

*Thursday,  
21st March, 1895*

ABSTRACT OF THE PROCEEDINGS  
OF THE  
Council of the Governor General of India,  
  
**LAWS AND REGULATIONS**

**Vol. XXXIV**

**Jan.-Dec., 1895**

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

1895

VOLUME XXXIV



Published by Authority of the Governor General.



CALCUTTA  
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA,  
1895

*Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., cap. 67, and 55 & 56 Vict., cap. 14).*

The Council met at Government House on Thursday, the 21st March, 1895.

PRESENT:

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

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

His Excellency the Commander-in-Chief, K.C.B., G.C.I.E., V.C.

The Hon'ble Sir A. E. Miller, K.T., Q.C.

The Hon'ble Sir C. B. Pritchard, K.C.I.E., C.S.I.

The Hon'ble Sir J. Westland, K.C.S.I.

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

The Hon'ble Baba Khem Singh Bedi, C.I.E.

The Hon'ble P. M. Mehta, M.A., C.I.E.

The Hon'ble Gangadhar Rao Madhav Chitnavis.

The Hon'ble H. F. Clogstoun, C.S.I.

The Hon'ble P. Playfair.

The Hon'ble Mahārājā Partab Narayan Singh of Ajudhiā.

The Hon'ble Prince Sir Jahan Kadr Meerza Muhammad Wahid Ali Bahádur, K.C.I.E.

The Hon'ble Mohiny Mohun Roy.

The Hon'ble Sir G. H. P. Evans, K.C.I.E.

The Hon'ble Sir F. W. R. Fryer, K.C.S.I.

The Hon'ble C. C. Stevens, C.S.I.

The Hon'ble H. E. M. James.

The Hon'ble A. S. Lethbridge, M.D., C.S.I.

QUESTIONS AND ANSWERS.

The Hon'ble MAHARAJA PARTAB NARAYAN SINGH OF AJUDHIA  
asked:—

“(a) Has it come to the notice of the Government that on the Oudh and Rohilkhand and other railways the right to sell Native refreshments, fruits, etc., at the station platforms is leased out to different persons at rather exorbitant sums, and thus, instead of affording greater facil-

[*Mahārājā Partab Narayan Singh of Ajudhiā* ; Sir Charles Pritchard ; Sir Alexander Miller.] [21ST MARCH,

ities to the Native passengers for procuring good and wholesome refreshments at reasonable prices, the railway administration utilize it as means of increasing their incomes?

“(b) Is it not advisable for the Government to adopt such measures as would tend to remove this cause of complaint of the Native travelling public?”

The Hon'ble SIR CHARLES PRITCHARD replied :—

“(a) The Government of India are aware that the right to sell Native refreshments at the stations of the Oudh and Rohilkhand Railway is periodically sold by auction to the highest respectable bidders.

“The Government of India are not aware that the sums paid for the right to sell the refreshments are exorbitant.

“The charges are not levied for the purpose of increasing the revenues of the railway, but because it is necessary, in the interests both of the travelling public and of the railway administration, to limit the number of vendors who are allowed access to the passenger platforms.

“(b) The answer to this is that the Government of India do not consider that sufficient cause for their interference has been shown. They have no doubt that defects which may exist in the arrangements made at any railway station for the supply of refreshments to Native travellers will be promptly remedied on their being brought to the notice of the responsible officers of the railway administration concerned.”

The Hon'ble MAHARAJA PARTAB NARAYAN SINGH OF AJUDHIA asked :—

“Will the Government be pleased to state why in Oudh political pensions designated *wasikas*, which are payable and heritable under the terms of engagements entered into by the British Government, are not on the death of a wasika holder divided in all cases among the heirs of the deceased according to the acknowledged rules of the law of inheritance to which he was subject, such pensions being sometimes allotted by the executive authorities to persons who are not legal heirs?”

The Hon'ble SIR ALEXANDER MILLER replied :—

“If the Mahārājā will be good enough to indicate the specific cases to which he refers, enquiries will be made, unless he would prefer that the matter should

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be raised in the North-Western Provinces and Oudh Legislative Council, as the management of these *wasikas* is entrusted to the control of that Government."

The Hon'ble GANGADHAR RAO MADHAV CHITNAVIS asked :—

" (1) Whether Government has come to any decision in regard to the scheme for the reorganisation of the Education Department ?

" (2) Whether it is a fact that, while the reorganized scheme for the Geological Survey was before it, the Government of India, with the sanction of the Secretary of State, was pleased to give effect to the recommendation of the Public Service Commission doing away with the two-thirds scale of pay in the case of natives of India, and the Secretary of State was pleased to rule that the pay of an officer shall be independent of his race ?

" (3) Whether in connection with that scheme for the Geological Survey the Government of India, by a Resolution, File 74, No. 9, dated Simla, the 31st of July, 1893, was pleased to rule that—

'the last sentence of the first clause of the revised condition appended to the above Resolution stating "the rate of pay for natives of India shall be two-thirds" be cancelled ;'

and in accordance with this ruling Mr. P. N. Datta, who was appointed in the graded Geological Survey when the two-thirds rule was in force, and who had previously been drawing two-thirds pay, was allowed to draw the full pay of his office ?

" (4) Whether the Governor General in Council will be pleased to give effect to the generous policy adopted by the Secretary of State and the Government of India in the case of Native officers of the graded educational service ? "

The Hon'ble SIR ANTONY MACDONNELL replied :—

" (1) The Government of India have not yet forwarded their scheme for the reorganization of the Education Department to the Secretary of State, but hope to do so shortly. It is intended to divide the Department into three branches—the European, the Provincial and Subordinate Educational service. The first will be recruited in England and the second and third in India. The future scale of pay will be fixed independent of race.

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"(2) The decision of the Government of India and the Secretary of State was that as a general rule the dominant factor in determining the rate of pay should be the place of recruitment.

"(3) Appointments to the Geological Survey Department, which is a small Department composed of experts, are made by the Secretary of State, and, in accordance with the principle just stated, the pay is fixed independently of race.

"(4) The Governor General in Council does not propose to go back on the past now, and in connexion with the large graded educational service to allow full pay to Native officers who were appointed under rules or under a covenant which limited their pay to two-thirds of that drawn by European members of that service."

#### FINANCIAL STATEMENT.

The Hon'ble SIR JAMES WESTLAND said :—

#### "PRELIMINARY.

"1. The Financial Statement for 1895-96 is, according to the now established practice, presented in two parts, *viz.*, Part II, which goes through the subject in regular order and in detail, and Part I, which presents the same facts in a more general shape, and may be taken as my review of them. I do not consider myself tied down in this review to any particular order of statement, but hope by its means to give a general idea of the subject, leaving those who wish for greater details to refer to the second part. I have to give an account of a period of exceptional activity and anxiety in matters financial, and I shall do so the more clearly if I draw attention rather to the salient features of the year's history than to the mere arithmetic of the estimates.

"2. The tabular statements, A and B, of revenue and expenditure, are prepared in the usual form (*vide* Appendix) ; but in the difference columns in which the increase and decrease under each head of Revenue or Expenditure are stated, I have excluded that part of the difference which arises solely out of the change of the rate at which the English revenue or expenditure is brought to account. It would be useless to be perpetually explaining that out of a stated difference under some particular head of (say) Rx. 100,000, Rx. 90,000 is due to difference in the exchange column, and only Rx. 10,000 was the real difference of revenue or expenditure which requires to be noticed as such.

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" 3. I wish to draw attention to the new form we have given to Statement E, the statement of Net Revenue and Expenditure. This form follows, but is not in such great detail as a 'Return of the Net Income and Expenditure of British India' prepared by the Right Hon'ble Mr. Fowler for the House of Commons in July last. The arrangement of the heads is a suggestive one, and for that reason we have, in a separate abstract—Form F—given the figures for the ten years preceding 1893-94, taking them for the most part from the Parliamentary Return referred to.

#### " ACCOUNTS OF 1893-94.

" 4. The Revised Estimate for 1893-94, which I presented last year, worked out to a deficit of Rx. 1,792,800; the actual result, in making up the accounts, is a deficit of Rx. 1,546,998, being Rx. 245,802 better than the estimate. It must be borne in mind in comparing this with subsequent years, that the accounts of 1893-94 included a charge for Rx. 1,060,954 for Railway construction under the Famine Insurance Grant, and that without this charge the deficit would stand at Rx. 486,044 only.

" 5. Of this difference Rx. 89,182 is due to revenue received on Imperial account in India, which was Rx. 66,748,382, against an Estimate of Rx. 66,659,200. Rx. 105,358 was due to Imperial expenditure in India, which was Rx. 42,502,442, against an Estimate of Rx. 42,607,800. Rx. 51,262 arose on the English account, including Exchange.

" 6. There are no differences between Revised Estimate and final outturn, which are large enough to require separate statement. The Revised Estimate was made up at the exchange of 14'6 pence; the actual exchange realized upon the drawings and passing into the accounts was 14'5466 pence.

#### " RATE OF EXCHANGE.

" 7. Before taking up the figures of the Revised Estimates of 1894-95, and the Budget Estimates of 1895-96, I desire to make a few remarks upon the subject of the rate of exchange at which they are made up.

" 8. The Secretary of State in March last announced his intention of drawing for £17,000,000 sterling, and we made up our estimates in the then precarious state of the Exchange market at 14 pence, but the actual rate had already fallen a little below that. During the month of April the rate maintained itself, slightly falling, a little over 13½d., but in May it rapidly fell below 13d., being quoted on May 18th at 12½d. The effect of these low rates, or rather of the high rupee price of gold which accompanied them, was to bring into the market

a quantity of gold for shipment to Europe, and a slight recovery took place in June, the Secretary of State's drawings during that month being all at about 13*d*. Again there was a falling off in July, followed by a sharp recovery, which lasted through August; the last drawing of August and the first one of September were at 13 $\frac{1}{8}$ *d*. and 13 $\frac{2}{8}$ *d*. respectively. The rate then rapidly fell, and from the latter part of September till the end of November it stood between 13 $\frac{3}{8}$  and 13 $\frac{1}{8}$ .

"9. We were many of us hoping to see a revival when the cold-weather export season set in, but the extraordinarily low prices of cotton and of wheat in the European markets stood grievously in the way of activity in the export trade, and rates continued to fall till the middle of January; the drawing of January 16th was mostly at the rate of 12 $\frac{1}{2}$ *d*. Since that date the rates have gradually recovered, and for two or three weeks now they have stood just under 13*d*.

"10. The following monthly figures are of interest in this connection:—

	DRAWINGS OF SECRETARY OF STATE.			IN LAKHS OF RUPEES.		
	Pounds sterling; 000 omitted.	Lakhs of rupees.	Average rate.	Net exports of gold.	Net imports of silver.	Net Council Bill and Treasure.
1894.						
January . . . . .	98	164	14'408	1'4	166'0	181'0
February . . . . .	1,023	178'0	13'786	18'1	124'4	284'3
March . . . . .	1,915	331'2	13'870	32'0	98'6	397'8
April . . . . .	1,368	241'0	13'625	19'5	43'8	265'3
May . . . . .	2,251	416'1	12'979	52'1	30'5	394'5
June . . . . .	1,490	274'6	13'024	120'3	29'2	183'5
July . . . . .	1,086	201'6	12'927	56'6	91'3	236'3
August . . . . .	1,665	300'5	13'301	52'5	69'2	317'2
September . . . . .	894	159'0	13'492	31'0	73'6	201'6
October . . . . .	1,381	248'6	13'329	—'6	19'9	269'1
November . . . . .	962	174'5	13'232	24'4	28'9	179'0
December . . . . .	1,203	223'2	12'937	42'5	52'8	233'5
1895.						
January . . . . .	1,196	226'6	12'672	49'7	67'8	244'7
February . . . . .	1,611	300'2	12'883	42'9	55'5	312'8



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11. This export of gold is entirely a new feature. There was a slight export, *vis.*,  $3\frac{1}{4}$  lakhs worth in January and February 1893, but the remaining ten months of 1893 showed a total import of  $124\frac{1}{2}$  lakhs worth. The tide turned, it will be seen, exactly when the low exchange set in.

" 12. The drawings for the current year we estimate as follows :—

	£	Rs.
Actual up to March 2nd . . .	15,178,900	27,79,10,000
Estimated additional . . .	1,821,100	3,38,80,000
TOTAL	17,000,000	31,17,90,000

giving a rate about 13·09 pence for the whole year, or, say,  $18\frac{1}{2}$  rupees. This rate, 13·09 pence, or  $18\frac{1}{2}$  rupees to the pound, is that at which we make up the Revised Estimate for the current year; and avoiding all speculations as to the future, we adopt the same rate in our Budget Estimates for 1895-96.

#### " REVISED ESTIMATES OF 1894-95.

" 13. The Budget Estimates of the year 1894-95, when presented last March, showed, at fourteen pence exchange, a probable deficit of Rs. 301,900; had they been made up at the exchange 13·09 pence, which is all that is likely to be realized, they would, taking into account only that part of the difference which is due to the expenditure in the English account, have shown a deficit of Rs. 2,165,800. I am pleased to be able to say that the circumstances of the year have been so favourable, that we have not only made up this huge deficit, but are likely to close the account with a surplus estimated at present at Rs. 990,500, a better result apart from exchange by Rs. 3,156,300.

" 14. The first item in this great improvement is the Opium account, which gives us, under three heads, the following results :—

	Rs.
(i) Better revenue in Bengal, mostly due to enhanced prices obtained at the Calcutta sales . . . . .	796,800
(ii) Better revenue in Bombay, <i>i.e.</i> , larger exportations and higher pass fees . . . . .	134,600
(iii) Short expenditure in Bengal, mostly due to short payments to cultivators, owing to failure of crop . . . . .	610,000
Total improvement on above accounts . . . . .	1,541,400

I do not congratulate myself upon the result shown under the third of these heads; I would much rather have paid the amount and had the opium. I

shall presently deal with the question separately. Meantime I pass it over, with the remark, that though it brings about an improvement in the financial results of the year 1894-95, it is an improvement which has to be paid for in future years. It is, in some respects, not unlike the improvement which we might easily effect, for example, in our Military charges by the process of avoiding for a year the complete replenishment of our stores.

"15. The other two items, however, aggregating Rx. 931,400, are a real improvement of revenue, except in as far as the high prices out of which they arise may encourage the consumers of Indian opium to have recourse to competing kinds. The price we estimated to realize in March last was only Rx. 1,070 per chest, but the prices obtained increased the moment the failure of the crop became known. In June to September we got about Rx. 1,307 on the average, and the price then rose gradually to Rx. 1,540 at February's sale. This price was, so far as we can make out, an unstable one, due to certain speculative operations in the China Market. The speculation gave way, and the price collapsed to Rx. 1,327 at the sale of March.

16. The next leading cause of the improvement is in the unexpected productiveness of the new Customs duties, and the addition made to them, at the end of the year, of the Cotton duties. The total improvement under Customs Revenue is Rx. 930,100, while the expenditure account shows that we made ample provision for the increase required on account of establishment charges. It will be more convenient if I deal in a separate section with the subject of the Customs duties.

"17. The third large contribution to the improvement in the results of 1894-95 is the account of Railway earnings—an improvement which may almost be called normal; for our Budget Estimates do not assume the progress that results from a fairly prosperous year, and accordingly if India enjoys what is on the whole a prosperous year, we may ordinarily expect the Railway returns to give us a considerable advance of revenue above what we have assumed in our Budget.

"18. The items entering into this part of the estimates are as follow :—

	Budget. Rx.	Revised. Rx.	Better. Rx.	Worse. Rx.
State Railways—Gross Receipts .	16,939,900	18,134,400	1,194,500*	
State Railways—Working Expenses	8,401,800	8,813,000		411,200
NET IMPROVEMENT .	8,538,100	9,321,400	783,300	

\* Includes 100 for exchange.

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"Of this net improvement of Rx. 783,300, Rx. 25,700 belongs to the Provincial share (in which a considerable deficiency in Burma balances a considerable increase in Bengal), and Rx. 757,600 goes to improve the Imperial surplus.

"19. We have unfortunately to set against this gain on State Railways a falling off, to the extent of Rx. 406,500 on the Guaranteed Railways, which occurs almost entirely in the Great Indian Peninsula Railway, and is practically due to the failure of crops in part of the Central Provinces.

"20. Only one other head need be specially noticed as contributing to the improvement in the results of 1894-95, namely, the Excise Revenue. This revenue is in its nature a progressive one, and has brought in this year Rx. 195,500 in addition to the Budget Estimates. The greater part of this improvement, Rx. 150,200, accrues to the Imperial account.

"21. Against these improvements we have to set only one considerable deterioration, if such a term can fairly be applied to it. It is in the expenditure on account of interest on debt paid in India, the comparison here being as follows:—

INDIA IMPERIAL.					Budget, Rx.	Revised. Rx.
Interest . . . . .	.	.	.	.	—615,500	—333,300
State Railway interest . . . . .	.	.	.	.	3,264,500	3,286,500
Irrigation . . . . .	.	.	.	.	653,900	654,000
TOTAL . . . . .					3,302,900	3,607,200
INCREASE . . . . .						304,300

"Nearly the whole of this increase is due to the anticipated interest and brokerage paid in respect of the conversion of the 4 per cent. debt. The net amount paid on this account (including Rx. 20,400 which returns to us as Currency Department receipts) we reckon at about Rx. 301,000. The greater part of this is interest that would otherwise have fallen due to be paid in 1895-96.

"22. It will be observed from the manner in which I have stated these figures that the rule by which we transfer a portion of our interest charges in India from the general head of interest on debt to be charged against State Railways and Irrigation Works, has brought about the anomalous result that the general head shows a *minus* figure. This is due to the fact that the amount of

capital expenditure on these works is actually larger than the total amount of Public Debt outstanding in India, the expenditure in question having really been met, to a considerable extent, out of sterling loans, borne on our English account. The *minus* entry is, therefore, the amount of the set-off against sterling interest on debt, which arises from our charging Railways with a larger amount of rupee interest than we actually pay. The result, taking the three heads together as I have above done, is quite correct, but it has obviously become an inconvenient way of stating facts, and we shall have to reconsider it.

"23. The causes I have enumerated account for the following net improvement in the Revised Estimates—

	Better. Rx.	Worse. Rx.
Opium . . . . .	1,541,400	
Customs Revenues . . . . .	930 100	
State Railways . . . . .	757,500	
Guaranteed Railways . . . . .	...	406,500
Excise . . . . .	150,200	
Interest . . . . .		304,300
	<hr/>	<hr/>
	3,379,200	710,800
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NET . . . . .	2,668,400	

out of Rx. 3,156,300 to be accounted for.

"24. The Revenue heads generally, other than those I have mentioned, almost all show slight differences to the good. The leading exception is the Land Revenue, where the receipts are Rx. 194,900 less than estimated. This is due entirely to the necessity of suspending collections in some parts of the North-Western Provinces, the Central Provinces, and Bombay. There has been no distress in any of these places, except, perhaps, in a limited area in the Central Provinces, and it will be found that the revenue which is postponed this year re-appears in next year's estimates. The figures in fact somewhat exaggerate the facts, for as I have had more than one occasion to point out, the financial year closes on March 31st in the middle of the busiest collecting season. Five to six crores of Land Revenue come in in the month of March, and an equal amount in the three months April to June; the postponement of half a crore of collections from March to a slightly later date, though administratively a small matter, means a difference of a crore between the finance accounts of the two years.

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"25. The expenditure heads also have almost all been kept well within Budget limits. Under Civil Departments we charge in India Rx. 13,907,300 against the Budget Estimate of Rx. 14,079,200—a saving of Rx. 171,900. It is under this head that the principal portion of the exchange compensation charges in the Civil Department come; they were estimated at Rx. 365,800, but by the fall of the rate of exchange, the amount actually paid comes to Rx. 402,200. The saving, therefore, apart from exchange compensation, is Rx. 208,300. There have been savings under practically every head, excepting that of General Administration, where the expenditure is Rx. 1,581,000, against an estimate of Rx. 1,546,000.

"About two-thirds of the total, and a rather smaller proportion of the total savings, under this head are Provincial.

"26. The Finance Minister, after enumerating the causes which have contributed to producing in the Revised Estimates a better result than the Budget Estimates, has usually to wind up by deploring a mournful set-off in the excess of Military Expenditure. I am glad to say that this year I am exempted from this fate. The figures of the estimates are—

		Budget.	Revised.	Better.
Net Expenditure in England	. £	4,394,400	4,305,600	88,800
Net Expenditure in India	. Rx.	15,416,700	15,246,100	170,600

"27. There are large savings in the Commissariat grant, amounting to Rx. 504,800, of which Rx. 375,000 are due to the prevalence throughout the year of low prices for articles of food. These and other savings have been enough, and more than enough, to meet the following excess charges:—

	Rx.
(1) Exchange compensation allowance . . . . .	52,800
(2) Enhancement of British soldiers' pay, due to fall of exchange . . . . .	357,800
(3) Excess over established strength of the British Army . . . . .	35,000
(4) The Waziri expedition and connected Delimitation charges . . . . .	202,500
<b>TOTAL</b> . . . . .	<b>648,100</b>

"28. There are of course numerous other differences, but these are the leading ones. We embarked last year on a policy of strict economy in this great head of expenditure. That policy has been steadily pursued throughout the year,

with the hearty co-operation of the high military authorities, from the Commander-in-Chief downwards; and though there has been at least the usual progress in military efficiency, the Military Department are able to show that their expenditure, including all the special expenses arising during the year—and they are, as just shown, no small ones—has been kept well within Budget limits.

“29. I may state that the Waziri Expedition is estimated to cost Rx. 285,000, but Rx. 90,000 come into the year 1895-96.

#### “IMPORT DUTIES.

“30. I have done with Revised Estimates, and before passing on to the Budget Estimates for 1895-96, this will be the most convenient place for a review, in its financial aspect, of the Customs legislation of 1894.

“31. It will be remembered that the Government of India in March of last year, when finding itself face to face with a heavy anticipated deficit in its estimates, introduced in the Council a measure for the revival of the General Customs Duties which had been abolished in 1882. This measure came into force on March 10th, 1894, twenty-two days before the end of the financial year 1893-94; and I find that it added to the revenue of that year the following net amounts:—

	Rx.
Drugs, Medicines, etc. . . . .	3,495*
Articles of Food and Drink . . . . .	18,871
Silver Bullion and Coin . . . . .	3,697
Other Metals (including Manufactures) . . . . .	36,105
Other Manufactures and Raw Materials . . . . .	30,987
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TOTAL	93,155
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\* A small amount of this comes under the old Tariff as Spirits.

besides a certain amount under Oils, due to the enhanced taxation of Petroleum and the like.

“32. We estimated in last year's Financial Statement that these duties would add, after allowing Rx. 70,000 for Refunds, a net sum of Rx. 1,350,000 to our annual revenue, but we took only Rx. 1,200,000 into the estimates of the first year, 1894-95, of their operation. Our estimates were based on the figures of the import trade of 1892-93, which were unusually low; and our reduction of about ten per cent. for the first year's operations appears to have been quite unnecessary. The import trade has been fairly active during the current year,

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and the amount that the duties are now estimated to have actually produced is Rx. 1,733,000, which is classified as follows :—

	Annual amount estimated last year.	Estimated produce in 1894-95.
	Rx.	Rx.
Articles of Food and Drink . . . .	278,000	296,000
Drugs, Medicines, etc. . . . .	70,000	94,000
Silver Bullion and Coin . . . . .	100,000	355,000
Other Metals and Manufactures of Metals .	238,000	208,000
Manufactured Articles . . . . .	446,000	504,000
Raw Materials and Unmanufactured Articles .	74,000	121,000
Oils, including additional duty on Petroleum .	214,000	155,000
<b>TOTAL</b> .	<b>1,420,000</b>	<b>1,733,000</b>

Add the duties under the old Tariff—

	Rx.	
Arms and Ammunition . . . . .	35,000	
Duty on Petroleum . . . . .	155,000	
Liquors . . . . .	621,000	
		811,000
<b>TOTAL OF BOTH</b> .		2,544,000
<b>Deduct Refunds</b> .		57,300
<b>NET</b> . . . . .		<b>2,486,700</b>

“These figures show that the greatest part of the increase occurs under the head of imports of silver. We had no means of judging to what extent silver would be imported after the Mints were closed and the due course of remittance resumed, and we made a very moderate estimate. As shown in paragraph 10 above, the imports have continued on a very high scale. The silver, so far as we can trace it, gets absorbed among the population generally, though a small amount has gone to Native Mints; and Delhi appears to be the principal centre of dispersal. The fact that the import of silver has been so largely counter-balanced by an export of gold would seem to indicate that gold hoards in this country are being exchanged for silver; but after all the import, though it amounts to seven crores of rupees in value, only comes to sixty or seventy grains for every inhabitant of India.

“33. The continuance of the low state of exchange rendered it abundantly evident in November and December that we would still have a considerable deficit to face in 1895-96, and that the hopes, which had warranted our exempting cotton goods from the General Tariff of March, were destined to disappointment. With

the sanction therefore of Her Majesty's Government, Bills were introduced on 17th December for the amendment of the Tariff, mainly by including cotton yarns and piece-goods in it, and for the levying of a countervailing excise duty on certain classes of goods manufactured in this country. These duties came into force on December 27th, and we estimate that they will add to our revenue in 1894-95.

	Rx.
Sea Customs . . . . .	354,100
Excise Duties . . . . .	12,500
	<hr/>
TOTAL . . . . .	366,600
	<hr/>
Deduct Refunds . . . . .	7,500
	<hr/>
NET . . . . .	359,100
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" 34. The estimate of Customs Duties—Imports—for 1895-96 stands as follows :—

	Revised Estimate, 1894-95.	Budget Estimate, 1895-96.
	Rx.	Rx.
1. Arms, Ammunition, and Military Stores . . . . .	35,000	33,000
2. Liquors—		
Spirits . . . . .	560,000	543,000
Other sorts . . . . .	61,000	59,000
3. Articles of Food and Drink . . . . .	296,000	292,000
4. Chemicals, Drugs, Medicines, and Dyeing and Tanning Materials . . . . .	94,000	91,000
5. Metals and Manufactures of Metals—		
(a) Silver Bullion and Coin . . . . .	355,000	250,000
(b) Other Metals and Manufactures of Metals . . . . .	208,000	206,000
6. Oils . . . . .	310,000	369,000
7. Manufactured Articles . . . . .	504,000	511,500
8. Raw Materials and Unmanufactured Articles	121,000	118,000
9. Cotton Goods—		
(a) Sea Customs . . . . .	354,100	1,440,000
(b) Excise Duties . . . . .	12,500	75,000
	<hr/>	<hr/>
TOTAL IMPORT AND COTTON DUTIES . . . . .	2,910,600	3,987,500
Deduct Refunds . . . . .	64,800	118,100
	<hr/>	<hr/>
NET . . . . .	2,845,800	3,869,400
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" 35. The effect of the Customs legislation is therefore to raise the standard of revenue from Rx. 786,500 (Rx. 811,000 *minus* Rx. 24,500 on account of refunds), the produce in 1894-95 of the old Tariff duties, to Rx. 2,845,800, the produce in the same year of the new Tariff, and to Rx. 3,869,400, the full estimate of a year's produce made in the Budget Estimates of 1895-96. The total increase comes to Rx. 3,082,900.

#### " BUDGET ESTIMATES, 1895-96.

" 36. The Budget Estimates of 1895-96 have to be made up, as already stated, at the exchange of 13'09*d.*, and, comparing our prospects in a general way with the Budget Estimates of 1894-95, the main differences foreseen before entering into details are these—

- (1) We have to provide for the worse exchange on English expenditure, which on £15,850,000 comes to Rx. 1,887,000.
- (2) We have to provide for exchange compensation on a higher scale; this year our payments were in the Budget Estimate based on an exchange rate of 14 pence, and were estimated, all departments included, to cost Rx. 1,113,300, which, however, was probably, at that rate, an over-estimate. In 1895-96 the lower rate of exchange enhances the probable payments to Rx. 1,456,500, and of this excess, Rx. 236,800 is on Imperial account.
- (3) Another item due to the same cause is the enhanced rate of payment to British soldiers; for the British soldier being entitled to a sterling rate of pay, we have to estimate the charge on this account at Rx. 379,900 more than it was taken in last year's estimates.

" The fall of exchange, therefore, under these three heads adds Rx. 2,503,700 to the charges of 1895-96, as compared with those included in our last year's estimates.

" 37. We have also this year to do without the temporary relief we obtained (1) by levying contributions of Rx. 405,000 from the Provincial Governments; (2) by reducing the scale of Military Works and of Civil Works to the lowest possible figure. During 1894-95 we have been practically carrying on without any new works, so far as the Imperial account was concerned, and we must this year provide about Rx. 150,000 under the former and Rx. 130,000 under the latter,

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which last year we cut out. These three items add Rx. 685,000 to the burdens of the coming year.

"38. There is a further annual burden which we have, for reasons which I shall afterwards explain, been obliged to undertake, in raising from 5 rupees to 6 rupees the payment we make to cultivators, under the Opium Agencies, for crude opium delivered. This may be put down as adding in an ordinary year about Rx. 360,000 to our expenditure; to which we may add another Rx. 100,000 for the necessity of supplementing our operations by purchases in Malwa.

"39. Against all these measures we have one item of saving. The operation of the debt conversion reduces our charges by Rx. 524,800, including about Rx. 102,800 on account of debt outstanding unconverted, and therefore either discharged or awaiting discharge, but at any rate not bearing interest. Our balances are large enough to enable us to repay this debt without, at present at least, raising new debt in its place.

"40. We approach therefore our Budget Estimates with the following burdens added to those which in last year's estimates resulted in a deficit of Rx. 301,900.

	Rx.
Charges dependent on exchange . . . . .	2,503,700
Cessation of special reductions of expenditure . . . . .	685,000
Additional opium payments . . . . .	460,000
	<hr/>
<b>TOTAL</b> . . . . .	3,648,700
Deduct saving in interest . . . . .	524,800
	<hr/>
<b>NET</b> . . . . .	<u>3,123,900</u>

"41. It was this prospect which, as I have already explained in dealing with the Revised Estimates, induced us to apply to the Legislature in December last for permission to add duties on cotton goods to our Import Tariff. Although aware that the Customs duties had been more productive than we estimated in March 1894, it was evident that we had still a very large margin between Expenditure and Revenue to fill up. I have just shown that these Cotton duties add Rx. 1,515,000 (or Rx. 1,455,000 if we allow for Refunds) to the resources which were available to us at the time of our last Budget Estimates, and to this we may add Rx. 427,900 by reason of the higher estimate we consider ourselves warranted in now making of the productiveness of the other Import Duties.

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" 42. This general forecast of the estimates for 1895-96 stands thus :—

	Rx.	Rx.
Deficit of 1894-95 . . . . .	301,900	...
Further burdens—net . . . . .	3,123,900	3,425,800
Less Cotton Duties and other improvements in Customs Revenue . . . . .	...	1,882,900
Result, a deficiency of . . . . .	...	1,542,900

" The question is whether the general advance of our Railway and other Revenues avail to make up this deficiency, and whether our estimates of expenditure under heads other than those above referred to, show a diminution in the burden to be borne.

" 43. A reference to the detailed estimates will show that these causes have operated to cover the whole of this deficiency, and that we anticipate on the whole account, after meeting certain special charges, a surplus of Rx. 46,200. This surplus, like that of the Revised Estimates, is the surplus *before* the consideration of the Famine Assurance Grant for Railway construction, and of course is too small to permit of our making any such grant out of Revenue.

" 44. Taking first of all the Railway earnings, the following figures show that we can anticipate for 1895-96 a better return by Rx. 816,300 than the Budget of 1894-95 contained :—

	Accounts, 1893-94. Rx.	Revised, 1894-95. Rx.	Budget, 1895-96. Rx.
State Railways—			
Gross earnings .	16,879,107	18,134,400	18,001,900
Working expenses .	8,263,975	8,813,000	8,697,000
Net . . . . .	8,615,132	9,321,400	9,304,900
Guaranteed Railways—			
Net earnings . . .	3,383,812	3,039,000	3,495,000
TOTAL .	11,998,944	12,360,400	12,799,900

" 45. Under Land Revenue we estimate for Rx. 666,000 more than in the Budget of 1894-95. The greater part of this is, as I have already explained (paragraph 24), Revenue postponed from 1894-95. The estimate in fact covers more than one year's Land Revenue, though as progress in settlement is fairly active

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all over India, it is quite possible that a year or two will suffice to enhance the standard to an equality with the figure now taken.

"46. Under Opium we estimate for Rx. 467,000 more than we took twelve months ago; the estimate of last year was admittedly a very low one, based on low prices and somewhat scanty sales. We have still the scanty sales, but we consider ourselves justified in taking Rx. 1,300 as the probable price.

"47. Stamps and Excise give us what may be called normal increases, aggregating Rx. 303,100; and the other heads on the Revenue side mostly promise better results than last year, except that there is a serious falling-off in the irrigation estimates of the North-West Provinces.

"48. The items I have mentioned make up an improvement of Rx. 1,849,900 on the Imperial Account :—

	Imperial share.	
	Rx.	Rx.
Railways . . . . .	816,300	787,700
Land Revenue . . . . .	666,000	403,100
Opium . . . . .	467,000	467,000
Stamps and Excise . . . . .	303,100	192,100
		<hr/>
		1,849,900
		<hr/>

"I need not enter upon the discussion of smaller differences. I have noted all the important ones, except, perhaps, an enhanced expenditure under Minor Works—Irrigation, due mostly to enhanced grants for certain works in the Bombay Presidency. The amount of improvement which I have just stated would, when compared with the initial deficiency of Rx. 1,542,900, give a surplus of Rx. 307,000; and the surplus we declare, namely, Rx. 46,200, may be represented as this amount of Rx. 307,000, increased by numerous smaller differences to Rx. 376,200, and then diminished by two special charges, amounting to Rx. 330,000 which I have to mention under the head of Army.

"49. In the Army figures the comparison with last year's Budget Estimates is as follows :—

	Budget, 1894-95.	Budget, 1895-96.	Increase.
Net Expenditure in England . £	4,394,400	4,393,900	—500
Net Expenditure in India . Rx.	15,416,700	16,286,000	869,300

Of this increase of Rx. 869,300, I have already taken into account the portion due to Exchange, namely, Exchange Compensation, Rx. 144,200, and the

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increase in British soldiers' pay, Rx. 379,900 : total, Rx. 524,100, so that the real increase in the Military Estimates in India, apart from Exchange, is only Rx. 345,200, namely, the two charges I have mentioned, and a further amount of Rx. 15,200.

" 50. As usual, a large number of items contribute to this last difference. Waziristan and the Boundary Demarcation require a special provision of Rx. 107,400, and the construction of a trans-frontier post requires Rx. 32,500; certain new regulations as to good conduct pay and as to lance ranks in the British Army made a demand on us for Rx. 44,400; the new distribution of the Army into four commands requires an addition of Rx. 11,300, besides the Rx. 10,000 provided last year; a new and very necessary arrangement for hutting native troops requires an annual grant of Rx. 13,000 for some years, beginning with the present year; and the fall of Exchange adds Rx. 13,000 to the provision necessary for purchase of Colonial horses for remounts. Against these we can put some savings, of which the principal ones are expected less expenditure on Commissariat supplies, Rx. 164,000, and in Ordnance supplies, Rx. 18,500; the abatement of a special mobilization charge of Rx. 38,200, and of some other special charges that appeared in the Estimates of 1894-95.

" 51. Of the two special charges, the first is an amount of Rx. 150,000, which we desire to set aside in order to provide for the preparations we have thought it necessary to make for military operations that may be forced upon us in consequence of difficulties in Chitral. This is not to be understood as an estimate of the probable cost of these operations if they are undertaken. But we must be in a position to cross the frontier, and we consider it necessary to provide Rx. 150,000 in our ordinary Estimates for this purpose.

" 52. The remaining amount, Rx. 180,000, arises out of an announcement which I have a very great pleasure in being charged with the duty of making. The pay proper of the Native sepoy has been seven rupees a month since 1796, but in addition to this he enjoys other allowances, some of which are common to the whole force, like compensation for dearness of provisions, and some are special concessions, which apply only to portions of the forces: These last were mostly given under conditions which are no longer applicable, and they create in some cases undesirable inequalities of treatment.

"The necessity for an increase in the general scale of sepoy's allowances has for some time past become increasingly evident to all engaged in the administration of India; and when some months ago the present Commander-in-Chief urged

that the measure could no longer be postponed, the Government unanimously accepted the conclusion. Some details still remain to be settled, and I cannot do more at present than indicate in general terms that it is intended that from July 1st next no soldier of the dismounted branches of the Native Army shall get less than nine rupees a month.

"This increase of allowances for the force of about 110,000 men is estimated to cost Rx. 260,000 a year, but we have to provide in 1895-96 for less than a full year's charge that, is, for Rx. 180,000 only.

#### "QUESTIONS RELATING TO BENGAL OPIUM.

"53. In discussing the estimates, I have referred more than once to the subject of the Opium Revenue, stating that I would deal with the subject in a special section. During the year the Government had occasion to review the position and prospects of the Opium Revenue of Bengal. Some years ago the Government established as a sort of standard to be aimed at the number of 57,000 chests as the proper number to be sold in a year, and their policy was to maintain, in their production, a sufficient reserve of chests to enable them to bring forward this number for sale with fair regularity.

"54. We had up till 1887-88, inclusive, several good years of production, the average of the last five years being 64,500 chests; and in the sales of 1889, fixed on the basis of the production of that year, we adhered to our standard of 57,000 chests, and were able also to add 12,500 chests to the reserve, which on January 1st, 1890, stood at 49,705 chests.

"55. But after that year we entered upon a cycle of bad years. We may take it that the measure of production in an average year is 20 maund per acre; we produced 22 during the five years ending 1887-88, but for the next five we came down to an average of 17. Moreover, we not only produced less per acre, but the cultivators were discouraged by a series of bad years, and the average cultivation fell from 553,000 acres in the first quinquennial period to 473,000 during the second. Each year we hoped for an improvement, and each year, though we greatly reduced the sales, we were drawing upon our reserve to make up a fair tale of sales, believing it impossible, by the law of averages, that the next season should fail to restore in some degree our position. When I made the financial statement last year, we believed we were on the eve of harvesting a very good crop; but such is the precarious nature of the opium crop, that within a month we found that the poppies were deficient in juice, and we presently realized that the crop to be garnered was the worst on record. The ratio of productiveness diminished to 13.

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and the produce of provision opium, after reducing to a minimum the necessary manufacture of excise opium, was only 33,328 chests. We were obliged very greatly to limit the sales for 1895, and the reserve is absolutely exhausted. The amount to be sold in 1895 is only 37,260 chests.

"56. We have gained very greatly in the enhanced price we have obtained in this restricted market, but probably the disturbed state of affairs in China has given freer entrance to our opium and served to aid the enhancement in price.

"57. We, however, have long ceased to have a monopoly of opium supply in China, and we have to steer between the two opposing policies of risking our position in the market by restricting the quantity supplied, and risking the prices we obtain by sending too much into the market. We have no doubt that at our present rate of sale the risk we are running is the first of these two risks, and we consider ourselves under an obligation, in our own interests, to restore the standard of production with a view of increasing the amount sold, as well as of setting aside a reserve, which will enable us to maintain a pretty equal supply.

"58. We considered under these circumstances it was wise to increase from Rs 5 to Rs 6 the rate paid to the cultivator for crude opium, and so far as we can judge, this increase has produced the desired effect—in the Benares Agency at least—of preventing a serious falling-off in the area under cultivation. We have also made arrangements for the purchase of crude opium in Malwa, which we can manufacture into excise opium, so as to set free as much as possible of the produce of the Agencies for manufacture for export. The future sales we do not definitely settle till June, but it is desirable on the present occasion to say that unless we can manufacture more than 52,000 chests out of our Agency produce, we shall not increase the sales of 1896 beyond 42,000 chests.

#### " CONVERSION OF THE RUPEE DEBT.

"59. My predecessor, Sir David Barbour, in raising a Rupee Loan in 1893 at  $3\frac{1}{2}$  per cent. interest laid a foundation for a general reduction to that rate in the interest borne by our securities. That loan was raised at an average rate of Rs 96-3-2 $\frac{1}{2}$ , but the price quickly rose, and at the date of the last financial statement it stood above par; by June it had risen to 2 $\frac{1}{2}$  per cent. premium. This price, and our very large cash balance, in which we had some 8 to 10 crores (*i.e.* millions of Rs.) to spare, convinced us, and also created an impression among the public, that the opportunity had come to attempt a reduction of the general rate of 4 per cent. at which our securities stood.

"60. The amount of debt to be dealt with was over 95 crores (millions of Rs.), of which 27·3, 24·5, and 35·5 were held respectively under the loans of

1842-43, 1854-55, and 1st May 1865, the balance being divided over five smaller loans. About 25 crores of this amount, chiefly of the 1854-55 Loan, was held in England.

"61. It is unnecessary to explain the precise considerations which determined the details of our programme. The main considerations were the necessity of having the operation complete by the month of November, and of so arranging it that our spare cash balance of 8 to 10 crores was, at every stage, a sufficient backing for each immediate operation. As a matter of fact, except under the first notification, when we risked, in the event of complete failure, a possible obligation of having to discharge 19 or 20 crores, we at no time stood any chance of having to meet, in the form of discharge of debt, more than could easily be met out of our unusually ample cash balances; and, of course, this circumstance, sufficiently well known, was a strong inducement to the holders of the debt to come in for conversion. Indeed, as the price of the  $3\frac{1}{2}$  per cent. loans never stood at a lower

It fell just below ₹103 in the first week of August, but in that week no conversion operation was in progress.

figure than ₹103 during the whole operation, they had everything to gain, and nothing to lose, by accepting our terms of conversion, rather than taking discharge.

"62. Our first notification issued on 30th June, and announced the discharge of the 4 per cent. loan of 1842-43, with option of accepting reduction of rate of interest to  $3\frac{1}{2}$  per cent., the reduced rate having effect from August 1st, 1895, and being guaranteed till August 1st, 1904. The outstanding amount of this loan was about 19 crores in the hands of the public, and a little over 8 in the currency investment. We offered the same terms of conversion to holders of other loans at the same time, and hinted that if they did not accept, they might have to accept less favourable terms in future.

"63. We allowed the usual period of a month for acceptance of our terms, and when we came to make up accounts (the completion of which always took a little time, as we received notes for conversion at every treasury in India), we found that the compulsory conversion (that of the 1842-43 Loan) had been almost universally accepted, and that about 14 crores of other loans had also been tendered.

"64. Our next step was to advertise, on August 13th, a portion of the 1865 Loan, offering conversion on terms one-quarter per cent. worse than the original ones; but at the same time we re-opened, for a fortnight, both in respect of this, and of other loans, the terms of voluntary transfer offered under the first notification. A few days afterwards we similarly notified two petty loans that stood upon our books. This was really the critical part of the operation—the portion of it which settled the question whether or not we would be able to carry it



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through. The plethoric condition of the London money market, which declared itself, especially in the month of August, combined with the success we had obtained in the first operation to bring in tenders for optional conversion at a rapid rate. And when at the end of the fortnight, for which the original terms

These figures will precisely not agree with the figures given in Part II. I am dealing here with the information we possessed at the time, and not with the totals as afterwards collected and made up.

were open, we collected our information, we found that we could account for about 66 crores as converted, namely, about 38 compulsorily and 28 optionally.

"65. The outstandings were now, at the outside, 14 crores of the 1854-55 Loan (in which the English holding had been reduced by optional conversions to a little over  $6\frac{1}{2}$  crores), 9 crores of the 1865 Loan, and 6 crores distributed under other loans.

"66. We notified the 1854-55 Loan at once (September 1st), bringing forward still farther, namely, to 31st December 1894, the date from which the reduction of interest was to have effect, and we offered optional conversion to other outstanding holders on the same reduced terms (3rd September). When the first fortnight of this notification was over, the total outstanding balance was reduced to  $10\frac{1}{2}$  crores, of which, however, we were pretty confident that returns not yet received would account for one or two crores.

"67. A final notification on 20th September applied still further reduced terms of compulsory conversion, or discharge, to the remaining outstandings.

"68. We knew that we had only 4 or 5 crores remaining unconverted, and with the aid of the Public Debt Offices we set to work to re-examine the returns, for it will still be a little time before the operation will have completely passed into the accounts. The result as known on the 9th March 1895 was as follows:—

[The figures are Rx., omitting 000.]			
	Balance on 30th June 1894.	Converted into $3\frac{1}{2}$ per cent. guaranteed.	Balance unconverted.
1. Loan of 1832-33 . . .	617	554	63
2. Loan of 1835-36 . . .	1,560	966	594
3. Loan of 1842-43 . . .	27,316	25,980	1,336
4. Loan of 1854-55 . . .	24,448	23,118	1,330
5. Transfer Loan of 1st May 1865 . . . . .	35,536	34,113	1,423
6. Reduced Loan of 16th Janu- ary 1879 . . . . .	5,617	5,232	385
7. Mysore Family Loan . .	50	50	...
8. East India Railway Com- muted Stock . . . . .	5	5	...
TOTAL . . . . .	95,149	90,018	5,131

"69. We took the opportunity offered by the conversion of simplifying our loan accounts by abolishing the first two and the last two of the above list; that is, the terms of conversion offered in these two cases included transfer into one of the other accounts. The result is that, in lieu of the above eight heads, we have now on our books only four accounts, the four guaranteed  $3\frac{1}{2}$  per cent. loans, as they are now called, all held under precisely the same conditions, and differing only in respect of the half-yearly dates on which interest is payable.

"70. These and the two previously existing  $3\frac{1}{2}$  per cent. loans, which aggregate a little over  $3\frac{1}{2}$  crores, and the conditions of which differ from the above only in respect that they are not guaranteed against discharge before August 1st, 1904, summarize, with one small exception, the whole of our rupee public debt.

"71. The option of conversion into  $3\frac{1}{2}$  per cent. guaranteed debt having closed on October 3rd, we proceeded, by a notification on October 8th, to offer the holders of the above-stated unconverted balance of Rx. 5,131,000 the option of taking, on certain terms involving surrender of accrued interest, unguaranteed paper of  $3\frac{1}{2}$  per cent. if they preferred it to taking discharge. These terms of conversion are still open, and up to the 9th March the balance in question was thus accounted for—

[The figures are Rx., omitting 000.]	Unconverted balance as above.	Converted into $3\frac{1}{2}$ per cent. unguaranteed loans.	Discharged under original notifications.	Still outstanding on 9th March.
Loan of 1832-33 . .	63	2	8	53
Loan of 1835-36 . .	594	82	5	145 + 362*
Loan of 1842-43 . .	1,336	786	153	397
Loan of 1854-55 . .	1,330	434	574	322
Loan of 1865 . .	1,423	533	170	720
Loan of 1879 . .	385	171	64	150
<b>TOTAL .</b>	<b>5,131</b>	<b>2,008</b>	<b>974</b>	<b>1,787 + 362</b>

\* The Rx. 362,000 separately shown appertain to the Husseinabad endowment referred to in Act XV of 1878 and held by the Government in trust. Either most of it, or the whole of it, will be converted after the completion of an examination of the original transactions out of which it arose.

"72. According to present appearances our new  $3\frac{1}{2}$  per cent. securities bear as high a value in the market as the 4 per cent. did a year ago; and what is quite as important, the reduction of interest has not had any effect in quickening the flow of securities from the English to the Indian market, about Rx. 909,300 having been transferred in eleven months of this year, against Rx. 1,247,000 last year.

"73. The annual saving in interest which will accrue from the conversion is about 46 lakhs of rupees; but, as about 4 lakhs of that amount arises in respect of securities held in the currency investment, the net saving on the Revenue Account is about 42 lakhs (Rx. 420,000). But there will be a further

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temporary saving, by the discharge of the 97 lakhs above-mentioned which will not require immediate replenishment, and also by the cessation of current interest on the 215, or rather 179 lakhs (see the note in the last column).

"74. I would not be doing justice if I passed from this subject without a word of acknowledgment to the Bank of Bengal for the extremely efficient manner in which it coped with the immense mass of work which the conversion operations threw upon it. Each stage of the work was necessarily sprung upon the Bank without any warning, but the Directors, and their Secretary, Mr. Cruickshank, were able, by rapid organization of their forces, to meet the whole of the demands upon them without a single hitch of any kind. The acknowledgments of the Government have been conveyed both to them and to the other two Presidency Banks.

#### "CAPITAL OUTLAY.

"75. I have already stated—and it will be no matter of surprise—that we are not yet in a position to re-introduce the Famine Insurance Grant. We charge against this head in 1895-96 a small amount, namely, Rx. 50,000 for Irrigation Works and Rx. 5,000 for Famine Expenditure; and we take from it also, though we charge under Railways, Rx. 366,800 in respect of the deficiency of interest on the Bengal-Nagpur and Indian Midland Railways, giving a total of Rx. 421,800. But we have no surplus to devote to the construction of Protective Railways, and the Famine Insurance Grant must for the present remain in partial abeyance.

"76. Although we did not provide for any Famine Insurance grant for Railway Construction in the Budget Estimates of 1894-95, I explained at the time that we were nevertheless really providing for the obligations imposed upon us in that respect. This is even more abundantly evident now that our revised estimates have resulted in a handsome surplus, for the following figures will show that this surplus, though it has not as a matter of account been transferred to and granted from Famine Insurance, has, as a matter of fact, been largely spent upon the East Coast Railway, which is the principal remaining item in the Protective Railway programme:—

	Budget. Rx.	Revised. Rx.
Surplus on the Revenue Account . . .	...	+990,500
Railway Construction on Capital Account . . .	3,450,000	4,610,000*
Irrigation . . . . .	550,000	590,000
<b>TOTAL CAPITAL OUTLAY . . .</b>	<b>4,000,000</b>	<b>5,200,000</b>

\* Includes Rx. 768,000 spent upon East Coast Railway.

"The amount allotted to Railway Construction was considerably enhanced during the year, and we have thus, as a matter of fact, utilized our surplus by spending it upon Railway Construction, though we have not for that purpose passed it through the Famine Insurance Account.

"77. The Budget for 1895-96 provides for construction, on Capital Account, of Rx. 3,700,000, Railways, and Rx. 700,000, Irrigation: total Rx. 4,400,000. These figures include Rx. 500,000 on account of the East Coast Railway, while there are further projects for connecting with Calcutta, though they are not far enough advanced to find a place in our estimates. Besides the State outlay just mentioned, there will be expenditure on the Assam-Bengal line to the extent of £500,000 against debentures raised under the contract with the Company.

#### "DEBT AND REMITTANCE.

"78. The Secretary of State's account for the two years 1893-94 and 1894-95 may be taken as showing to what extent it has been necessary for him to increase the debt of India, in consequence of the failure of remittance in 1893-94. The figures of the two years are as follow:—

	Accounts, 1893-94.	Revised Estimate, 1894-95.	TOTAL.
Net Receipts—	£	£	£
Council Bills . . . .	9,530,235	17,000,000	26,530,235
Permanent Debt—			
Principal transactions . .	1,386,000	6,000,000	7,386,000
Others . . . . .	48,785	—4,300	44,485
Temporary Debt . . . .	6,000,000	—4,000,000	2,000,000
Deposits, Advances, etc. .	934	3,400	4,334
Opening Balance . . . .	2,268,388	1,300,564	2,268,388
<b>TOTAL</b> . . . . .	<b>19,234,342</b>	<b>20,299,664</b>	<b>38,233,442</b>
Net Outgoings—			
Expenditure . . . . .	15,633,361	15,594,500	31,227,861
Capital expenditure . . .	725,084	823,200	1,548,284
Transactions on account of			
Railway Companies . . . .	654,903	530,700	1,185,603
Remittance Account with India	920,430	905,100	1,825,530
Closing Balance . . . . .	1,300,564	2,446,164	2,446,164
<b>TOTAL</b> . . . . .	<b>19,234,342</b>	<b>20,299,664</b>	<b>38,233,442</b>

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[Sir James Westland.]

"79. The latest figures show that the remittances of the current year may fall somewhat short of our estimated figure of £17,000,000, but we may, I think, after the remittance of an amount approaching £17,000,000 sterling during the current year, say that the disturbance due to the failure of remittance in 1893-94 has ceased to have effect; and we see now that its effect has been the increase of sterling debt by—

	£
India 3 per cent. Stock . . . . .	6,000,000
3½ per cent. debentures . . . . .	1,386,000
Temporary Loans . . . . .	2,000,000
	<hr/>
TOTAL . . . . .	9,386,000
	<hr/>

Against this we may take—

Capital outlay charged in India and in England—

	Rx.
1893-94 . . . . .	3,621,252
1894-95 (Revised) . . . . .	5,200,000
Permanent debt paid off in India—net—	
1893-94 . . . . .	890,574
1894-95 (Revised) . . . . .	1,200,200
Increase of cash balance in India, March 31, 1893, to March 31, 1895 . . . . .	7,407,732
	<hr/>
TOTAL . . . . .	18,319,758
Deduct—Loan of 1893 . . . . .	3,499,100
	<hr/>
NET . . . . .	14,820,658
	<hr/>

"80. So far as at present anticipated there will be no borrowing, either in sterling or in rupees, in 1895-96, although the temporary loan of £2,000,000 which falls due in May will have to be renewed.

"81. The transactions of 1894-95 lead us to hope that we have now resumed the even tenor of remittance, and the Secretary of State estimates to draw £17,000,000 of Council Bills during 1895-96.

"82. These announcements as to borrowing and as to Council Bills are made, as usual, with the most absolute reservation to the Secretary of State and the Government of India of power to change their programme in any way they think advisable.

[*Sir James Westland; Mr. Clogstoun.*] [21ST MARCH, 1895.]

## "CONCLUSION.

"83. I have now given an account—I hope it is a clear one—of the financial crisis through which we have been passing during the last two years. I am far from saying that that crisis is yet past: we are now in smoother waters, and our prospects, so far as financial equilibrium is concerned, are distinctly more hopeful than they were twelve months ago. But many causes for anxiety still remain, and we may again be in difficulties before many months are over. Not that I foresee any special difficulties, but merely that, so long as a difference of a tenth of a penny in exchange means a difference of a quarter of a crore in our estimates, we would be foolish to build, upon the favourable outturn of the estimates which I have to-day presented to the Council, any sanguine expectations of brighter days in the immediate future. I stated last year—and I repeat it now—that we cannot call our financial position safe until we can reckon upon sufficient surplus to warrant our renewing the Famine Insurance Grant. We believe that under present circumstances it is better to go without that grant than to increase taxation for the purpose of providing the surplus, which is necessary before we can renew it. And, meantime, although we are as yet far from a complete restoration of our fortunes, I think we may claim to have made a fair amount of progress towards their restoration.

"I have His Excellency's authority to state that the discussion upon the estimates will be taken next Thursday."

## INDIAN MERCHANT SHIPPING BILL.

The Hon'ble MR. CLOGSTOUN presented a preliminary Report of the Select Committee on the Bill to consolidate and amend certain Indian enactments relating to Merchant Shipping and the carriage of passengers by sea. He said:—"As the Select Committee have recommended that the Bill as amended be published for further consideration, and as the numerous amendments which the Select Committee has found it necessary to make are all embodied in the Report which has been laid on the table, it will not be necessary for me to address the Council at any length. It will, however, be convenient that the work done by the Select Committee should be briefly described. The Select Committee has gone very carefully through all the provisions of the Code, and has considered each in the light of the representations made regarding it by the different Governments, officers and other interested bodies to whom the Bill was referred, and after a careful comparison had been made of each provision of the Bill with the corresponding provision of the English Merchant Shipping Act, 1894.

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[*Mr. Clogstoun.*]

The Bill, however—it comprises about three hundred and fifty sections — is an unusually large and a very important one, and the short period of seven weeks which has been at the disposal of the Select Committee for the consideration of the Bill, and for passing the amended Bill through the press, has not been sufficient to enable the Committee to assure itself that the Bill is as entirely free from typographical and other errors and is otherwise as complete as they would wish to make it. For these reasons, and because the alterations and amendments we have made in the Bill are very numerous, and in some cases of much importance, we recommend that the Bill as amended be republished and referred again for consideration to the Local Governments and the various bodies interested.

“ The thanks of the Select Committee are due to the different Local Governments and officers, and public bodies to whom the Bill was referred, for the very careful and detailed criticisms which they have furnished on it, and which have materially lightened the labours of the Select Committee; but the thanks of the Committee and of the Council are specially due to the Bengal Chamber of Commerce for the very valuable assistance which their knowledge of mercantile and nautical affairs, and their careful comparison of the provisions of the Bill with those of the English Act, has enabled them to render to the Select Committee. My hon’ble friend Mr. Playfair in his capacity as a member of the Select Committee and President of the Chamber of Commerce, has been untiring in his efforts to perfect the Bill, and to him and to the Chamber over which he presides are due the thanks, not only of the Select Committee and of the Council, but of the whole mercantile and shipping community in the country.

“ The Select Committee has, I am glad to say, been able to accept the great majority of the recommendations made by the Chamber, and it has rejected no recommendation without giving it the most careful and attentive consideration.

“ To admit of an easy comparison of the provisions of the Bill as amended with those of the English Merchant Shipping Act, the Bill has been carefully cross-referenced to the English Act, and reference will also be found against each section as was the case in the Bill, to the section, if any, of existing Indian law with which it corresponds.

“ We have carefully compared the wording of the Bill with that of the English Act and have altered the wording of the Bill to bring it into conformity

with the English Act in all cases in which the intention of the two measures is the same, and in which it seemed possible that the retention of a different wording in the Bill might lead to a reasonable supposition that a difference in the two laws was intended.

“ We have also aimed at assimilating the Indian and English substantive law in all cases in which it seemed clear that no sufficient reason existed for a difference in the law.

“ We have not thought it advisable or necessary at this stage to make any modification in the arrangement of the law. Indeed, we go further than this, and in view to simplifying the comparison between the amended Bill and the Bill as referred to the Select Committee, we have thought it advisable to retain in all cases, where that was possible, the numbering of the sections as in the original Bill. A renumbering will be necessary when the Bill is finally presented to the Council, but we do not consider that any considerable re-arrangement of the sections will be required. A few sections of the Bill are found in the Bill in one Part, while corresponding sections of the English Act are in a different Part of the English Act, and it will perhaps be advisable to transpose these sections to follow the grouping of sections in the English Act. It is not, however, considered that any further modification will be called for of the existing arrangement, which is certainly good.

“ In connection with the wording of the Bill, I may mention that some feeling was aroused by the adoption in the penal clauses of the Bill of the phraseology ‘ shall be punished with fine or imprisonment ’ in lieu of that adopted in the English Act, which is ‘ shall be liable to fine or imprisonment. ’ The adoption of the former phrase was much resented.

“ This Council, my Lord, is not legislating for England, but for India, and if it had appeared that the Indian Legislative Council was committed to the phraseology of the Bill in this matter by the uninterrupted use of a similar phraseology, it might have seemed unwise at this late period to abandon it for another which to all practical intents and purposes is the same. Enquiry shows, however, that the Council in recent years has as often used the one phrase as the other, and under these circumstances we have felt justified in consulting the wishes which have been expressed on the subject, as well as our own predilections, and have throughout the amended Bill introduced the words ‘ shall be liable to ’ instead of the words ‘ shall be punished with. ’



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"The Bill as referred to the Select Committee proposed by section 31(5) that the officers of any sailing ship navigated and manned exclusively by Arabs, lascars or other Asiatic masters and seamen should be exempted from the requirement of holding certificates of any kind. In the Bill as amended we have required that the master of such a ship, which we define as an 'Asiatic ship', shall be required to pass an examination for a local certificate as a master of an Asiatic ship, unless the ship is a home-trade ship not exceeding three hundred tons burthen and the master is entitled to the local certificate of service which we propose shall be granted to any master who before the passing of this Act has served as a master of a home-trade ship of one hundred tons burthen and upwards. We do not contemplate that the examination to which the masters of Asiatic ships applying for local certificates of competency are to be subject shall do much more, for the present at any rate, than test their knowledge of the rules of the road at sea, of the reading of signals, etc. The local certificate of service referred to above we propose to grant not only to masters of Asiatic ships, but to masters and mates of other ships whose previous service entitles them to it.

"The following may be noticed among the more important modifications made by the Committee in Part III—the Part relating to Masters, Seamen and Apprentices. We have restored in the amended Bill the liability to imprisonment for the offence of desertion. This penalty forms part of the existing Indian law, and desertion is, under the English Act, punishable with imprisonment everywhere else than in the United Kingdom. The offence of desertion in India is serious, and should not, we think, be lightly dealt with. In connection with this subject, it should be mentioned that the Bill provides for a seaman sentenced to imprisonment for desertion being sent on board his ship in lieu of being imprisoned.

"We have not accepted the modification of existing law proposed in the Bill in regard to the time at which wages shall be held to become due, and we have adopted the provisions of the English Act in preference. The English law makes the whole amount of the wages due within two days (exclusive of any Sunday, fast day in Scotland, or Bank holiday) after the time when the seaman lawfully leaves the ship at the end of his engagement, an advance of pay being claimable on the day the seaman lawfully leaves the ship. The English law is in tolerably close accord with the existing Indian law, which makes the wages payable within three days after the cargo has been delivered or within five days of the seaman's discharge, whichever first happens. No suffi-

cient reasons have been adduced for the change of practice proposed in the Bill, which makes wages payable within one week after the delivery of the cargo has commenced.

"As regards section 106, which deals with the inspection of meat and tinned provisions, etc., of the kind consumed by European crews, but applies only to ships voyaging through the Suez Canal or round the Cape of Good Hope or Cape Horn, we have so modified the section as to bring it as nearly as possible into exact accord with the English Act. We have provided, as in the English Act, that no fee shall be levied for an inspection under the section, and we have further provided that no provisions, which have been certified under section 206 of the English Act for use in any voyage, shall be again inspected under this section in the course of the same voyage.

"We have omitted section 91 and also sections 114, 117, 119 and 126, which made the provisions of Chapters IX, XII, XIII, XIV and XV applicable to Native seamen engaged at any port in British India to serve in a foreign ship. We find that there are no equivalent provisions in the English Act, and the proposed change in procedure could hardly be made without the consent of foreign Powers, which consent it would be difficult to obtain.

"Another important modification we have made is the omission of section 134 (4) from the Bill as amended. The provision in question, which allows any seaman or apprentice of a British ship to absent himself from his ship or his duty by giving forty-eight hours' notice to the owner or the master, is by the English Act declared applicable to the United Kingdom only. A similar provision incorporated in Indian law would render nugatory the various measures which it has been found necessary to pass from time to time to prevent European seamen being left stranded in this country.

"We have very carefully considered the various provisions of the Bill exempting different classes of vessels from the provisions of the Chapters relating to life-saving appliances, Chapter XXI; inspection of ships with regard to lights and fog-signals, Chapter XXII; survey of steam-ships, Chapter XXIII, and unsafe ships, load-lines, etc., Chapter XXIV. We agree that exemptions are necessary in many cases, but we have endeavoured, as far as possible, to limit such exemptions.

"In connection with section 192 of the Bill, which limited the time or which a certificate of survey shall run to the period for which the

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ship as a whole is fit to ply, it has been represented to us that it is a hardship that a certificate showing that the engines of a ship are fit to run for twelve months should be deemed to expire in six months, because a certificate is not obtainable for the hull for longer than this last-named period, and it is suggested that provision should be made in the Bill permitting, in the case mentioned, a certificate in regard to the engines to run for twelve months, subject to a certificate being obtained at the end of six months that the hull is fit for a further period of six months. We have not been able to meet the recommendation made to us by direct provision in the Bill, but we have so far modified the procedure in connection with the grant of certificates of survey that it will be possible for Local Governments to adopt the recommendation if enquiry shows that it is not open to objection.

“Objection has been taken by the Chamber of Commerce, Bombay, to Chapter XXV of the Bill. This chapter empowers Local Governments to appoint examiners and to make rules as to the qualifications of ship surveyors and to debar persons not found by the examiners to be qualified from practising as ship surveyors in any port in which a duly qualified person is practising. It is provided, however, that (a) nothing in the chapter shall prevent any person employed by Lloyd's Register of British and Foreign Shipping or Bureau Veritas from discharging any of the duties of such employment, or (b) apply to any person who is specially exempted by the Local Government. The Merchant Shipping Bill, as referred to the Select Committee and as circulated to Local Governments and other bodies, contained a proposed amendment limiting the powers of Government in the case of (b) to the exemption of those who exercised the profession of ship surveyor before the first day of June, 1880. This proposed amendment of the existing law would, as the Select Committee point out in the Report, debar a Local Government in many cases from permitting an expert-surveyor being sent to this country from England, and would, where it so acted, defeat the very object to meet which the proviso was framed. The Committee of the Chamber of Commerce, Bombay, adopt in respect of this chapter the views expressed in Mr. Wigley's note on the original Bill and recommend that the chapter be omitted from the Act, ‘as, if retained, being likely to interfere with shipping and insurance business.’ On the other hand, the retention of the chapter is strongly advocated by the Port Officers of Bombay and Calcutta, by the Chamber of Commerce, Calcutta, by the Board of Revenue at Calcutta, and by the Local Governments of Madras and of Bengal. The provisions of the chapter form part of Act VII

of 1880, and one of the main objects for which the provisions in question were enacted was, in the words of the author of the Act, to amend the system of ship surveying as then practised in Calcutta by subjecting to some control men on whose professional skill, and on the care with which they exercised it, the safety of valuable property and still more valuable life depended; and the speaker pointed out that the desirability of amending the law in the direction indicated had been recognised not only in India, but in England.

"It is by no means clear how the provisions of the chapter can adversely affect the ordinary course of shipping and insurance business, and no instances that the law has so operated have been adduced, though it has been in force for over fourteen years. There are strong *prima facie* reasons for supposing that the direct opposite would be the case. Perhaps the modifications made in the chapter by the Select Committee, and already referred to, will remove some of the objections raised by the Bombay Chamber.

"We have inserted between section 297 and section 301 of the Bill a number of new provisions dealing specially with pilgrim ships proceeding to and from the Hedjaz. These special provisions give effect to the terms of the convention agreed to at the International Sanitary Conference convened by the French Government at Paris early in 1894, in so far as the terms of the convention have been accepted by the Government of India.

"In the sections of the Bill referred to the words 'pilgrim ship' and 'pilgrim' are defined; and while under the existing law no steam-ship carrying pilgrims comes under the Native Passenger Ships Act unless it carries sixty pilgrims of the lowest class, the Bill as amended will apply to all pilgrim ships which carry not less than one pilgrim for every one hundred tons of gross tonnage.

"The notice of sailing, which for ordinary native passenger ships on a long voyage is one day, is extended by section 297A in the case of pilgrim ships to three days.

"Section 300 of the Bill, which gives power to the Local Government to direct that no native passenger shall be received on board a ship carrying passengers to the Red Sea until the passenger has been medically inspected, has been largely modified. It now renders medical examination compulsory prior to being received on board ship in the case of all pilgrims, and the inspecting officer is required to prohibit the embarkation of a pilgrim suffering

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from cholera, choleraic indisposition, or any form of suspicious diarrhoea, or any dangerously infectious or contagious disease, or who has recently been in attendance upon or otherwise in contact with any person so suffering.

"A new sub-section (4) is added which provides that all articles which have been contaminated by persons suffering from cholera or choleraic indisposition, or any dangerously infectious or contagious disease, or are suspected of having been so contaminated, shall, before being taken on board a pilgrim ship, be disinfected under the supervision of a medical officer appointed by the Local Government for the purpose, in such manner as the Local Government shall direct.

"A new section, 300A, provides that the master of every pilgrim ship shall be required to pay the whole amount of the sanitary taxes at the ports visited.

"We have omitted Chapter X of the Bill, which relates entirely to inland steam-ships, for the reasons explained on the last occasion on which I addressed the Council in connection with this Bill."

The Hon'ble SIR JAMES WESTLAND said :—"Your Excellency has permitted me to say on the part of the Government a word of acknowledgment of the services rendered in this matter by the Select Committee. I believe it is not usual to give a special acknowledgment to a Select Committee, but then, on the other hand, it is not usual to charge a Select Committee with the revision of a Bill of 500 sections, many of which contain singly as much matter as a whole chapter of an ordinary Bill. I am personally not included in this acknowledgment, for, since the beginning of March, I have been unable to take much part in the business of the Select Committee; but I have been cognisant of all that has been going on; I have met the members of the Select Committee occasionally, and I have known what work was being done and the heavy labour in which the Committee was engaged; for the labour which they undertook was not confined to the chamber in which the Committee sat, but frequently involved the personal discussion and preparation of details outside of it.

"The Hon'ble Mr. Clogstoun has in fact been driving the Select Committee like slaves, and, as for the Hon'ble Mr. Playfair, although I have reason to believe he has private business to attend to, I am quite sure that during the last two months he has been neglecting it utterly by employing his whole time in the interests of the State."

376 INDIAN COMPANIES (MEMORANDUM OF ASSOCIATION);  
BURMA BOATS.

[*Sir James Westland; Sir Frederick Fryer.*] [21ST MARCH, 1895.]

INDIAN COMPANIES (MEMORANDUM OF ASSOCIATION) BILL.

The Hon'ble SIR JAMES WESTLAND moved that the Report of the Select Committee on the Bill to give power to Companies to make certain alterations in the Instruments under which they are constituted, and to amend the Indian Companies Act, 1882, be taken into consideration. He said :—" I have no remarks to make on the subject of this Report. I stated before what alterations the Select Committee had made in the Bill. Since that time we have received a rather valuable letter from the North-Western Provinces Government, which makes some further suggestions for the amendment of the Bill, but the principle on which we started was that the Companies Act would not be revised except in the solitary particulars in which, when the Bill was introduced, it was desired that it should be revised. Although, therefore, the Government would be quite willing to accept some of the amendments now put forward, they are like many others of a similar character which were put forward at an earlier stage, and they cannot be included within the limits of the present Bill."

The Motion was put and agreed to.

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

The Motion was put and agreed to.

BURMA BOATS BILL.

The Hon'ble SIR FREDERICK FRYER moved that the Bill to provide for the Registration of certain Boats in Lower Burma be referred to a Select Committee consisting of the Hon'ble Sir Alexander Miller, the Hon'ble Sir James Westland, the Hon'ble Mr. Playfair, the Hon'ble Mr. James and the Mover, with instructions to report in a week.

The Motion was put and agreed to.

The Council adjourned to Thursday, the 28th March, 1895.

CALCUTTA; }  
The 22nd March, 1895. }

J. M. MACPHERSON,  
*Offg. Secretary to the Govt. of India,*  
*Legislative Department.*