated the consumption of intoxicating liquors and connived at the spread of intemperate habits. I have paid some attention to this important question, which has recently been under the earnest consideration of the Financial Department and of His Honour the Lieutenant-Governor of this province. The evidence which has been laid before me has entirely satisfied me upon three points—

- (1) that an increase in revenue from Excise does not necessarily justify the inference that there has been an increase in the consumption of liquor; it has, on the contrary, in many cases been conclusively shewn that an increased revenue has been received upon a diminished consumption:
- (2) that it is idle to expect that the Government of India should be able to invent or to put into force an uniform system of Excise administration suitable to the requirements of all parts of the country; and
- (3) that if during recent years there has been in some districts an unusual amount of illicit traffic, of loss of revenue and of intemperance, these have been in great measure due to the mistaken assumption that an uniform system was practicable, and to the sudden oscillations of Excise policy occasioned by this belief.

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"I wish, before I leave off, to add one word with regard to our prospects in Upper Burma. These are, I think, such as to give us every reason for dwelling hopefully upon the future of that country. My hon'ble friend has pointed out that the estimate for the net charge under this head for 1889-90 is less by 25 lakhs than that for the year which is just ending. This has been the case in spite of a heavy additional expense for the new railway and for the police which we are employing in lieu of regular troops. The cost of the new province is still, however, largely in excess of the return which we obtain from it. This is a condition of things which will, I have little doubt, within a brief space of time, have entirely passed away. In some districts no doubt the inhabitants are still addicted to their old lawless pursuits, nor is it likely that they will suddenly relinquish those habits merely because their country is becoming incorporated in the British Empire. Our difficulties are greatly increased by the fact that on three sides Burma is coterminous with zones of frontier territory inhabited by tribes subject to no fixed system of government and accustomed from time immemorial to warlike and predatory habits. We are I believe slowly, but surely, wearing down the opposition of these; it can be best overcome not by expensive military operations but by the persistent punishment of evil-doers, by the establishment of improved communications by road and rail, and above all by affording to the people of Burma practical evidence of the immense material advantages which are to be derived from British rule. The completion of the railway to Mandalay is a most important step in this direction, and I am glad to observe that a sum is provided in the estimates for next year for the purpose of prolonging that railway in the direction of Mogoung. I may mention in this connection that I have lately received from the Chief Commissioner most reassuring reports as to the general improvement of the country. I learn from him that crime in the Upper Province is steadily diminishing, that the people are returning to their villages, and that the country is well cultivated. The excitement occasioned by the recent outbreaks during the cold weather appears to be passing off and the police are gaining ground rapidly. In many of the districts in which serious disturbances had taken place the country is now described as perfectly quiet. In the Shan States too there is a marked improvement. Perhaps the surest indication of the general progress that is being made is to be found in the steady increase of the revenue. This rose from 22 lakhs in 1886-87 to 50 lakhs in 1887-88, and is estimated to bring in 68 lakhs in the current year and nearly 76 lakhs in the year which is about to commence. The increase of the land-revenue, which is virtually a tax upon each household and which has

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risen from 16 lakhs in 1886-87 to about 41 lakhs in the present year,—the estimate for the new year being nearly 45 lakhs,—may be regarded with special satisfaction; every increase of ten rupees in this tax meaning, as the Chief Commissioner has pointed out to me, that a household has settled down to peaceful pursuits, or that a household which had escaped assessment, owing to the revenue-officers having been occupied in suppressing disturbances, has now been assessed.

“I venture to submit that it is our duty to fix our attention upon the general improvement denoted by the facts and figures which have been given to us by my hon'ble friend and by the Chief Commissioner, rather than upon isolated outbreaks or small local effervescences. These are to be expected, but their significance is not great, and I think the Chief Commissioner may well be congratulated upon the courage which he has displayed, and upon the success which has attended him in the performance of one of the most difficult tasks which a servant of the Government of India has ever been called upon to perform.

“As for the financial position of India, it is, I have no doubt, as Sir David Barbour has pointed out, in the main a sound one, although at the present moment, for reasons which he has given, our resources are subjected to an unusual strain. Under these circumstances the proposals of the hon'ble member are, I think, those which best meet the requirements of the moment. We may be well content if, in spite of the heavy loss by exchange to which he refers, and of the fact that we are providing out of income for special defences to the value of Rs. 1,102,000, we are able to anticipate a small surplus for the coming year. For what lies beyond we must wait upon events, but we may, I think, do so in the hopeful spirit which characterized his statement. If we are able to avoid needless and unprofitable additions to the indebtedness of the country, if we can bring to account its vast latent resources by the judicious investment of capital in their development, if we are able to achieve these results without throwing forward upon those who will come after us the burden of outlay properly chargeable to the revenues of our own time, we need not despair of the future.”

The Motion was put and agreed to.

PORTS BILL.

The Hon'ble SIR DAVID BARBOUR moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to Ports and Port-charges be taken into consideration. He said:—

“When introducing this Bill on 1st February, I explained that it was

introduced mainly with the object of consolidating the existing law, and partly with the object of making certain amendments in that law. I also explained that a draft had been circulated to the Maritime Governments and considered by them and the other local authorities.

"As the Bill was mainly intended to consolidate the law and as a draft had been already circulated to the Maritime Governments and the Bill prepared after consideration of what the Maritime Governments and their advisers had to say, the task of the Select Committee has proved comparatively light, and no alterations of any great importance are recommended. It will be sufficient if I call attention to the more important of the changes proposed.

"In the Bill as originally introduced 'owner' was defined as including an 'agent'; but as it was represented that in India the ship's agent was merely an agent for very limited purposes, and could not fairly be held to be liable in connection with the ship in the same way as the owner would be liable, the Select Committee decided to omit the definition.

"The Select Committee has recommended that power should be given to Local Governments to make rules for regulating the action to be taken by the master of a vessel when there is sickness or disease on board his vessel, and for dealing with dead bodies, and has provided that all rules made by a Local Government under section 6 of the Bill shall be made after previous publication, as provided in the General Clauses Act of 1887. The latter provision will enable persons who are likely to be affected by proposed rules to make known their wishes or objections before the rules are made.

"In introducing the Bill I called attention to the provision whereby a certain liability for the acts of persons employed by them was imposed on contractors who undertook to remove ballast or rubbish. The case which gave rise to the proposed amendment of the law arose in Calcutta, but the persons who are chiefly interested in the matter in Calcutta, namely, the Chamber of Commerce and the Port Commissioners, are strongly opposed to the amendment, and in deference to their wishes the proposal has been dropped.

"The Port Trustees at Bombay have put forward a proposal for relaxing, in certain cases, the provisions of section 31 of the Bill regarding compulsory pilotage. It is not understood that the Trustees wish to make any immediate change as regards the compulsory nature of pilotage in the Port of Bombay, and as the difficulties brought to notice can be overcome by applying the provi-

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sions of section 4, sub-section (1), clause (c), or by the licensing of certain masters as pilots, the Select Committee does not recommend any alteration.

"It has been brought to the notice of the Select Committee that difficulties have arisen regarding the distribution and expenditure of port-dues in ports which have been grouped by the existing Act, or under powers conferred by that Act. It did not seem possible to lay down one system for all such groups, and accordingly the Committee has provided in section 37 of the Bill as amended that the Local Government, with the previous sanction of the Governor General in Council, may make rules in such cases with respect to the expenditure of the fund for the benefit of the several ports, and also that the Local Government shall give effect to any directions of the Governor General in Council on the subject. It is quite possible that some of these provisions may never be acted upon, but in case of need they supply a means whereby disputes as to expenditure in connection with groups of ports can be satisfactorily settled.

"The port of Madras has been entirely separated from the eastern group of ports in that presidency, and the scale of fees proposed by the Madras Chamber of Commerce and the Harbour Trust Board, as amended by the Local Government, was accepted by the Select Committee. The Madras Government has since agreed to reduce the maximum port-due from six annas to four annas a ton, and effect will be given to this decision by an amendment which I propose to move hereafter."

The Hon'ble MR. STEEL said:—"The hon'ble member in charge of the Bill has explained the Report of the Select Committee, but, as I had occasion to make some observations upon this Bill at a previous meeting of the Council. I desire to offer a short explanation. The object of this Bill is to consolidate the laws relating to ports and port-dues, and the few changes proposed are improvements suggested by experience. It will, I think, be generally acknowledged that no part of the duty of administration in India has been better performed than the management of the larger ports by trustees under the control of the Local Governments. But a very different opinion has prevailed amongst traders and ship-owners with regard to the management of certain groups of ports in the Madras Presidency. It has been said that no proper accounts have been kept, that the port-dues have not been properly divided between the various ports in each group; it has been said that large accumulations of funds stand at the credit of these ports, and that it has been impossible to induce the Government to spend money upon any suggested improvements. Under these circumstances the introduction of this Bill appeared a fitting

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opportunity to make such provision in the law as shall provide the proper remedy. The Select Committee endeavoured to investigate this matter, but unfortunately it could not obtain all the materials which were necessary for the purpose. As the Hon'ble Mr. Hutchins had told the Council on a previous occasion, the Madras Government discovered in the year 1887 that the accounts were not made up in accordance with the law. In August, 1887, they issued orders that the accounts should be re-written for the previous ten years, and also that a scheme should be prepared proposing a mode of dividing the accumulated funds for the benefit of the ports. Those accounts and that scheme are not yet forthcoming. The Committee were therefore unable to arrive at any conclusion upon the complaints. For my own part I think there is little doubt that the complaints were not altogether without justification, but my hon'ble friend Sir David Barbour has convinced me that if this Bill passes into law any future complaints will be rather against the executive than against the legislature. The Committee has inserted a useful provision to which the hon'ble member alluded reserving to the Government of India power to direct in what manner these funds are to be divided amongst the different ports in each group. With this provision it appears to me that, in future, complaints on the part of traders or ship-owners are sure to receive proper attention. I therefore think that the present Bill may be accepted in discharge of that responsibility which attaches to the legislature."

The Motion was put and agreed to.

The Hon'ble SIR DAVID BARBOUR also moved that "four annas" be substituted for "six annas" in clause (a) and clause (b) against the Port of Madras (*Foreign Vessels*) in Part II of the First Schedule to the Bill.

The Motion was put and agreed to.

The Hon'ble SIR DAVID BARBOUR also moved that the Bill, as amended, be passed.

The Motion was put and agreed to.

The Council adjourned *sine die*.

S. HARVEY JAMES,
Secretary to the Govt. of India,
Legislative Department.

FORT WILLIAM; }
The 29th March, 1889. }