

*Thursday,
28th 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 28th 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 Lieutenant-General Sir H. Brackenbury, K.C.B., R.A.

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 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 Mōhun 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.

QUESTIONS AND ANSWERS.

The Hon'ble GANGADHAR RAO MADHAV CHITNAVIS asked :—

“(1) Whether in the Central Provinces malguzars are now consulted with reference to the enhancement of raiyats' rents at the time the rents are determined by Settlement-officers, and, if not, whether there is any objection to their being so consulted ?

[*Gangadhar Rao Madhav Chitnavis ; Sir Antony MacDonnell ; [28TH MARCH, Mr. Mehta.]*]

"(2) Whether Government is aware that there has been continued scarcity of crops in the Saugor, Damoh, Wardha and other districts in the Central Provinces for the last two years or so? Whether the Government of India have received any reports from the Local Government as regards such scarcity and the means adopted or proposed to be adopted for the relief of the agricultural population, and whether the Government will be pleased to state what measures have been sanctioned to give the relief abovementioned?"

The Hon'ble SIR ANTONY MACDONNELL replied :—

"(1) When first determining the assets which form the basis of the Government revenue the Settlement-officer does not consult the malguzar regarding enhancements. But when announcing the rents the Settlement-officer may modify individual rents on cause being shown, and in making such modification the malguzar is always consulted. The Chief Commissioner will be asked to consider whether it would be practicable to consult him in the first instance also.

"(2) The Resolution of the Chief Commissioner, No. 539, dated 26th January, 1895, which has been published in the Central Provinces Gazette, gives full information regarding the recent scarcity in the Damoh and Saugor Districts of the Central Provinces, in which districts alone was there any serious pressure on the people."

The Hon'ble MR. MEHTA asked :—

"Will Government be pleased to state if the decisions, mentioned in the replies of the Hon'ble Sir Antony MacDonnell given in this Council on Thursday, the 24th January last, regulating the position and promotion of the statutory civilians of the Bombay Presidency, will be applied to the statutory civilians of other Presidencies and Provinces?"

The Hon'ble SIR ANTONY MACDONNELL replied :—

"The decision that the promotion of statutory civilians shall not be limited to listed posts will apply to the statutory civilians of all Presidencies and Provinces; but the rule of 1890, which determines that a statutory civilian shall rank, for purposes of promotion, to a higher office from the date on which he was confirmed, instead of from the date on which he was appointed on probation, will not be generally abrogated. Circumstances connected with the enforcement of that rule in the Bombay Presidency and the Punjab have satisfied the Government that its modification in these two Provinces is equitable."

The Hon'ble PRINCE SIR JAHAN KADR MEERZA MUHAMMAD WAHID ALI BAHADUR asked :—

“(a) Is it true that the compulsory retirement of public officers at the age of 55 has increased the expenditure under the head of Pensions ?

“(b) Is the Government aware that officers forced to retire under the 55 years' rule are not necessarily incapacitated from accepting employment, and are, as a matter of fact, employed in the Registration Department or in other public services ?”

The Hon'ble SIR JAMES WESTLAND replied :—

“(a) Except in a few special cases, there is no compulsory retirement of public officers at the age of 55. The rule alluded to declares that an officer who has attained the age of 55 years may be required to retire, unless the Local Government considers him efficient. The expenditure on pensions is, of course, increased by the retirement of officers who have become inefficient through age.

“(b) In the second part of his question the Hon'ble Member apparently refers to the practice, current in Bengal since Sir George Campbell's time, of appointing 'retired Native officers and others of great respectability' to perform the comparatively light duties of Rural Sub-Registrar 'at or near their own homes for a moderate payment in fees.' Though the remuneration of these Sub-Registrars is now, it is believed, paid by the Government, and not derived directly from fees, the practice alluded to does not, in the opinion of the Government of India, raise the question of the re-employment of superannuation pensioners in the public service, which is permitted only on 'strong public grounds,' and with the sanction in each case of the Local Government.”

DISCUSSION OF THE FINANCIAL STATEMENT.

The Hon'ble MR. JAMES said :—“My Lord, in congratulating the Hon'ble Sir James Westland on his fortunate and satisfactory Budget, I should like to invite attention to one comparatively small item in the receipts which may possibly be overlooked by other speakers, but which seems worthy of special attention. I refer to the figures of the Post Office given in paragraph 179 of the Budget Statement. Your Lordship will see that for the first time this year a surplus is expected from the Post Office. It seems at first sight satisfactory that the Post Office of India after defraying, not only all postal work

proper, but every kind of charge which the Finance Department debits to it, *e.g.*, the District Post which is paid for out of Provincial Funds and local cesses, and the management of the Savings Banks, which yields the Post Office no revenue at all, either in fees or commission, is now a paying concern. Forty years ago when it was first started as an Imperial Department, the receipts from the Post Office were only 16 lakhs a year, now they have risen to 162 lakhs. Forty years ago there were only 645 Post Offices, now there are, I believe, over 10,000, and the Post Office of India to-day undertakes, in addition to the delivery of letters, many other branches of work for the convenience of the public—Money Orders, Saving Banks, value-payable parcels, life insurance and even the sale of quinine. Following the example of Germany, the most capable and advanced Postal administration in the world, the Post Office of India long ago went ahead of the London Post Office, having established, for instance, an inland and an overland parcel post, a system of insurance, and abolished redirection charges, many years before these measures were introduced into England; and it is certainly satisfactory to find that all these facilities are now being given without any charge, however small, upon the general tax-payer. The main reason, however, why the Indian Post Office has been so successful is, that the Government of India have hitherto not looked upon it as a source of revenue. As the receipts increased the Government of India gave the Director General a free hand in expending them either upon increasing facilities or reducing charges, and of late years, so long as the receipts and expenditure nearly balanced, practically no questions have been asked. I feel therefore now somewhat sorry that a surplus has been shown, and for this reason. In these hard financial days I fear that the Finance Minister, who is bound to clutch at every item of income, however small, may look to the Post Office as a source of revenue, and, whatever improvements or developments may be suggested, that he will insist on the Director General showing an annually increasing surplus. I venture therefore to point out in advance that such a policy would be wrong and unjust to the tax-payer. When a Government undertakes to carry letters or parcels for the public, it is bound to recover the cost of service rendered and no more, and it is not entitled to make a profit (though all experience shows that it will do so one day) until it has reduced its charges to the lowest practicable point. Your Lordship is probably aware that the introduction of the penny postage in England resulted in an immediate loss of a million sterling, and twenty years after the introduction of Rowland Hill's reform the net postal revenue of the United Kingdom was still some hundreds of thousands pounds short; but now the English Exchequer has an annual net revenue of some

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[Mr. James.]

3 millions sterling from the Post Office, and there is no reason why a similar profit, if not more, should not ultimately be made out of the Post Office of India. But I maintain that the time has not arrived when this should be attempted. True it is that with a $\frac{1}{4}$ -anna post-card and $\frac{1}{2}$ -anna envelope, sold for the value of the stamps upon them, letters can be sent in India as cheaply as in any part of the world. But some of our charges are too high. In money order and insurance business, for instance, we charge, I think, about twenty times the German rates, and our parcel charges are heavy. So it would be very satisfactory if, without making any pledge of course (for with an unstable rupee the Finance Minister must live more or less from hand to mouth) some assurance can be given that the Government of India do not yet contemplate making revenue out of the Post Office, but will spend the surplus revenues in reducing charges and extending facilities. As Your Excellency is aware, for many years past there has been a strong feeling in the Punjab and Sind, which has been represented from time to time during the last seven years to the Government of India from both quarters, that the overland mail for those provinces should be conveyed direct between Aden and Karachi, which would save between two and three days, a matter of great importance to the commerce of those parts. Again, although our postage rate, $\frac{1}{2}$ an anna for $\frac{1}{2}$ tola, seems reasonable enough, it is to be remembered that in 1877 the English Post Office reduced its rate from a penny the half-ounce to a penny an ounce, and the time should not be far distant when a tola, equal nearly to half an ounce, should be carried in India for half an anna. These are only examples of what any postal surplus can properly be spent upon. The late Professor Fawcett himself, one of the ablest Post Masters General whom England has ever seen, held that needlessly high postage was a tax on education, which tax he considered to be the worst of taxes. There is also one great reform which England and all great European countries have adopted, but in which India, for once, lags behind. I refer to the placing of the posts and telegraphs under one administration. The economy of the measure is obvious. Here in India we have already some 1,000 out of 1,200 telegraph offices worked by the Postal Department. Yet if a skilled Telegraph official comes round to inspect the instruments and wires and telegraph accounts, he cannot look into any Postal detail, not even to verify the cash balance, while a capable Postal Superintendent, in like manner, keeps to his own side of the combined office. Both in the higher branches of the administration and in the local circles the ultimate economy in supervision and check would be immense. Broadly put, it means one man doing the work of two, and the longer the reform is delayed, the greater will be the waste of money. I can imagine that, because there might be a slight increase of cost at first in constituting a central administration;

the Finance Department may not like to face the reform just now. I know also that the Indian Empire differs in many important respects from any European country, and that the existing system even now works fairly well, owing to the cordiality and good sense of the officers at the head of the two Departments. But it seems certain that until the broad principle is recognised in India as it is in England, that a single Postal and Telegraph administration must lead to economy and to extended facilities of both kinds, the country will suffer. In the United Kingdom the number of postal articles carried per head is 74·1. In India it is only 1·29; but the population of the United Kingdom is educated. The population of India is 285 millions, of whom only 12 millions can read and write. India has over 10,000 Post Offices and 27,000 letter boxes, and already the average number of postal articles per head of literate population is 31, the lowest being 9·70 in Burmah, and the highest, 71, or nearly as many as in the United Kingdom, in Sind. If then Your Excellency will remember how rapidly education is extending, you will recognise how vast will be the revenues of the Post Office before long, without necessarily a corresponding increase in expenditure; for of course the cost of a Post Office does not increase if even the number of letters posted are doubled or trebled, and the spread of education enables the Director General of Post Offices to extend the policy of employing schoolmasters and shop-keepers as Post Masters for a very small monthly sum, far smaller than a whole-time employé demands. I have ventured to submit these remarks for consideration by Your Excellency's Government *quantum valeant*, for I confess to having taken fright at seeing a Post Office surplus budgetted for. I would beg leave to remind the Hon'ble Member in charge of the Financial Department of the dictum of his eminent predecessor Lord Cromer, that the Post Office in India was looked upon by the Government of India as a great public convenience and not as a source of revenue. Your Excellency also, if I may be permitted to say so, has an hereditary interest in Post Office management, and my earnest hope is that in the interests of India your Government will pursue towards the Post Office and Telegraphs the same liberal policy as your predecessors, and not strive to make a profit out of them yet: that will all come in good time. The Post Office and Telegraphs are the most popular Departments in India. The ordinary Native official of the Tahsildar or Thanadar type, endowed as he is with power to arrest and condemn, is still approached with some timidity, or at least some reserve, by uneducated oriental villagers. The Post and Telegraph Offices the villager can approach without the smallest hesitation, and the services rendered in sending messages or money to village homes (out of 18 crores remitted through the Post Office

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[*Mr. James ; Sir Griffith Evans.*]

in a year, by far the greater part is in money orders of Rs. 5 and Rs. 10) are just those which the masses can appreciate keenly. Every increased facility then, given by the Post Office, not only contributes to improve the trade and wealth of India, but adds to the popularity and strength of the Government. For this reason I have ventured to comment on a departmental subject not usually touched upon, and I would conclude by reiterating to the Finance Minister the prayer to allow Post Office revenues to be spent upon the Post Office. His successors will benefit all the more from his refraining to touch those revenues for the present."

The Hon'ble SIR GRIFFITH EVANS said:—"My Lord, this Budget Statement is a very extraordinary one in several respects, and in one respect it is most encouraging. It shows a difference of over Rx. 3,000,000 to the good between the Original and the Revised Estimates of Revenue for 1894-95, and it shows a surplus of Rx. 990,500 (roughly speaking a million) as against an estimated deficit of Rx. 301,000. This is a most fortunate state of things and looks at first sight exceedingly encouraging, but when we come to examine it, it is not nearly so rosy as it looks. The reason for this is, that out of this Rx. 3,000,000 excess revenue beyond what was estimated for originally, one million and a half comes from opium, and it comes from it in this way, that out of this, 93 lakhs is due to an extraordinary rise in the price of opium—a rise from scarcity so great as to raise fears as to the competition from other countries. But this at any rate is a saving, while the other 61 lakhs, though appearing as a saving, is really an actual loss and comes out of Capital. The raiyats cultivate opium for Government. Instead of giving shares in the produce, we pay so much a seer for it (a fraction of its value in the market). If there is no crop there is no payment, except so far as advances have been given. The result would be that if there was a total failure of the crop we should lose our whole revenue of say seven millions. Now what has happened is that we have had so short a crop last year that our reserve has been exhausted, and the consequence is that there has been a very serious loss, and in order to realise the amount from opium we have had to part completely with our reserve. So far from being any sort of saving, it is really the same as if a zamindar who was having his zamindari cultivated upon a system of payment of rent in kind were to say in a year when there was no harvest that he had saved the one-half of the estimated crop which would have been the raiyat's share. The other improvements are, no doubt, real and are hopeful, and they are undoubtedly satisfactory. I note also in this statement that there are considerable economies, I am glad to see, in many

directions, Civil and Military, which have kept the expenditure within the Budget Estimate. These economies have not however resulted in any apparent cutting down of the Budget Estimate, but have had the result of keeping the expenditure within the Budget Estimate notwithstanding the enormous increase arising from exchange and other causes. I think we must all feel grateful to the Military and Financial Departments for having effected these economies; if they had not been effected, there would have been a great increase in the charges.

"As regards the Budget Estimates for 1895-96 one sees that for various reasons there is an increased charge of over three millions to be provided for (paragraph 4c). This is met by an estimated increase of nearly two millions in Customs, including cotton duties and by the other estimated increases mentioned in paragraph 48. The result is a surplus of 37 lakhs, of which 18 lakhs go to increase the pay of the Native Army, and 15 lakhs to the Chitral Expedition, and the estimate ends with a hoped-for surplus of $4\frac{1}{2}$ lakhs. All of us must feel thankful that things have turned out so well, and that it is possible to budget for a surplus, however small, for the coming year. But as the Financial Member has pointed out nothing can be more uncertain than this result—Firstly, so long as exchange continues as it is; so long as 1-10th of a penny in the exchange means a quarter of a million of rupees, and one penny means $2\frac{1}{2}$ millions, one cannot but see that the calculation is as uncertain as if one had the money down upon a gaming table waiting for the spin of the ball; secondly, opium is not a certainty, we have not yet got our new crop, though prospects are good. Above all we have the Chitral Expedition, which may be anything from $\frac{1}{2}$ million to $2\frac{1}{2}$ millions. The 15 lakhs allotted have, no doubt, been more than spent already. This is the state of things after we have added to our resources by last year's import duties a sum of 3 millions annually.

"Now as regards the Budget generally and the Budget Statement I will not enter into any detailed criticisms. I have already last year expressed my views upon many of the points which arise, and will not go over old ground, and as for many of the details which might be commented on, there are many other members of this Council better qualified to deal with them. I will therefore only notice a few points. The Commissariat charges to which I drew attention have been dealt with with good results, apart from the saving from cheapness of food this year. The increase of the pay of native soldiers which I suggested would have to be made some day, has been made, and none too soon.

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[*Sir Griffith Evans.*]

"The increased price which it is proposed to give for opium is, I think, a wise and statesmanlike measure. It probably might have been done before had it not been for the immense opposition which was aroused in England if any idea was mooted of increasing opium cultivation. It was looked upon as a sinful thing and as a sort of thing that would not be tolerated. I am glad to think that the result of the Opium Commission has diminished the power of the opium faddists to harass us in future, and the fact that the cost of the Opium Commission are to be paid for from the English Exchequer is a most eloquent comment upon the uselessness and impropriety of the agitation which they raised. I hope as I say that we have seen the last of this, but one can never be too sure because I have always noticed that faddists of this kind are almost impossible to convert. It was probably this kind of person that vexed the soul of Solomon, and caused him to exclaim: 'Though thou bray a fool in a mortar, yet shall not his folly depart from him.' However, if the necessary steps are taken in regard to opium, there is hope that our revenue in future may be maintained from this source, although the competition is very considerable and increasing.

"Then as to exchange, it is a thorny subject, and I am not an expert, but I desire to draw the attention of the Financial Member to a valuable paper laid before us from the Currency Association dealing with the question from various points of view, and to ask him to announce his views, so far as it may be open to him to do so—and particularly as to the employment of the excess Cash Balances and their effect upon our exchange. Exchange is the vital question of Indian finance at present.

"As regards the Home charges I am glad to see that the Secretary of State has promised a commission to deal with the charges debited, as we contend, wrongly to the Indian revenue. With regard to another point nothing has yet been heard of the Secretary of State's enquiries into the question of whether import duty upon cotton yarn without excise would be protective between 20s. and 24s. I need not refer further to that point beyond saying that the Indian public await the result with interest.

"But the black financial cloud which hangs over this budget and the whole of our finances is the Chitral Expedition. The Financial Member congratulated himself in paragraph 26 on escaping the usual fate of Finance Ministers in having to deplore military expenditure. But his joy must now be turned into mourning. That the expedition is now necessary, and must be carried out at whatever the cost no one will deny; our soldiers are shut up in Chitral fort, and

cost what it may it is necessary that they should be relieved; but the question universally asked is—how and why has it become necessary, and how and why do we have over 1,000 men in Chitral, commanded mainly by Lieutenants with an occasional Captain and no Military man of age or experience to direct operations. Expeditions must be sent out from time to time to punish savage frontier tribes when they persist in raiding into our territories. But there is a strong feeling that we have too many expeditions and that sufficient care is not taken that our officers, political and military, should not get into positions or drift into quarrels which may render expeditions unavoidable. We have just incurred an expense of 28 lakhs for the Waziri Expedition,—Wano, where we were attacked, is well within the Waziri frontier, and it does not seem necessary to have a camp there for delimitation. Possibly we shall next hear that it is to be permanently occupied, and roads made to it, and a grant made for that purpose. No sooner have we done with this than we have the Chitral complication, which, instead of lakhs, may mean crores.

“The questions that occur are why Dr. Robertson went to Chitral with 400 men. Why if he went there to see to the safety of his subordinates did he not take them back to Mastuj?

“Why is it necessary to drive Umra Khan out of Kila Darosh without delay and without waiting to see who will be Mehtar of Chitral, and what will be the final end of the quarrels over the succession? It does not appear that Kashmere has called on us to eject him. He has a quarrel with Afghanistan over the Bashgol valley, which must lead to his destruction before long without our interference. Why could not our officers look on at Mastuj and wait, instead of practically occupying Chitral and with the manifest risk of getting shut up there?

“All one sees is this, that we are now undertaking an expedition through a most difficult country of precipices and rocky ravines occupied by these wild tribes—the Swatis and others—who may turn out entirely hostile to us, and that that expedition is an exceedingly difficult and costly one, and everybody is asking what in the world are we to get for it? How can we allow ourselves to drift into positions in which such expeditions are necessary in order to relieve officers in inaccessible mountains? One answer has been given, namely, that it is necessary to do this because we want a good road through Chitral to Gilgit. There is no doubt about the military value of that argument, because Gilgit is isolated the greater part of the year, and no one will deny

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that a road to Chitral and onwards will be most valuable from a military point of view. But that too will mean further expenditure in future.

"I see Lord Roberts is said to have stated that it is desirable to have a road through Chitral to Gilgit, and he seems to think that will be the outcome of this expedition. But many think that we are pledged by the Government proclamation to the tribes to come out again without interfering with tribal territories as soon as we have punished Umra Khan and released Robertson. If so, there will be no tangible result. The very general feeling is that we have no concern with fights for the Chitral succession, and that so long as whoever succeeds in killing the other competitors acknowledges the suzerainty of Kashmere, that is all we are concerned with. The method of election to the throne out there is to let the competitors fight it out, and acknowledge the survivor. It is a form of competitive examination which tends (more perhaps than that which we have borrowed from China) to secure the survival of the fittest.

"I have spoken thus not from a desire in any way to embarrass the Government, which has now no option, but to give voice to the general impression that care and forethought and strong stringent orders to our Political officers not to place themselves in positions which are likely to lead to complications of this kind might do a good deal to avert such disastrous results, and to promote further economy in the item of expeditions."

The Hon'ble MAHARAJA PARTAB NARAYAN SINGH OF AJUDHIA said:—"Your Excellency, it is with a feeling of considerable relief that we compare the Budget Estimate of the financial year about to end with that about to dawn upon us. The prospects at this time last year were as gloomy as the financial prospects of any civilized Government of the present day could be, and I sincerely congratulate the Hon'ble Finance Minister that he has been able to show us such marvellously good results within the brief space of twelve months only.

"My Lord, as I had the honour of stating last year, to my mind the Budget is not a mere official statement of the expected income and expenditure of the Empire. It is the one measure which, recurring every year, places before the Indian people a standard for measuring the devotion of the rulers to the interests of the ruled.

"It is a matter of congratulation that, by the re-imposition of the cotton-duties, the Government has seen its way to clear itself of the one serious charge

[Maharaja Partab Narayan Singh of Ajudhia.] [28TH MARCH,

so often brought against it, namely, 'neglect of justice to India in consideration of the interest of Manchester manufacturers.' But I am sorry to notice that this act of justice cannot be looked upon by the people of India without mixed feelings. The levying of an excise-duty on certain classes of goods manufactured in India has been received by the Indian public with other feelings than that of approbation. It is a step which might hamper the growth of the mill industry in India,—an industry which at present is in its infancy and which ought to receive from the Government more of its fostering care rather than be subjected to any measures likely to retard its progress. This subject deserves the consideration of the Government still more as the income derived from this source during the last quarter amounted to Rx. 12,500 only and for the ensuing year the estimated amount is put down in the Budget at Rx. 75,000—a comparatively very small sum.

"The year which is about to close seems to have been one of great financial prosperity in respect of the increase in the income. The Financial Statement put before the Council in March last showed a deficit of Rx. 301,900. But I am glad to notice that one and a half crores more than was anticipated have been added to the opium revenue. The earnings of the State railways show an increase of over 73 lakhs. The re-imposition of the customs-duties in the beginning of the year and that of the cotton-duties later on have added another sum of Rx. 90 lakhs to the estimated income under this head. Had it not been for the further fall in exchange than estimated in the Budget for 1894-95, instead of the threatened deficit of Rx. 301,900, the Hon'ble Sir James Westland would have been in a position to announce a very large surplus.

"The Hon'ble the Finance Minister has shown that another chief item which contributed to what he is pleased to call 'a fair amount of progress towards the restoration of our fortunes' is the conversion of the 4 per cent. loans. The conversion of the 4 per cent. loans has been a success for the Government, and I notice that, for the most part, people were contented with a smaller rate of interest as they did not choose to get them discharged. But I fear that in many cases the rather sudden reduction of interest from 4 to $3\frac{1}{2}$ per cent. would cause much hardship where people depended upon the fixed interest of 4 per cent. for their support. It is, however, in some measure, a consolation, that nearly 97 lakhs were discharged, which would tend to show that to this extent at least people had become adventurous enough to invest their money in trade, agriculture or other kinds of business which would give them higher returns.

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[*Mahārājā Partab Narayan Singh of Ajudhid.*]

"Now I come, my Lord, to the real subject of discussion before the Council.

"Of the different sources of the anticipated income mentioned in the Financial Statement, there is one which requires more than a passing remark—I mean the land-revenue. A very careful attention on the part of the Government is required in its collection this year in some parts of the Empire. In a good many districts of the North-Western Provinces and Oudh the autumn and the winter crops have proved a failure, and the prospects of the spring crops are not also very encouraging. Complaints of a similar nature are heard from the Central Provinces and other parts of India also. In order to tide over the difficulty, it is hoped that in the matter of collection of land-revenue the Local Governments will exercise their powers of suspension and remission more extensively. I am afraid that, unless the prospects do not improve soon, there are some districts at least in which the starting of relief works might become necessary to remove the distress of the people.

"Another feature of this Budget, which to my mind appears deserving of notice is the cessation of the contributions from the Local Governments which the Imperial Government was obliged to take from them owing to the financial difficulties. This step will be viewed with satisfaction by the Local Governments concerned, as on account of these contributions last year they were obliged to put off many necessary measures of reform and to stop the construction of works of great public benefit.

"A gratifying announcement made by the Hon'ble the Finance Minister in his Financial Statement is the contemplated increase in the pay of the Indian sepoy. For about a century the pay of the sepoy has continued to be only Rs. 7 a month, notwithstanding the general rise of prices of all kinds of necessaries of life, and notwithstanding the fact that his services have in no small degree contributed to the establishment of the British Empire in the East. The announcement of this act of justice, I am sure, will be received with universal satisfaction and will tend to strengthen the hands of the British Government.

"The Government is to be congratulated on having effected some saving at least in the military expenditure of the past year. But, on account of the frontier expedition at present undertaken by the Government, the actual military expenditure will, I am afraid, at the close of the year far exceed the amount provided for in the Budget, and no one can tell what financial difficulties might not be required to be overcome.

[*Mahārājā Partab Narayan Singh of Ajudhiā; Mr. [28TH MARCH, Playfair.]*]

"My Lord, I may be excused for saying that the two most important factors which have disturbed the equilibrium of the Imperial Exchequer in the past, and which threaten to disturb it in the future are, one, the unsettled state of exchange, and the other, what is not inaptly called by one of the ex-Finance Ministers, 'the perilous growth of the Indian State expenditure.' These two factors are growing apace. The first one is beyond the control of the Government. With the re-imposition of the cotton-duties, it must be said that all the legitimate sources of taxation have been exhausted. Unless some radical cure is adopted soon in the shape of the curtailment of expenditure, the ordinary measures of temporary relief will never be sufficient to remove the disorder."

The Hon'ble MR. PLAYFAIR said :—"Having regard to the forebodings expressed a year ago it must be a matter of relief to the public that the Hon'ble Member in charge of the Finances has escaped from the position he then deplored, and from the fate of Silhouette, the French Minister of Finance, who could contrive no other expedient to prevent a national bankruptcy than excessive economy and interminable reform, and whose name was in consequence made ridiculous as the proper word to describe the most economical sort of portrait.

"The elastic character of the revenues of India has again received illustration, but there is evidence throughout this Budget Statement of a masterly control of expenditure, tempered, however, with a liberal sympathy with the requirements of the Empire, that cannot but beget for the administrator the confidence and the approval of the public. A distinctive feature of the Budget, and one that will give it a place in history, is the reform of the charge for interest on the Indian debt, producing a permanent saving of no less a sum than Rs. 524,800 per annum. Posterity will have reason to recollect the achievement, but it may forget the circumstances,—which the public of to-day are gratified to acknowledge,—that the scheme was undertaken during a period of much financial embarrassment and piloted with an attention to time and opportunity that both ensured and secured success. Without dislocation of trade, interruption of the sale of Council Bills, or disarrangement of the money market, the people have found the burdens of the State relieved by this not inconsiderable sum. Of the Government securities on issue to the public 73 per cent. are in the hands of European and 27 per cent. are held by Native investors; these proportions show the extent to which each community has been affected by the scheme for the reduction of interest on their investment. I am aware that Indian Government securities hold a unique position; that

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these are greatly resorted to irrespective of the rate of interest; that Government Currency investments, Trusteeships, and Private Estates absorb large amounts which materially reduce the proportion of the State loans in the hands of the general public; but the position of the Hon'ble Member for Finance in this respect and his independence were far inferior to that of the Chancellor of the Exchequer of England who controlled more than a half of the 3 per cent. National Debt when it was converted in 1888 to $2\frac{3}{4}$ per cent. The general reduction that has been effected in the rate of interest is in striking contrast with the indifferent success that attended the attempt made by the Government of India in 1853 to borrow at $3\frac{1}{2}$ per cent. The credit of the country to-day may be gauged by the success of the Hon'ble Sir James Westland's conversion scheme.

"It is a matter of importance that Provincial Funds will not be placed under contribution by the Imperial Government during the coming year, and that the Military Department will resume its usual allotment. I can only repeat the hope that when the opportunity arrives the assistance already taken by the Imperial Exchequer from Provincial Funds may be recouped and repaid and that the Famine Insurance Fund will be revived, or the taxation initiated for that purpose be remitted. The increased rate of pay to be granted to our Native sepoys is a measure that will commend itself to the public mind. It will signalise Your Excellency's administration and bring home to the Native soldiers of our Indian Army the solicitude that His Excellency the Commander-in-Chief has in their welfare.

"The continuous policy in the construction of Railways to which the Government has in this Budget Statement and elsewhere declared its adherence will be favourably received by the mercantile community. I would therefore express the hope that the cost of the military expedition about to commence on the North-West Frontier may not have the effect of modifying the programme set out in paragraph 205 of the Financial Statement. I am led to make this observation owing to the contemplated reduction of the cash balances to Rs. 16,062,688, a figure that, looking to the increase in Savings Banks deposits, can scarcely be considered too large. No one can contemplate a military expedition on the North-Western Frontier without concern, and I await with much interest the explanations that may be forthcoming from the Hon'ble the Military Member in reply to the remarks made by the Hon'ble Sir Griffith Evans.

"In paragraph 34 of the Budget Statement, under the heading Excise Duties on cotton goods, it will be a disappointment to Indian spinners of yarns

to find that the sum of Rx. 75,000 has been estimated as the Budget income of 1895-96. This is the income which was suggested in December last by the Hon'ble Member for Finance that a duty levied on counts of yarn above No. 20s would produce. Spinners in this country await with keen interest the result of the Secretary of State's investigation of the facts brought forward by the Government of India with a view to the limit for exemption being raised to counts of 24s and under. Three months have elapsed since the Secretary of State promised to make this enquiry, and it will be a satisfaction if the Hon'ble Member can now disclose the result. In either case I think it may be said that the Secretary of State has 'got little money and lost a great deal of love.'

"A year ago I had the honour to direct attention to the apprehension that the price paid to the cultivator of opium was unattractive in being lower than that obtainable for other crops. It is a satisfaction to me to note that the Government of India has now decided to raise the rate. I would express the hope, now that Government is liberated in the matter of opium administration, from the irresponsible and misguided clamour of English faddists, that it will endeavour to improve the finances by a wise, because common sense, attention to this legitimate source of revenue. After examining the statistics of the past thirty years I am led to the conclusion that, when high prices of food-grains have afforded to the cultivators better paid crops than opium, the yield of opium has been greatly decreased; that when Government has desired to contract the cultivation it has lowered the price, or has abstained from raising the price; and that whenever Government has had occasion to increase the cultivation it has had to raise the price. The Hon'ble Member has referred to a series of bad years which have discouraged cultivators. I find during those years the price of other staple products has risen greatly, and I am inclined to think that the deficiency in the production of opium is because there has been no rise whatever in the price paid to the cultivator since 1880. In paragraph 57 of the statement the Hon'ble Member remarks that India has long ceased to have a monopoly of opium supply in China. I would surmise that this is the result of the supply of Bengal opium being insufficient to meet the demand and that restricted sales have simply created the trade in Persian opium as well as induced the production of the drug in China itself. It surely is not beyond the capacity of a great monopolist of the opium trade like the Government of India, if it so desires, to send a full supply to the markets both of China and of the Eastern Archipelago, and thus retain firm possession of both, instead of, as under the present policy, receding from the China market, thereby destroying our prestige as producers and handing over a portion of our trade to Persia. A saving of Rx. 160,000 in the opium

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expenditure of the past year is no gain, as the Hon'ble Member has remarked, when it is the result of a short crop. The total depletion of stocks is a serious matter and I find has not occurred since the year 1872-73, whereas reserve has stood as high as 49,705 chests in 1889-90. I would like to enquire whether, in view of the evidence recorded before the Opium Commission, Government will not meet the wishes of the Burmese and resume the sale of opium in that country. In the Budget Estimate of 1893 the prohibition was stated to involve an annual loss of revenue of Rs. 150,000. I would enquire as to whether the interdict against the use of opium in Burma has not led to an extensive and most undesirable system of smuggling. I hope that the remarks I have made will be acceptable to my hon'ble friend who is about to assume the high office of Chief Commissioner of Burma and that during the coming year he may be able to place this question upon a healthier footing than it stands at present.

"I take it to be a matter of some importance to the Financial Department that as large as possible a share of the revenues of the country should be expended in the country, and at the meeting of the Council on the 14th of February I asked a series of questions hoping to secure the promise that a more liberal purchase of stores would be made in India itself instead of by indent upon the Secretary of State. If I am correct in assuming that the cost of labour associated with many of the articles purchased by Government represents from 40 to 60 per cent. of the whole, there must be a material loss of income to the people of this country upon indents passing out of it. By purchasing stores locally the Government would not incur that risk of a falling exchange which merchants have long since found it impossible to undertake. I do not assume that local purchases would either avoid or solve the exchange difficulty, but it is probable that, if the Secretary of State's drafts were to be reduced by £2,000,000 per annum,—the cost of stores being financed in the ordinary mercantile manner in India and not in London,—the rate of Council Bills might to some extent be benefited thereby. Lord Cromer at least gave countenance to this idea when in his Financial Statement of 1881 he remarked :—

'It is the opinion of those who speak with the authority of long practical experience, that the effect on exchange of the amount which India has annually to remit to England would not be so oppressive, if the Bills to be placed on the market were more equally distributed between the Secretary of State and the public.'

"But, my Lord, in fairness to those who are endeavouring to develop the resources of this country, and in justice to the large body of artisans who have learned their trade under the institutions of the country, including the technical

schools to which the Government has directly contributed, the question of the purchase of supplies in this country ought to be regarded as a matter of great importance. I appear to be justified in saying that Government resolutions favouring the extension of technical education, Viceregal speeches proclaiming the necessity of industrial enterprises, and the Secretary of State's acknowledged concern in the well-being of the landless classes must become mere platitudes if, while private enterprise is doing its best to revive indigenous industries and establish industrial works, the Government of the country, which must necessarily be the largest and most important purchaser of such manufactures, not only holds aloof, but purposely withdraws its custom from the country in favour of other sources of supply. I am not now concerned in discussing the question whether a Government should or should not foster for the benefit of its people industries in their infancy; nor do I propose that the Government of India should adopt the example set by America, by the Colonies and by nations on the Continent of Europe; but I desire to urge that, if Government is not a purchaser of local manufactures, industrial works cannot reach a high standard of excellence and the mineral resources of the country cannot be adequately developed. To sum up the position, under existing conditions the iron trade of India can never become an industry at all commensurate with the domestic requirements of this country. The time, My Lord, has passed when objections may be set up against the purchase of stores in India on a count of inferiority of quality, want of testing appliances or loss of competition. The quality of material will be the same, as the same sources of supply are open to both the English and Indian manufacturers. Testing appliances now form a part of the equipment of our principal workshops, and from among the Royal Engineers and Civil Officers of the Public Works Department I do not hesitate to say the Government could obtain as efficient a staff of inspecting officers as the Director General of Stores at the India Office has at his command. If the Government calls for tenders in India, British Manufacturers will quickly represent themselves in India. Suppliers not on the Secretary of State's exclusive list will welcome this as affording them an opportunity to tender for work, and Government will reap the benefit in prices. As an additional check upon prices Local Governments and Administrations,—as the Government of India has already pointed out,—might in cases of doubt ask the Director General of Stores at the India Office, by telegram, for approximate rates including the prevailing rates of freight in order to check the relative prices of English and Indian tenders. I do not see why the Government of India should deny itself the benefit of commercial competition, and should not throw the risk of carriage and of stocks upon importers by purchasing supplies in India whether these be

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of local or foreign manufacture. 'Fashions change as regards stores as in other commodities,' wrote the Finance Committee, 'and the numerous store yards in the country are full of obsolete articles.' That the material imported by India is of a low grade of quality is undisputed. The people are poor, and unless their wants can be supplied cheaply they cannot be supplied at all. An inferior article is better than nothing, and hence a large demand has arisen for low-priced material, and articles of foreign manufacture in most cases are specially prepared to suit the calls of the Eastern trade. Therefore, when in a moment of emergency Government calls for supplies from local markets, the quality, although fairly representing the price charged, may not be equal to that usually imported by Government direct from home. But, because a large trade is done in a low class of goods, it would be extremely unfair to argue that anything better is not available. At higher prices proportionately better goods are obtainable, and, if at present these supplies are limited, it is owing to the diminished and small demand for them. Traders cannot be expected to bear the loss of keeping stores for emergency purposes unless they receive State support.

"Under the circumstances I have indicated, prices for such retail and occasional purchases can never with any degree of fairness be compared with the cost of goods bought wholesale under regular custom. It thus happens that Indian supplies have never had the chance of being fairly contrasted with the cost of the Home indents, including the true rate of exchange, interest, and the fixed charges of the Stores Department of the India Office. My Lord, bearing in mind the dangers that might beset the Empire in the event of communications with Great Britain being interrupted or an unexpected demand arising if India is separated from that source of supply without having industries of her own to fall back upon, I respectfully ask if it is not incumbent on Government, as a matter of protection to the Empire, apart from the economic advantage which I have claimed for the system, that Government should resolve to give practical encouragement to local industries and to the development of technical education. My Lord, I ask the Government to give practical effect to this policy, for the value of a resolution issued on the subject in 1891 has been minimised, by departmental restrictions, to the purchase of dobbin carts, hand foundry ladles and dollies, articles indefinitely understood by the trade but believed to be of small value and certainly not deserving of the costly testing machinery insisted upon by Government for the examination of the quality of supplies. From time to time the Financial Department has issued resolutions upon the purchase of stores procurable in this country, but the liberality vouchsafed has been restricted. In one case pasteboards and brass rules for printing have formed the

subject of consideration, in another instance ivory slices or paper-cutters and plain ink glasses with screw-off tops are set forth as procurable in India (perhaps, My Lord, the article in front of Hon'ble Members is the product of this historical record); another resolution refers to sundials and sulphuric acid, another to handcuffs and ball-bags, and in case I weary the Council I shall lastly refer to a resolution of the Financial Department recommending that glue-pots, iron shooting sticks, and scissors be procured locally.

"I do not ask Government to entirely abandon the purchase of stores at Home. But I do urge that the Government should call for tenders in India for manufactured articles made up from imported materials, including structures of iron and steel, of dimensions equal to those already successfully constructed by Indian manufacturing firms. I seek that the Public Works Department should follow the example set by the Military Department as described by my hon'ble friend the Military Member of Your Excellency's Council when on the discussion of the Financial Budget two years ago he said :—

'We are now manufacturing in India clothing and boots for the whole Army of India which were formerly made at Home; we are making ammunition for the Army; we have introduced the manufacture of steel for the projectiles of our heavy guns; and we hope shortly to introduce the manufacture of cordite, the new smokeless powder, for which we are at present dependent on England. I need not say that all this means money spent in India instead of in England, and that it adds to the expenditure shown in the Indian estimates; but it will undoubtedly, in the near future, cause not only a corresponding, but a greater, decrease in the Home estimates, because'—

and, my Lord, I desire to emphasise the concluding remarks made by the Hon'ble Member as follows :—

'because it has been distinctly shown that we can manufacture in this country, bringing the capital afforded by the State to the cheap labour of the East, much more cheaply than the same articles can be manufactured in England.'

"I feel I am within my duty making this appeal not only in justice to the important industrial interests of the country, and the claims of the population to have enterprises which promise new avenues for employment fostered and encouraged, but also with a hope of effecting economy in the public expenditure both by actual saving in the cost of articles purchased locally and by avoiding delays that are sometimes inevitable when the articles have to be procured by indent on England. And, further, I seek this in order that the requirements of the State may be supplied as much as possible from the resources of India, which, I maintain, the dislocation of the currency has made a pressing necessity.

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In the report of the Finance Committee a complaint was made of the excessive delay caused in the execution of indents by the Stores Department of the India Office, and I think I am warranted in believing that on account of these vexatious delays officers of the Government of India would be glad if they could make less use of the Director General of Stores. I am led to understand, My Lord, that the Stores Department of the India Office costs £42,000 a year and employs, it is said, 600 out of the 1,200 persons that are engaged in the India Office. I cannot help thinking it would be a gain to India if the greater part of this sum of eight and a half lakhs of rupees could be saved. Year by year new trades have been developed and the ability of local enterprise to undertake large works has increased ; this should be followed by a reduction of orders on England ; it should lead to the spending of more money in the country, to the more economical administration of the country by a saving in loss by exchange. Our Indian manufacturers look for no monopoly. All they want is permission to meet their English competitors on equal terms and on the understanding that, everything else being equal, preference will be given to the men who spend in the country the money necessary to the production of the articles required. Before concluding I would respectfully express the hope that in response to the representation made by local firms of engineers Your Excellency will be pleased to remit the customs-duty of 1 per cent. levied on raw material, notably of iron and steel, which I find under paragraph 34 is estimated to produce Rs. 206,600, so that Indian manufacture may not suffer from what is practically protection extended to the importation of machinery, which is admitted free of duty."

The Hon'ble GANGADHAR RAO MADHAV CHITNAVIS said :—" My Lord, last year I described the Finance Minister as a man who is required to swim with his hands and feet tied, and certainly such a man excites all the greater sympathy when the tides are adverse and the waters rough. I therefore congratulate the Hon'ble the Finance Minister on his being able to say that he now finds himself on smoother waters, and that he is able to dazzle our eyes with the mirage of a surplus this year. Surplus, my Lord, is indeed a word which has not been heard of very often of late years in connection with Indian finance. The mere mention of it rejoices the heart of the Indian taxpayer, for at all events it means for him no fresh burdens of taxation, and I doubt not it equally rejoices the Government of the country, for certainly no humane Government could feel cheered up at the prospect of overtaxing its subjects and starving them in the long run. I am aware, my Lord, that the view is urged in certain quarters that the financial arrangements of the Government of India are, as a policy, so regulated as to

exhaust the very last resources of the tax-payer and to further foreign interests in total disregard of the interests of the children of the soil. My Lord, it is an opinion against which I would give the most emphatic possible protest, for with such a policy as a whole no Government in the world could have more than a most ephemeral existence. Rightly or wrongly, India is sometimes likened to the goose that used to lay golden eggs, but who would be so foolish, my Lord, after the fable has grown pretty old in the world, as to kill the goose for the sake of enriching one's self all in one day? The best interests of England and the English Government can only be served by looking first to the interests of the ruled and then to those of the ruling country, and if any Government in power reverses this policy, or disregards it even for a moment, future Governments have to pay the penalty, and I am not sure that the present straits of the Government are not said to be to some extent the inevitable result of overlooking this far-sighted policy some time in the past.

"The policy, however, which has mainly guided the English Government in this country hitherto, and which will continue to guide it so long as England can produce such far-sighted statesmen as we see at the present day, will, I venture to hope, be that policy which was well defined some twenty years ago by the late Prime Minister. 'Our title to be in India,' said Mr. Gladstone, 'depends on a first condition, that our being there is profitable to the Indian nations; and on a second condition that we can make them see and understand it to be profitable,'—a statement which calls to my mind the words of another great statesman, a former Viceroy of India, I mean Lord Lawrence, who said that 'light taxation is the panacea for foreign rule in India.'

"When, therefore, my Lord, the Government is able to announce that it has to impose no further burdens upon its subjects, I feel that the pleasure is shared by both governed and governors alike.

"At the same time, my Lord, I cannot but think that, despite the best wishes of the Government, the Indian tax-payer is well nigh bent double with his burden, and that any additional pressure could only break his back. The best proof of this, I believe, is the imposition of the cotton-duties, a measure which secured for the Secretary of State such strong opposition from a very influential section of the British public, and which, I believe, he would have held on refusing to accede to, had there been open to him any further ways of taxing the Indian people without a marked and glaring injustice.

"With regard to such duties, or rather the excise-duty, I notice, by the way that the Secretary of State is reported to have said that, if it should appear that

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the Government has drawn the line too high, he would consult with the Indian Government with a view to lower the limit, or in other words, to render the excise-duty more burdensome. This does not to my mind seem precisely the same language as was used by him when the excise was introduced in this Council, for he then gave us to understand distinctly that, if the limit of 20 was lower than necessary to avoid protection, the Government would have power to raise the limit, and in fact he promised to raise the limit if facts in his possession should be borne out. There is no doubt, however, the Hon'ble the Finance Minister will be able to tell us the true explanation of these words. One cannot, however, conceal from one's self that the result of all these trade restrictions is to further ruin the export trade in Indian-made cottons already seriously injured by the currency policy of the Government in closing the mints. I see that the British Consul, Mr. Whitehead, estimates this policy as a bounty of over two million pounds sterling paid to Japanese manufacturers.

"But however much I might congratulate the Hon'ble the Finance Minister for having, with the help of such means as he has enumerated, steered himself into smoother waters, I cannot but feel concerned at the gathering clouds in the North-West horizon, which, I am afraid, bursting ere long, will bring back all his troubles in an aggravated form and scatter his surplus of Rx. 46,200 to the winds. The notes of warning I should be inclined to read in more than one sentence uttered by the Hon'ble the Finance Minister on Thursday last. 'This is not to be understood,' said he, referring to the Rx. 150,000 set aside for the preparations in connection with the Chitral operations, 'this is not to be understood as an estimate of the probable cost of these operations if they are undertaken.' Since last Thursday we know that they must be undertaken, and the worst predictions of the public will be realized.

"I can only wish, my Lord, that the fate which the Hon'ble the Finance Minister says has awaited him this year may also await him at about this time in the next, that is to say, I wish that he may *not* have 'to wind up, after enumerating the causes which have contributed to producing in the Revised Estimates a better result than the Budget Estimates, by deploring a mournful set-off in the excess of military expenditure.'

"My Lord, I join with the Hon'ble the Finance Minister in viewing the financial position as quite unsafe until the Famine Insurance Grant has been renewed, and I regret to see that there is but little indication of its being restored in the near future. The subject has been talked of so much since last March both here and in England, and its importance so clearly made out, that I

feel sure Your Excellency's Government does not stand in need of any further expression of views on the subject on my part.

"My Lord, there is one item in the Budget which gives me the greatest pleasure to read, and that is the fact that the pay of the Native Sepoy will, from July next, be raised from Rs. 7 to Rs. 9. I am sure that, when it is announced to them that this has at last been brought about by very strong representations by His Excellency the present Commander-in-Chief, oriental loyalty and gratitude will seek vent for themselves, and they will give three cheers for His Excellency and three more for the Government of India. It is true no doubt that the importance of the matter was realized by the Government just after one hundred years, during which period the value of commodities has in many cases quadrupled; but, as the saying goes, better late than never.

"In congratulating the Hon'ble the Finance Minister, as I sincerely do, upon the success which has attended his conversion operations, there is one point on which I should like to dwell an instant. Many public institutions, which had invested their funds chiefly in Government securities, and which are dependent upon the interest of them for their support, have suffered, and will in the future suffer, greatly; and I leave it for Your Excellency's Government to consider if the support which is thus taken away from them ought not to be made up for by some other slight concession in their favour. There appears also to be some precedent for this, for I notice that the younger members of the family of the late Mahārājā Dhuleep Singh, who had £72,000 of 4 per cent., have been awarded in lieu thereof £96,000 of a three per cent. stock.

"I am glad to observe from the Financial Statement that the Government of India recognised the necessity of suspending the collections of land-revenue in the Central Provinces during 1894-95 owing to failure of crops in parts of those Provinces. Yet I read with no little concern that the whole revenue which was thus postponed, re-appears not in instalments but all at once in the Budget Estimate for the coming year, together with the entire revenue for that year.

"So far as I am informed, and I have good opportunities of being well informed, the state of crops this year has by no means improved, if it has not on the contrary grown worse than last year. It was only the other day that a deputation of the leading citizens of Saugor, on behalf of the people of the Saugor District, waited upon the Chief Commissioner to represent to him the state of the *kharif* crops in their district, which had been entirely ruined through excessive rain. They showed that there was no hope of the outturn being more than two

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annas in the rupee, and also that the prospects of the *rabi* crop were not hopeful either. A considerable area of land has remained untilled for want of seed and funds for payment of labour. The linseed crop and, in many cases, the wheat crop has already been damaged by rust. What has been said about Saugor might be said with equal truth about Wardha, Bhandara and some other districts of the province. The people, it is said in the local paper just to hand, have a very gloomy future before them, and they are likely to suffer another famine more terrible in its effects than the previous one.

"Such being the prospects of crops in my Provinces, I am quite confident that postponements of revenue will be still more urgently needed in this coming year than in the one about to expire, and that the Budget Estimate of the land-revenue in my Provinces has been fixed at rather an impossible figure. This figure alone, if properly estimated, would, in my opinion, convert the surplus into a deficit.

"With this question of failure of crops is intimately connected the question of the indebtedness of the agricultural population, which has of late years attracted deserved attention from the Government. There has been continued failure of crops for some years, and the Government considered it needful to suspend the collection of revenue. This year the Government comes forward to realize its past dues all in one year, and that a year of scarcity. The only recourse open to the agricultural population to pay their dues is therefore to borrow at high rates of interest and ruin themselves beyond recovery. Under circumstances such as these the idea occurs to me of going back to the old Indian methods of remission of Government revenue in part and realization of rent in kind. This, I think, is a very possible means of saving the agricultural population from further indebtedness and improving their condition.

"With regard to the forest-revenue of my Provinces, it will be remembered that last year I put a question here, asking the Government of India if it would consider the advisability of reducing the grazing-dues and forest-rates of the Central Provinces, which pressed very hard upon the agricultural population. I take this opportunity of thankfully acknowledging the very sympathetic reply of the Government, promising to commend the subject to the continued attention of the local Administration, and it is a great pleasure to me to say that the Government has since given a still wider effect to its promises by publishing a general Resolution, applicable to all Provinces alike, laying down a policy of leniency as to the supply of forest-produce for domestic use, and in the matter of grazing over forest-lands—a Resolution

which, in my Provinces, was hailed with such feelings of delight and gratitude that public meetings were held in many districts thanking Your Excellency's Government for the very just concessions granted to them.

"With regard to this forest question again, My Lord, it is urged that we spend more for the conservancy and improvements of forests than what we get in return. It is supposed that a larger growth of trees would make rainfall more regular. This proposition is not universally admitted to be true. But, even if a greater regularity in the rainfall could be insured by the improvement of our forests, are we not perhaps paying rather a heavy rate of insurance, considering the uncertainty as to how long we must pay this rate before we get any tangible results?

"I am glad to notice that the cost of the Opium Commission has fallen on the right people, and that an important principle has been decided, namely, that the people of India will not be mulcted in items of payment which should justly be met by England.

"With regard to the exchange compensation, my Lord, whatever may have been the justice or polity of it, I do not propose to do more than say one word in reference to the difficult issues it has involved. Like the famous apple of discord, it seems to have raised far more heartburnings amongst its recipients than almost any other question, and an amount of hatred, envy and malice has been excited by it which, I am sure, the Government never foresaw. The amount of the compensation is, I notice, almost the same as the amount of the cotton-duties, and I may perhaps safely say that but for this extra amount the cotton-duties need not have been raised at all, and we should have been spared the bitter antagonism now being displayed in Lancashire over this question and the humiliation of being made the battle-ground of English party strife, and we should also have been spared the raising of questions of infinite importance to India, the raising of which, unless solved, is almost a disaster. Truly I may say that the grant of exchange compensation has been like the fabled dragon's teeth sown by the sorceress Medea!

"My Lord, I would not like to take up the time of the Council with any further criticisms in reference to the Financial Statement presented this year: so far as it goes, it is no doubt a very favourable one. It is perhaps very unkind for a non-official member to criticise the Budget Statements of such critical years as we are passing through, for while he is almost by nature inclined to point out that there might be greater savings in every department of expenditure, the Government perhaps thinks that it had already done its best to effect

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it. A non-official member is perhaps too inclined to think that the ever-increasing military expenditure of the country ought to be effectually reduced, and that the internal reforms of the country should be taken up in right earnest, such questions as, for instance, the separation of the executive and the judicial, which I believe would tend (though it may sound paradoxical) to strengthen the executive, better prospects of pay and promotion to the police, greater aids to education, longer periods of settlements, etc., etc. The importance of questions such as these, in a financial crisis like the present, are necessarily lost upon the Government, and a non-official member thus performs a somewhat thankless task. His views are resented by the Government as inopportune, and he is unable to secure any benefit for the people he represents.

"But, whether or not the Government be in a position to accept the suggestions of non-official members given out in this chamber from year to year, it is easy to see that the position is this. Our expenditure is every year increasing, and there seems to be no limit to the increase. On the other hand, the sources of income as at present constituted seem to have reached very nearly their last limit. India has been known through ages to be a very rich country, perhaps the richest in the world. But to-day she is hardly able to bear the costs of government; for surely it means nothing else when year after year we find ourselves face to face with liabilities greater than our assets and the Finance Minister at his wit's end to make expenditure and income meet. What would a private individual under such circumstances be driven to? Either he would seek an asylum in the Insolvency Court, or, if he had any hopes of solvency, he would reduce his expenditure. One only hope there seems to be, namely, in making the internal resources of the country ten times more productive that she may be able to pay her expenses. The importation of machinery and capital, the spread of commerce and improved methods of cultivation would seem to have done a good deal in the right direction; but much more must yet be done, and it would be idle to expect our financial situation to be based upon anything like a permanent and natural foundation, so long as this has not been fully effected by the Government.

"In conclusion, my Lord, I would like to add that, in offering such criticisms of the Financial Statement as I have been able to make, I have acted in no carping spirit, but with an earnest desire to fulfil my duty to my people and to effectuate the object of my presence here in Your Lordship's advisory Council. I would not do Your Excellency's Government the injustice, my Lord, to believe that, in summoning to an enlarged Council natives of the country conversant with the feelings of particular provinces or classes of the population, you do not

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earnestly wish for the real expression of their views, and I should in fact be guilty of a want of confidence in the Government if I did not speak plainly the thoughts that pass through our minds. Finance is so intimately connected with taxation and taxation with good government and polity that I have deemed the present the best moment to give my views. Evil we know is done by want of thought as well as want of heart, and I and the people whom I have the honour to represent feel that many, if not most, of the misunderstandings which arise between the rulers and ruled in this country are the result rather of ignorance than want of sympathy, and that such ignorance is often a matter of the sincerest regret on the part of the Government. It is therefore in the best spirit of loyalty that I have said what I had to say, a spirit expressed so nobly in the words of Milton that I can scarcely end better than by quoting them as an expression of my views:

‘For he who freely magnifies what hath been nobly done and fears not to declare as freely what might be done better, gives ye the best covenant of his fidelity and that his loyalest affection and his hope waits on your proceedings.’ ”

The Hon'ble MR. MEHTA said:—“My Lord, in presenting the Financial Statement for 1893-94, Sir David Barbour concluded his remarks on the existing position and future policy by saying—

‘Even under present circumstances, when the horizon is dark with the approach of what may prove to be the greatest financial convulsion of the present century, I do not draw back from the opinion I formerly expressed that the revenues of India are adequate to meet her wants; but I wish to say in the most emphatic terms that, if the ship of State is to pass successfully through the storm which she is now entering, our measures must be taken in due time, must be regulated by prudence and forethought, and must be carried into execution with strict regard to economy.’

“Many things have happened since then—currency legislation and new taxation—and now in a letter to the English *Times*, dated the 16th February of this year, Sir David Barbour again sees occasion to emphasize the urgent need of practising the old-fashioned virtue of economy. ‘I am not one of those,’ he says, ‘who believe that India is on the verge of immediate bankruptcy, but I hold, and hold very strongly, that the Indian finances require at the present time the most careful and economic management.’ It is from this point of view that I propose to offer a few observations on the Financial Statement that has been explained to the Council with a clearness and ability for which we cannot but be thankful. There can be no doubt that the right of discussing it, which has been bestowed upon this Council by the Indian Councils Act, 1892, is a most valuable privilege with large possibilities for the future. At the same time it is

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difficult not to feel that there is an element of unreality about it, arising from the peculiar position occupied by the Financial Member in Your Excellency's Executive Council. In a very recent debate in the House of Lords, Lord Salisbury is reported to have borne testimony to the preponderating influence of the British Treasury and the Chancellor of the Exchequer in the counsels of the Ministry, and to have said that 'when the Treasury lays its hand upon any matter concerning the future development of the British Empire, the chances of an Imperial policy are small.' The position of the Indian Finance Minister seems to be very nearly the reverse of that of the British Chancellor of the Exchequer. The vulgar gaze is not allowed to penetrate behind the thick curtains that enshroud the sanctuary, but the priests of the tabernacle are sometimes human enough to disclose partial glimpses of the mysteries within. In a valuable paper on 'The Perilous Growth of Indian State Expenditure,' which may well be styled the Confessions of an Indian Finance Minister, Sir Auckland Colvin says that 'a Financial Member of Council is not at liberty to express in his annual Financial Statement his personal point of view on the collective policy of the Government of which he is a member.' But, freed from official chains, both Sir David Barbour and Sir Auckland Colvin, who between them represent the financial period between 1883 to 1892-93, have recently acknowledged that the constitution of the Government of India is such that there is no efficient control over expenditure, and that every Member of the Council, except the Financial Minister, is not only irresponsible for financial equilibrium, but is directly interested in spending, and as a matter of fact overpower all his appeals for economy and reduction. It is because we can never be sure that the views expressed in the Financial Statement are those of the Finance Minister himself that the unreality of which I spoke creeps in. I do not mean to say that these views are not necessarily his own, but, official as his utterances must be, there can be no assurance that they are also personal. I am aware that last year Sir James Westland took the opportunity of proclaiming the harmony which prevailed between him and the heads of the Military and Public Works Departments. I think he even went so far as to give expression to his high appreciation of the generosity with which the Hon'ble the Military Member (General Sir Henry Brackenbury), taking pity on him at finding him 'grovelling in the dust-heaps among fish-maws and sharkfins' to meet a deficit of 3½ crores, gave up to him, with tears in his eyes, stray 'kerosine-lamps, sweepers and hob-nailed boots.' And yet wonderful things have happened before, and wonderful things may happen still, and we may yet find the present Minister joining, in not a distant future, the noble band of Financial Knights who consider that the great peril to which Indian finance is exposed lies not so much in exchange as in increasing expenditure. I do not deny that he is still firm in the

gospel which he preached last year in introducing the Indian Tariff Bill, when he said that exchange, and exchange only, was the burden of his song. It maybe that he himself may cherish this faith for evermore, but those who had the temerity to disagree with him can now derive some consolation from the fact that their discredited views are now endorsed by the two eminent financiers who were his immediate predecessors in succession. In a representation addressed last year to this Council (dated 12th March, 1894,) the Bombay Presidency Association ventured to point out that, disturbing as was the factor of falling exchange, the true causes of financial embarrassment lay more largely still in the disproportionate growth of expenditure. In dealing with that representation, the Hon'ble the Financial Member was very facetious over the pretensions of Native amateurs to show the most distinguished service in the world how they ought to govern India, and his mirth was especially aroused at their pretensions to teach him how to manage Indian finance.

" My Lord, I do not complain of the humorous shrift we got at the Hon'ble Member's hands, for it is the old quarrel between the author and his critics. Whenever the criticism is unfavourable, the author turns round upon the critic and contemptuously challenges him to construct instead of simply finding fault. Still criticism is acknowledged to have its uses, and though we may not be able to govern ourselves, we may not be so utterly useless in the humbler task of showing the pitfalls and smoothing the road. A year, however, has not elapsed since the contention of the Association was scoffed at and ridiculed, and we find that that very contention is sustained by one of the Hon'ble Member's predecessors. The representation of the Bombay Presidency Association was reproduced in a note presented to the Secretary of State for India by the British Committee of the Indian National Congress. In his paper on 'The Perilous Growth of Indian State Expenditure' to which I have already referred, this is what Sir Auckland Colvin has got to say about it :—

' The body which calls itself the Indian National Congress has not hitherto shown itself in my judgment very practical in its suggestions, but it is difficult to differ with a great deal of what it has got to say in this matter of expenditure. If this paper correctly interprets the meaning of the figures which are embodied in it, it shows that there are good grounds for the assertion in the recent 'Note' presented to Parliament by Sir William Wedderburn that it is more the growth of expenditure than the fall in exchange which has led to the present difficulties. The charges on account of exchange have become mainly formidable, because the administrative expenditure which has caused in chief measure the growth of those charges has been itself continuously increasing.'

" Though perhaps in a manner not quite so pointed and direct, Sir David Barbour has also since his retirement given expression to similar sentiments. At

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a meeting of the International Bi-Metallic Conference held in the spring of 1894, he summed up the Indian financial situation as follows :—

‘ The facts which I have brought to your notice may be briefly recapitulated—an Eastern country governed in accordance with expensive Western ideas, an immense and poor population, a narrow margin of possible additional taxation, claims for additional expenditure greatly in excess of possible additional revenue, a constant tendency for expenditure to outgrow revenue, a system of government in India favourable to increase of, and unfavourable to reduction of, expenditure, no financial control by intelligent and well-informed public opinion either in India or in England, an insufficient check on expenditure in India, a remote and imperfect control exercised from England, a revenue specially liable to fluctuations from year to year, large and growing foreign payments.’

“ These are not the views of clumsy and pretentious Native would-be politicians, who audaciously presume to think that they could govern the Empire better, but those of distinguished men whose mature and tried knowledge and experience must command respect, confirming in the most remarkable manner the contention of the Association that it is the enormous increase of expenditure since 1885-86 which is more responsible even than the depreciated rupee for the embarrassed and critical state of Indian finance. But it has been argued that, though it is perfectly true that the expenditure has increased, the increase is justified by the needs of an expanding and progressive Empire. In discussing the present Budget I propose to go a step further than the Association did last year, and endeavour to show that, even if the need for the increase were academically incontrovertible, still it is unjustifiable as being a burden beyond the capacity and resources of the country to bear without dangerous exhaustion. In introducing the Tariff Bill, the Hon'ble Sir James Westland tried to satisfy the Council that ‘ it was not by reason of any laxity in controlling expenditure that it was rendered necessary to ask for increased powers of taxation.’ In the debate on the Budget last year, the Hon'ble General Sir Henry Brackenbury was still more emphatic about the impossibility of reducing military expenditure. In replying to the invitation of the Hon'ble Mr. Playfair, to meet with some degree of fulness the arguments raised in certain quarters for the reduction of the military expenditure, the Hon'ble Member said :—

‘ My Lord, I have never seen such arguments. I have seen denunciations, I have seen invectives, I have seen statements and assertions, and I have seen appeals to the Government of India to reduce expenditure, but I have never seen one single argument I have seen no argument put forward by anybody to show that military expenditure in this country could reasonably be reduced.’

"It seems to me that in these utterances both the Hon'ble Members miss one point which is indispensable for sound and solvent finance. Necessity of expenditure is after all a relative term. However great the necessity for a particular item of expenditure, that necessity must be controlled by the ways and means for incurring it and must be proportioned to the capacity for defraying the expenses of it. I have no doubt that if the increase of troops in 1886 had been 40,000 instead of 30,000, the Hon'ble Military Member would have spoken quite as peremptorily against any reasonable reduction of expenditure, and would be still roving quite as much in despair in quest of arguments. But the real question is whether the items of military and civil expenditure bear any just and reasonable proportion to the revenue that can be possibly realized from the country without incurring peril and exhaustion. What is the present position in this respect as disclosed by the Budget laid before the Council? Since 1885-86 the income-tax has been re-imposed, or rather the license-tax has been developed into an income-tax and extended to Burma. A duty was imposed on petroleum. A patwari-cess has been levied in the North-Western Provinces and Oudh. The excise-duty on salt has been raised to within eight annas of the highest figure possible if salt is not to be placed beyond the reach of the mass of the people. The import and cotton duties, with an excise-duty on yarn have been fully re-introduced. Altogether something like seven crores of fresh taxation have been imposed since 1885.

"Commenting on this state of things, Sir David Barbour wrote only the other day that 'the burden of taxation is in danger of becoming excessive, and that the further margin of resource to which taxation can be applied is incredibly small, both in itself and from pressure of political considerations.' There is no present hope from exchange; and loss by exchange can no longer be regarded as something separate from expenditure in regard to which it is incurred. It must be now taken as part and parcel of departmental cost.

"Now let us see how the revenue raised after leaving a margin of reserve so exceedingly narrow is disbursed. Taking the legitimate revenue as pointed out by the present Secretary of State for India to be the amount realized from what are called the principal heads of revenue, leaving out such heads as Railways, Irrigation, Post Office and Telegraph, of which the receipts and disbursements balance each other more or less, the total revenue for 1892-93, after deducting the cost of collection, was, speaking in round numbers, 51·6 crores of rupees. The Accounts of 1893-94 published the other day give the total net revenue for that year at 50·32 crores. The Revised Estimates for 1894-95 just given put it down for that year at 53·74 crores of rupees, and the Budget Estimate for 1895-96

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comes to about 54 crores. We know that the item of land-revenue is by far the largest single item among the principal heads. In 1892-93 it amounted to 21 crores; in 1893-94 to 21·67 crores; and the Revised Estimates for 1894-95 give it at 21·4 crores, after deducting cost of collection. The Budget Estimate for 1895-96 takes it at 22·2 crores. The land-revenue is thus 40 to 41 per cent. of the total net revenue, and still it does not suffice to cover the annual military expenditure of any of these four years. In 1892-93 the cost of the Army Services (23·42), Special Defence Works (·45) and Military Buildings and Roads (1·15) amounted to 25·02 crores, which leaves an expenditure of 24·12 crores after deducting receipts (·9). To this has to be added the charge for interest on account of military railways which cannot be less than half a crore, but I cannot find the exact figures from the Indian accounts or the Parliamentary returns. The above figures leave out of account the cost of special political expeditions, subsidies and allowances to the Amir of Afghanistan, the Khyber Tribes and others, charges for organizing Imperial Service Troops, and many other items which really and justly should be brought to the head of military expenditure. In 1893-1894 the military expenditure amounted to 23·87 crores of rupees, including and excluding items as in the previous year. The Revised Estimates for 1894-95 put it at 24·87 crores. In the Budget Estimates for 1895-96 it is taken at 25·52 crores.

“What these figures mean is that military expenditure more than fully absorbs one-half of the whole net revenue of the country, or, to put it in another way, if you leave out of account the opium revenue, which cannot be relied on as stable owing to the competition of the home-grown drug in China, the military expenditure absorbs the whole of what has been called taxation revenue proper, derived from salt, stamps, excise, provincial rates, customs as now fully revived, income and other assessed taxes, forest, registration and tributes from Native States. Such a situation cannot but be regarded with serious anxiety, but its gravity is immeasurably enhanced when we remember how the land-revenue is raised to the amount at which it stands. It has been said that the land-revenue is only the unearned increment, and the authority of John Stuart Mill and Professor Fawcett has been cited in support. Possibly it ought to be so in pure theory. But perversely enough in practice it has the knack of mixing up the earned as well as the unearned increment, and of carrying away the raiyat's fruits of his own labour and improvements along with that of his fickle luck. I admit that there are excellent rules laid down by Government for preventing undue severity in settlement and revision proceedings. But the ingenuity of Revenue-officers is wonderful, and in spite of limits against

over-enhancement the individual cultivator finds the settlement heavy beyond measure. Except in Bengal, four-fifths of the agricultural population is steeped in debt and poverty. If the saukar presses heavily against the raiyat, it is the Revenue-officer who has driven the raiyat into the hands of the saukar. But the tale does not end here. Heavy as the assessment mostly is, the rigidity and inelasticity of the system of collection is more crushing still. The Commission appointed to enquire into the Dekkhan Agriculturists' Relief Act advocated a more liberal practice with regard to remissions and suspensions of revenue; but the Bombay Government actually resented the recommendation as uncalled for and imprudent. The serious import of this state of things arises from the consideration that grand military preparations for protection against foreign invasion, or indeed anything else, are nothing to the cultivator unless he has got something appreciable to protect. It has also been argued that the Indian raiyat is the most lightly taxed subject in the whole world. But, apart from the circumstance that the assessment he has to pay is both rent and tax combined, is it true that he pays no other tax than the salt-tax? In debt all his life, does he not pay in stamps and court-fees for every application he makes to a Revenue-officer, for every process that is issued by or against him in the endless resort to Courts of one sort or another, and does he not pay registration fees for his perpetual transactions of bonds and mortgages and transfers? Insufficiently fed all the year round, does he not pay the excise-duty on liquor and opium, raising the abkari revenue by leaps and bounds? In a recent discussion in the Belgian Chambers, Mons. Lejeune, former Minister of Justice, pointed out from statistics that the consumption of spirits in Belgium had increased to an alarming extent, raising the excise-revenue from four millions of francs in 1851 to thirty-three millions in the present year, and that the principal reason for the increase was the insufficiency of food procurable by the labouring classes. It is a well-known fact that the cultivating labourer ekes out nourishment by the use of alcohol and opium. If he does not pay the income-tax, does he not pay the road and other cesses? Has he not, since the new forest policy was introduced, contributed to the forest-revenue by paying grazing and other fees and charges which he never had to pay before? As a matter of fact, the Indian raiyat goes through life carrying a load of many burdens on his back. My object in referring to these matters is to try to show that, if revenue can only be raised in this manner, the expenditure for which this revenue is required to be raised, however academically reasonable or incontrovertible in itself, is beyond the capacity and resources of the country.

"In making the above remarks I have no intention of going into the question of the policy which has led to this enormous military expenditure. In answer to

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the representations in that behalf made in the petition of the Bombay Presidency Association I have referred to, the Hon'ble Sir James Westland said :—

'I am afraid there is an irreconcilable difference of opinion between Your Excellency's Government and the Association. If the latter seriously mean to describe the policy of 'preparedness' on the North-Western Frontier, which I admit has cost us very much on frontier railways, frontier road, and special defences, as a policy of adventure which has weakened the strength and stability of the Empire, I am afraid that no argument of mine will succeed in meeting the objections they raise to the expenditure involved.'

"I at once recognize the practically conclusive force of this argument and the consequent futility of further discussion. It is a little remarkable, however, that Sir Auckland Colvin seems to be under the impression, and that too in October, 1894, that 'since 1885 onwards, so far as he was aware, Indian financiers have never budged from the position on this question of the increased military armaments. They have always uncompromisingly declared them to be hurried on at a cost beyond the resources of India. What has been done, has been done in spite of them and in the teeth of their remonstrances.'

"Possibly the present Finance Minister's acquiescence in the policy may be simply a cry of despair extorted by the utter hopelessness of combating it. The policy, as Sir Auckland Colvin says, is probably popular in England, which not only does not pay the Bill but largely profits by it. Anglo-Indian society is also largely in favour of it for many obvious reasons. Even my hon'ble and learned friend Sir Griffith Evans, who had in 1893 uttered words of wise warning in deprecation of the dangerous outcome of a well-equipped army in advance posts and borders pushed forward, and in military expeditions following wave-like one upon another, recanted the heresy last year and obtained full absolution from the Hon'ble the Military Member, with the full countenance and encouragement of my hon'ble friend Mr. Playfair. The cry of those who think otherwise can now only be a cry in the wilderness.

"But, my Lord, I humbly venture to say that, if it is not possible to reduce military expenditure by any reduction in the Army or any halt in the 'forward' policy, then there is no other remedy for the embarrassment of Indian finance than to implore England and the English Treasury to be just and equitable in their demands for the cost and equipment of the troops they supply. In their despatch of 8th February, 1879, the Government of India earnestly represented that—

'placed as it was under the serious responsibility of so administering the affairs of the greatest dependency of the British Crown, that, while British supremacy is strictly guarded, the means of securing the end shall not unduly weigh on the people of the

country, it was constrained to represent to Her Majesty's Government that the burden thrown upon India on account of the British troops is excessive beyond what an impartial judgment would assign in considering the relative material wealth of the two countries and the mutual obligations that subsist between them.'

"Since then the British Army in India has been increased, and so has the intolerable hardship of an apportionment more and more one-sided and unjust. So competent an authority as Sir Charles Dilke unhesitatingly declared that in one portion of the charges only the War Office was levying £750,000 a year more than it was entitled to for several years. But the strangest part of the whole affair is that in India, where the entire Financial Statement of the whole Empire is supposed to be formally prepared and declared, there is no check here on the demands made for the payments in England. Speaking of the Home Effective Army Estimates, the Hon'ble Sir Henry Brackenbury frankly confessed last year that—

'it is always a complicated business, and we can never know how much we shall have to pay in one year, and how much will hang over for the next; but I can only say that the whole of those Effective Estimates are due to payments under the orders of the Secretary of State which it is very difficult for us to check.'

"In the two debates which took place in the House of Lords in 1893, at the instance of the Earl of Northbrook and the Duke of Argyll, it was abundantly made clear that for the last twenty years and more every Indian Secretary of State, Viceroy and Commander-in-Chief has protested against the gross and scandalous injustice with which India has been treated in this matter, and the Earl of Kimberley, then Secretary of State for India, confessed that 'the Indian Government have not, he thought, the same weight as the Home Government have.' Indeed, he said, 'the India Office had no support.'

"As one instance of the way in which this country has been unrestrictedly overcharged, it will be remembered that in 1870 the British Treasury and the War Office hit upon the extraordinary plan under which year by year the actual pensions this country was supposed to be called upon to pay were capitalized and the actual value paid annually. This plan lasted till 1884, increasing the charge to something not less than four millions sterling, in spite of the protestations of the Secretary of State for India that 'this charge ought not to be put fairly upon the rate-payers of India, and that part of the increase was incurred owing to measures carried into effect by the British Government for purposes unconnected with India, such as the abolition of the purchase system and compulsory retirement of officers.' The fact is that the predominant partner in the concern has taken, and

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still takes, advantage of his superior position to press heavily on his weak and poor associate. The worst of it is that there does not seem to be any prospect yet of obtaining a just relief: It is not a satisfactory way of dealing with the question, and, if I may be allowed to say so, not worthy of the honour and greatness of England, to meet all prayers for enquiry and equitable adjustment by mysterious threats of something worse and tables turned. The same threats were held out when the Duke of Argyll protested against the principle of charging India for indirect benefits. On that principle the whole cost of British administration might be thrown on India, for that administration is absolutely indispensable for the existence of British rule in this country. In the present state of Indian finance, when difficulties surround it on every side, it is more than ever necessary to do justice to this country, for it is neither wise nor politic to raise bitter feelings of utter helplessness against financial pressure from all quarters. If the enormous military expenditure cannot be reduced by reducing the Army or by moderating the Home Army estimates, then who can say that Sir Auckland Colvin may not after all be a true prophet when Cassandra-like he says that 'Russia without moving a man or a gun need only bide her time, and that if slow and sure is her game, slowly and surely we shall be playing her hand for her.' Your policy will in that case only succeed in strengthening the outposts at the heavy cost of irretrievably weakening the base.

"My Lord, I have spoken freely in the firm consciousness of a true and sincere loyalty, for if by loyalty is meant a keen solicitude for the safety and permanence of the Indian Empire in which I am persuaded lie implanted the roots of the welfare, prosperity and regeneration of this country, then I claim to be more loyal than Englishmen and Anglo-Indians themselves, who are sometimes led to subordinate the interests of that safety and that permanence to the impetuous impulses of a singularly brave spirit, to the seductions of conquest and imperial vain glory, or to the immediate gains and temptations of commercial enterprise.

"Passing from military expenditure, I shall refer briefly to other burdens also too great for the capacity of the country. It is difficult to make out what portion of the sum of about seventeen crores represents the salaries of Civil officials drawing Rs. 1,000 and more, who are not already included in the Departments which are not taken in account in arriving at the net revenue and expenditure. But that it must be an enormous amount can be seen from the superannuation Retired and Compassionate Allowances and Civil Furlough and Absentee Allowances paid in England. In 1892-93 they amounted respectively to 2·7 crores and '33 crores of rupees. The accounts just issued for 1893-94 do not give separately

the charges paid in England and in India for the Superannuation and Pension Allowances; but, making an approximately fair deduction of '9 crores from the joint total of 3'86 crores, there remains very nearly three crores of rupees for the Superannuations, etc., charges paid in England. The Civil Furlough and Absentee Allowances, etc., the same year amount to '32 crores. The Budget Estimates for these items for 1895-96 show an approximate total increase of half a crore. There can be no doubt that a very thick slice of the net revenue must go to pay the salaries, pensions and allowances of the higher officers of the Civil Departments; the amount in a rough estimate can scarcely be less than twelve crores. The burden is heavier by the grant of the Exchange Compensation Allowance. Last year it amounted to Rx. 1,235,900, *i.e.*, a crore and twenty-four lakhs. I do not propose to say anything about its justice or propriety, for I recognize that it is as natural for those who helped themselves to it to be convinced of its absolute justice as for those who have to pay it to be sceptical about its necessity. But still there is the burden, and the outcome of these enormous payments on a few heads is that you have very little left for the most necessary purpose. There was a confession made the other day in this Council that the police-force in every district is ordinarily kept at the lowest strength and cost compatible with the discharge of ordinary functions in quiet times, though indeed when the greater portion of the cost can be taken from another body like the Bombay Corporation, then no cost is too heavy for a liberal margin of strength. The separation of executive and judicial functions pronounced by Lord Dufferin to be a counsel of perfection, and admitted by past and present Secretaries of State to be a most desirable reform, cannot be carried out for want of means. You are unable to spend more than the fiftieth part of your net revenue on the education of the whole country; in fact, it is just about equal in this year's Budget to the exchange compensation allowance. The Government resolution on the progress of education finds satisfaction in a gradual increase of the number of schools and pupils, in the same spirit in which the efficiency of criminal justice is sometimes estimated by the number of convictions and the severity of sentences. But it is forgotten that the equipment of schools and colleges is as important a factor in their valuation as numbers, just as the vindication of innocence is as important in the efficient discharge of criminal justice as the conviction of guilt. There is not a school or college in all India that can bear any comparison with the schools, colleges and lycées of England, France, Germany and other civilized countries. In that spirit of humorous banter which I am glad the heavy monotony of figures and statistics has not driven out of the Hon'ble the Finance Member, Sir James Westland was last year pleasantly sarcastic over 'the united wisdom of the Native gentlemen interested

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in politics, who met at Christmas at Lahore to show us how we ought to govern India,' and enjoyed a hearty laugh over their proposals to reduce revenue and increase expenditure at one and the same time. Though of course they could not bear comparison with members of the most distinguished service in the world, these gentlemen are still not altogether devoid of logic and sense in their suggestions. It is not very difficult to understand that, if you economise in the right directions, you can reduce revenue and increase expenditure in others. If you could reduce your military expenditure to reasonable proportions, if you could steady your 'forward' policy so as not to lead to incessant costly expeditions, if you could get your inflated Army Home Estimates moderated, if you could devise ways by which the huge burdens of salaries and pensions could be lightened, then it is not chimerical to imagine that you could improve your judicial machinery, strengthen your police, develop a sounder system of education, cover the country with useful public works and railways, undertake larger sanitary measures, cheapen the post and telegraph, and still be in a position to relieve small incomes, to press less heavily on the land, to give the cultivators breathing time and to reduce the salt-tax.

"It is from the above point of view that the Financial Statement which the Hon'ble Member has presented to the Council can scarcely be considered wholly satisfactory. While fully recognizing that he is surrounded by adverse and difficult circumstances, and that his hand is not free, still the fact remains that the new Budget is a hand-to-mouth Budget, and not based on enduring principles of sound finance. Fortune has smiled on him during the past year, and it is difficult not to read beneath the lines that he still entertains a lurking faith in wind-falls and miracles for the new year. He shows a surplus of four and a half lakhs of rupees, but it is a speculative surplus. It is obtained after the imposition of taxation to the tune of over three crores, after putting the Famine Insurance Fund in abeyance, after taking the rate of exchange probably higher than it is likely to be maintained, and after shutting his eyes to the heavy cloud that is looming in the North-West. And all this in a year of prosperity and peace, when the country has remained free from famine and war, barring of course the frontier expeditions, which, as predicted by Sir Auckland Colvin, must now be accepted as a trouble quite as constant and irremediable as exchange. The prospect before us is really neither hopeful nor cheering; and, in spite of his efforts to administer some grains of consolation, the real note that the Hon'ble Member strikes is unmistakably when he winds up by saying 'that many causes for anxiety still remain and we may again be in difficulties before many months are over.' What then? is a question whose gravity it will be more easy to appreciate than to solve."

The Hon'ble SIR ANTONY MACDONNELL said :—"I wish to make a few remarks to the Council with reference to some observations which have fallen from my hon'ble friends the Hon'ble the Mahārājā of Ajudhiā and the Hon'ble Mr. Chitnavis. There are also one or two matters which have struck me in the discursive speech of the Hon'ble Mr. Mehta to which I wish to allude. The Hon'ble the Mahārājā of Ajudhiā complained that in the administration of the land-revenue system of the country the Government paid but insufficient attention to the granting of remissions and the suspension of demand in tracts more or less affected by scarcity. The question of the suspension of land-revenue is one which has been attracting and receiving the careful attention of the Government during Your Excellency's term of office. There could be no more unfortunate illustration of our failure to perform our duties in this respect than that given by the Hon'ble the Mahārājā of Ajudhiā. He referred to the scarcity which prevailed in the northern parts of the Central Provinces, and he enforced his arguments by stating that no suspension of land-revenue was given in that particular tract. Now the fact is that the entire land-revenue in that tract was suspended by the Government of India as soon as the first responsible information of the occurrence of scarcity was received. The amount of land-revenue suspended was something like five lakhs of rupees, and although in the note prefixed to the Budget Estimate of the Central Provinces the statement is made that this revenue will probably be recovered during the forthcoming year, such is not the intention of Government. The administrative arrangements made are that the land-revenue then suspended will be collected during two years at least, and in certain tracts the period will be longer. The Hon'ble Mr. Chitnavis has stated generally that in the Central Provinces there was at the present time apprehension of greater scarcity, and I understood the Hon'ble Member to make an appeal to Government for greater leniency in the assessment and collection of revenue. The result of this scarcity reported from the northern tracts of the Central Provinces was such as to falsify the apprehensions of those who expected that the scarcity would be very severe. There is no part, perhaps, of district economy in this country in respect to which it is easier to make a mistake than the subject of the power of the people of a district to withstand scarcity. It was in the northern parts of the Central Provinces apprehended that before the month of June was over stocks would have become exhausted and the people thrown on the Government for support. As a matter of fact, the importation of grain into that part of the Central Provinces was very slight, and the employment which it was found necessary by the Government to give was of a very limited character. The conclusion which was inevitably forced upon the local officers and the Government of India was

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that larger stocks existed in the country than were believed to exist, and that the pauperized condition of the people, which we are asked to believe in, had no existence except in the apprehensions of certain local associations to which reference has been made in this Council. There is no intention on the part of the Government of India to impose upon the people of this country in the shape of land-revenue heavier burdens than they can easily bear. The Hon'ble Mr. Mehta has made a severe attack upon us upon this point, but it will be apparent to the Council that his remarks were more of a general and discursive character such as it is very difficult for a Minister in my position to meet without having had previous notice. It is very easy to say that the land-revenue is over-assessed, and that the people are starving. But such statements should be supported by a citation of concrete instances. The argument of the Hon'ble Member who has last spoken is that starvation drives people to intoxication, that people who are starving spend upon drink and the other luxuries in preference to spending it on food. The suggestion that a man who was hungry would buy drink and other intoxicants in preference to food is not one which would recommend itself to the sense of the Council. I am in a position, from my own experience as administrator of a province in which land-settlement was carried out on a large scale, to give to the statement of the Hon'ble Mr. Mehta a direct contradiction, not a contradiction in general terms, but a contradiction in reference to particular facts. When I took over charge of the Central Provinces from Sir Alexander Mackenzie, I was not long there before an organized attack was made upon the settlement which had just been completed in the Chhatisgarh Division of the Central Provinces, and especially in the Bilaspur District of that Division, and numerous memorials were presented to me. The associations in that part of the country and in the neighbouring districts were active, and the result was that I resolved to proceed to that part of the country and satisfy myself by local inspection. I went to the spot and found myself confronted by the largest crowd I ever saw collected on such an occasion. There must have been at least 25,000 people, so well had the agitation been conducted. But I was at once struck by the extreme difference between the statements of the people about their poverty and the prosperous appearance they presented. I went into facts and made a report, which I believe was afterwards referred to in the House of Commons, and I found that over an area of something like 10,000 square miles, in which the settlements had been made in the Bilaspur and neighbouring districts, the rates assessed by the Government and distributed between the Government and the landlords averaged no more than five per cent. of the gross produce of the land. My Lord, one ounce of fact like this is worth a ton of theory or diffuse statements. If I say that I have known a particular

place or district in which charges against the Government were made in no less forcible language than we have heard here to-day, and, if I say that after careful inquiry I ascertained that the amount the Government took and distributed between itself and the owners of the soil amounted to only five per cent. of the gross produce of the land, I venture to think that that statement will be a sufficient answer to the charges made against the Government of over-assessment of its land-revenue. The Hon'ble Mr. Mehta, among the other statements which he made against the Government to-day, has referred to one which falls particularly within my province. It is the statement that, although the Government cannot have money to improve its services, it is easy for it to take money from such a Corporation as the Bombay Corporation when it so desires. The particular instance to which the Hon'ble Member refers was this. Owing to the insufficiency of the Bombay police, riots of a disgraceful character which shocked the intelligence of the whole country occurred in that city. The Government of that presidency, as in duty bound, examined the state of the police and came to the conclusion that, having regard to the circumstances which had grown up since the strength of the police was last fixed, the scale was inadequate and required to be enlarged. A certain scale was proposed which was carefully scrutinised by the Government of India, and the conclusion that was come to by both Governments was that a certain addition should be made to the force. The Bombay Corporation met the proposal to increase the police-force with a refusal to pay, and the ground on which they refused to pay was this: they said 'we will be responsible with our present police-force for public order so long as things are quiet, but we altogether disclaim any responsibility for making provision for the preservation of the peace in times of disturbance. When a riot breaks out, or when any forces are called into operation which test beyond endurance the capacity of the police-force which we employ, then we fall back upon the military forces of the Government to maintain order'—that is, to do the duty which the Corporation is expected by the law to do. That, my Lord, is the true colour and substance of the argument, or rather innuendo, which the Hon'ble Mr. Mehta has addressed to this Council as indicative of a failure of the Government to perform its duty.

"There is no part of the administration which has more received Your Excellency's anxious attention than the land-revenue administration of the country, and it is a great source of disappointment to me personally that I am about to leave Your Excellency's Council before I was able to take as large a part as I expected I should be able to take in bringing the discussions on that subject to a satisfactory conclusion. But I can, on this, the last, occasion on which

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I shall have the honour of addressing Your Excellency in this Council, bear my testimony to the deep interest which every member of the Government of India takes in that great question of agricultural indebtedness in India, and to their anxiety to lessen the burden on the shoulders of the raiyat and to reduce the demands of the Government within the narrowest limit of equity to the general tax-payer. I trust that before long Your Excellency will have seen your way to a solution of that great question, and, if that is done, the last vestige of ground will be cut away from under the feet of hostile critics who are often ill-acquainted with the difficulties of the situation, and that the Government of India will by consent of all stand forth, as to those who know it has always stood forth, as the greatest defender of the cultivator of the soil and indeed his only real protector from those who would extract more from him, than he can afford to pay."

The Hon'ble LIEUTENANT-GENERAL SIR HENRY BRACKENBURY said :—" The military estimates account for so much of the expenditure side of the budget estimates of Your Excellency's Government, that I think it is due to this Council and to the public that the Military Member of Your Excellency's Council should explain them somewhat more fully than is done in the Financial Statement, and, if necessary, justify and especially explain any increase in the military estimates over those of the preceding year.

" My Lord, I am not a practised debator, and I am unable to meet in detail the elaborately prepared speech of the Hon'ble Mr. Mehta dealing with great questions of military expenditure, concerning no one of which has any notice whatever been given to me that they would be called in question ; nevertheless, I did my best to follow that speech, and I am afraid, my Lord, that I must repeat, after listening to that statement, very much what I said last year. I have listened with much interest for any argument or any detail which I could carefully take up, and I have failed to find any. But I have heard very much the same general denunciations and assertions against military expenditure that I am familiar with in a certain portion of the Press.

" I fear, my Lord, I cannot agree with the view of the position in Your Excellency's Council of the Financial Member which is taken by the Hon'ble Mr. Mehta. The position of the Financial Member, so far as military expenditure is concerned, is very clearly defined. Both he and the Military Member are, as members of Your Excellency's Government, responsible for financial economy ; both are equally responsible for military efficiency.

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"It may be that Sir David Barbour and Sir Auckland Colvin, out of office, find their consciences pricking them for not having sufficiently inculcated economy when in office. I can only say that no Military Member has ever had a tighter hand over him than that of Sir James Westland has been over me. I was called upon by him, when he took office, to justify in the most minute detail every item of expenditure in the estimates for many years. I can never include in the forthcoming estimates for a year any new charge until my hon'ble colleague is satisfied with its necessity, and that he has money to meet it.

"The standard of military efficiency is fixed by the conditions of this Empire, and is determined by Your Excellency's Government with the approval of the Secretary of State. This standard being fixed, the details of military expenditure are largely beyond the control of either Military Member or Finance Member.

"In the discussion on the Financial Statement last year I spoke at great, and what I fear must have been to some wearisome, length on the subject of the military estimates. I explained in detail how these estimates are composed. I divided them into their several great heads. I showed how, with the exception of the great variations, due to fluctuations of exchange and to frontier expeditions, there had been no appreciable rise in those estimates over which the Government of India has control since the year 1885-86. I endeavoured to prove that the bulk of the Indian military estimates, being based upon fixed numbers of troops, fixed rates of pay and allowances, fixed scales of food and clothing, fixed armaments and fixed reserves of stores, could not be touched, and that there is practically no method of reducing the estimates except by reducing the normal number of troops, reducing the pay of troops, or reducing the reserves of stores; and I showed what I venture to think were good reasons against the adoption of any of these reductions. I went on further to say that I could not honestly state that even with the present strength of the army there was no probability of a rise in military expenditure.

"The facts and figures which I will now lay before Council will, I venture to think, bear out all that I then said.

"I will deal with net figures as I did in the two preceding years. First, as regards the Military Budget estimates of the year 1894-95 which is about to close. The net charges of the budget estimate were Rs. 15,41,67,000, the net charges of the revised estimate are Rs. 15,24,61,000, showing a reduction in the revised estimate as compared with the budget estimate of Rs. 17,06,000. Thus

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for the first time for a great number of the years, as Sir James Westland has pointed out, it is believed that the net military expenditure within the year will be actually less than was estimated for. This fact is the more remarkable because during the year 1894-95 a number of very heavy charges fell upon the Military Department which were not provided for in the estimates.

"To begin with, under the orders of the Secretary of State, we estimated for the pay of the British soldier at the exchange rate of 1s. 3½d. the rupee; we paid him with the Secretary of State's approval at the actual average current rate of exchange fixed quarterly, which for the whole year gave an all-round rate of 1s. 1½d.; the difference amounted to 31½ lakhs. We estimated for exchange compensation allowance at 1s. 2d. per rupee, we paid it at an average of about 1s. 1½d.; this difference amounted to 5½ lakhs. The Home authorities for some reason, which is as yet unexplained, sent us out drafts for British Cavalry and Infantry considerably in excess of the authorised establishment, and this caused an additional expenditure of 5 lakhs. The escorts for the demarcation of the Afghan Boundary would have caused a comparatively small addition to the estimates, had it not been that at the time when we were engaged in negotiations with the Waziris of a friendly character, and were actually offering them increased subsidies and assurances of our intention not to interfere with their internal affairs or their independence, the Mahsud Waziris made an unprovoked attack in force upon the escort attached to our Commissioner for the demarcation of the Afghan Boundary. For years past we had borne patiently with their raids into the Gomal and Zhob Valleys, and even now, after this night attack upon our camp, we offered them terms that were generous to avoid the necessity for a punitive expedition. But these terms they would not accept, and it became necessary to send into their country a force sufficient to punish the evildoers. That force under the command of General Sir William Lockhart marched through the whole of the Mahsud country from end to end, and encountered no organised opposition. The purdah of this wild tribe has been lifted; they have learnt that they are no longer safe from our avenging arm even in the remotest recesses of their hills. They have now complied with all the terms demanded of them by Sir William Lockhart; the demarcation of the Afghan boundary on the Waziri frontier has been practically completed, and the bulk of the force has returned, or is returning, to British India. This expedition, which was forced upon us much against our will, has been practically a bloodless success. But the charge for it, which falls under the year 1894-95, amounts to nearly 20 lakhs, which was not provided for in the estimates.

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"Owing to the fall in the gold value of silver, we were obliged this year to pay a higher price in rupees for our Australian remounts, or the shippers would have failed to meet our demands. This accounts for a net increase in our remount charges of Rs. 1,20,000. A steady increase in the number of reservists of the Native Army accounts for Rs. 1,30,000. Increased pay to lance ranks in the British Army, introduced by the War Office, amounts to half a lakh, and we had to purchase nearly four lakhs worth of malt-liquor more than we estimated for.

"The items of increase which I have enumerated amount to nearly 69 lakhs of compulsory charges not provided for in the estimates. How is it that with these large additional charges we still find that the amount estimated for has not been exceeded? More than half of the above increase of 69 lakhs is made up for by one single item—fall in the price of articles of food. Owing to the splendid harvests, the price of grain supplies fell largely, and this item alone accounts for a saving of $37\frac{1}{2}$ lakhs. We also had receipts of about 12 lakhs more than we had estimated for, chiefly due to increased takings from larger sales of malt-liquor, and to increased sales of ordnance and clothing stores. These two items, $37\frac{1}{2}$ lakhs and 12 lakhs, account for $49\frac{1}{2}$ lakhs, and the remaining 20 lakhs of the saving are spread over the whole of the estimates. There are savings in staff, transport, hire of transport, railway charges, clothing materials, ordnance stores, artificers and other miscellaneous items, and I think I am justified in expressing my opinion that this result is partly due to improved financial control.

"Speaking last year I said that a system of control had been lately introduced which would enable the Military Member of Your Excellency's Council to keep his finger on the pulse of military expenditure constantly in a way that it had been impossible to do before. I may now say that the opinion which I then expressed has been justified. I had my finger upon that pulse throughout the year, and was able to watch each rise and fall. But that alone, valuable as such a control is, would not have the desired effect. The great step taken in the direction of economy was really this. Throughout the year the Government of India steadily and consistently refused all proposals for expenditure not provided for in the estimates, whether they came from the Commander-in-Chief or from any heads of the great departments under the Military Department, unless the Commander-in-Chief or the head of the department could show, first, that the expenditure was of urgent importance, and, secondly, that they could meet it from savings under some head of their budget. And we endeavoured to enforce upon heads of departments their responsibility for making

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every possible economy. They in their turn enforced this upon the administrative and executive officers serving under them, and the result has been a marked diminution in expenditure. I endorse what Sir James Westland has said as to the hearty co-operation of the high military authorities from the Commander-in-Chief downwards, and I cannot express too strongly my sense of satisfaction with the way in which the heads of the great military departments have seconded our efforts at economy in this time of financial pressure.

"As regards Military Works for 1894-95, we took one crore, and I have only to say that the expenditure has been kept slightly within the estimates.

"Turning to the Home estimates, I find that the revised estimates received from the India Office are less than the budget estimate by £88,800, or about 16½ lakhs. With the exception of the portion of these estimates due to indents for stores from India, these estimates are entirely controlled by the Secretary of State for India. As regards that portion of them over which India has control, we have effected a saving of about £40,000 in the year. Exactly the same principle has been followed here as that described previously by me for India. We have refused to allow any head of a department to indent on England for anything not provided for in the budget estimates, unless he could either provide for it by a saving in his Home estimates or by a corresponding saving in his Indian estimates. For this purpose we have, for the first time, treated the Home and Indian estimates as one.

"There remain only the Special Defence estimates. These were taken in India at Rs. 11,35,000, and in England at £22,600, giving a total in rupees, including exchange, of Rs. 15,23,000. The revised Indian estimates amount to Rs. 7,04,000, and the revised Home Special Defence estimates to £39,900, or taken together, to the equivalent of Rs. 14,41,000; thus showing a decrease of Rs. 82,000.

"We arrive then at this result: our revised military estimates taken altogether, Home and India, show a net saving over the budget estimates presented in March last of—

	Rs.
Military estimates	17,06,000
Home estimates	16,25,000
Special Defence	82,000
	<hr/>
	34,13,000

exclusive of any saving there may be in Military Works other than special defences, probably one to two lakhs.

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"Before passing to the estimates for 1895-96 I would mention one subject referred to by the Hon'ble Mr. Playfair, namely, local supplies of stores. I may say that the Government of India in the Military Department does everything in its power to encourage local industries. Not only are we ourselves manufacturing in this country gunpowder, gun-carriages, ammunition of all kinds, ordnance stores, harness, saddlery, etc., but everything suitable for troops that can be made of sufficiently good quality in India is purchased locally. But our difficulty is to get supplies locally made of sufficiently good quality. Every here and there a firm rises to a higher level. Thus we are able to get all the boots for the army by local manufacture. Tents and certain classes of clothing we can obtain. But, as a rule, the firms in India are unable to work up to our specification.

"We are only too glad to purchase articles of local manufacture; but we are not prepared, nor do the Secretary of State's orders allow us, to purchase through middlemen in India goods which have been manufactured at home, except in cases where either there is great urgency or distinct economy can be shown.

"I now come to the budget estimate for 1895-96; and I will first dispose of the Home estimates, the Special Defence estimates, and the Military Works estimates.

"The Home Military estimates for the coming year show an increase of £12,400 as compared with those for 1894-95. Of this increase £6,000 only is due to demands for stores from India, the remainder is made up of the balance between increases amounting to £52,900 and decreases of £46,500 in the Secretary of State's estimates. Amongst the notable items of increase is one of £17,300 for the Indian troopship service, explained to be due to the proposed employment of larger transports, and another of £32,000, payments to War Office for retired pay, etc., of British forces for service in India. This is said to be normal. Amongst the items of decrease is one of £11,000, payments to War Office in respect of British forces serving in India, due to fewer men passing into the Reserve, and receiving deferred pay, and one of £25,000, pay and pensions of non-effective and retired officers of the Indian Service, which diminution is due to the Secretary of State's estimate for 1894-95 for this item having been too high.

"The Special Defence estimates, Home and India, taken together were in 1894-95 Rs. 15,23,000. For 1895-96 they are Rs. 15,47,000—a rise of Rs. 24,000.

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"The estimates for this forthcoming year should practically complete the sanctioned works. As regards armaments, those for coast defences are very nearly complete; those for frontier defences are now under supply.

"Last year I stated fully the nature of the services for which the Military Works estimates provide. We took these estimates for the current year at only a crore of rupees, and I said 'the result is that, though we have agreed to this temporary reduction to meet a financial difficulty, it means practically the undertaking of no new works, the diminution of the amount for repairs desirable to military roads and buildings, and I would almost say a complete stoppage of all sanitary improvements.' This year we have taken the Military Works estimates at Rs. 1,15,00,000. This is $4\frac{1}{2}$ lakhs less than the estimates of 1893-94. Out of this Rs. 1,15,00,000, about 95 lakhs go to works in progress, minor works, repairs, establishments, tools and plant, leaving only 20 lakhs for the undertaking of new works, including water-supply and all sanitary improvements.

"I now come to the Indian Military Budget estimates proper, as distinct from Home estimates, Special Defence estimates and Military Works estimates.

"The net Military Budget estimate for 1894-95 was Rs. 15,41,67,000; that for 1895-96 is Rs. 16,28,60,000, showing an excess over last year of Rs. 86,93,000. Now, how is this excess accounted for? It is mainly due to the old story, fall in exchange. This year, as I have shown, we took the soldier's pay at 1s. $3\frac{1}{4}d.$, and exchange compensation at 1s. $2d.$; for the coming year we have taken the former at 1s. $1\frac{1}{4}d.$ and the latter at 1s. $1d.$, with the result that we have to add 51 lakhs to our estimates on this account. Then we have $12\frac{1}{2}$ lakhs on account of the occupation of Waziristan and the arrears of that expedition. Eighteen lakhs have been added to the budget for increased pay for the dismounted branches of the Native Army, and 15 lakhs for the preparation of the Chitral Relief Expedition. These four items—fall in exchange, Waziristan, extra pay for the sepoy and the new expedition—amount to about 97 lakhs. The actual increase is only 87 lakhs, so that we have net reductions in other directions amounting to some 10 lakhs. Chief among the reductions comes one of $16\frac{1}{2}$ lakhs in our estimate for the price of food-supplies. We have not thought it right to assume that the price of food-supplies will be as low in the coming year as in the year now ending, and have, as usual, taken the average for the three years preceding the estimates. A number of items for arrears of small expeditions, which were provided last year, have fallen out, amounting to $11\frac{1}{2}$

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lakhs, and there are other minor items, with the details of which I need not trouble you.

"Against all these savings have to be put many items of increase. Among these is the introduction of the new system of four commands forming one army of India, to be substituted for the three presidential armies on the 1st April next. The additional charges all fall on the military estimates, while the reduction of the Bombay and Madras Military Secretariats causes savings in the civil estimates. Other items are caused by changes in establishments and rates of pay in the British Army made by the War Office at home, by a steady increase in the reservists of the Native Army, and by increased strength of volunteer corps.

"There is the addition due to the increased price we have to pay for Australian remounts, of which I have already spoken; and we have also had to raise the prices for Persian and Arab horses from the Persian Gulf, for a reason quite independent of exchange. That reason is polo. The importers of these Eastern horses find that they can get such high prices for ponies for polo, which they can breed and rear more cheaply than horses, that it is not worth their while to import horses at the Government price, and this year we have been unable to obtain anything like the number of Gulf remounts required. We have, therefore, raised the price for Gulf horses, and, by giving commissions to certain importers, hope next cold season to obtain our full number.

"Briefly, taken together, the result of the various increases and decreases is the abovementioned net reduction of 10 lakhs, to set against the 97 lakhs of great new items already mentioned.

"Of those four great items which account for more than the whole of the increase in our estimates, I will briefly speak.

"First, there is the amount of 51 lakhs due to fall in exchange. This, as you are aware, is entirely outside and beyond the control of the Government of India. The British soldier is entitled to receive his pay in sterling at an official rate of exchange fixed so as to fairly represent the fluctuating current rate of exchange. Exchange compensation is based upon the average of the actual current rate of exchange, and the fall from the rate which we took in the current year's estimates to the rates of 1s. 1¼d. for the soldier's pay, and 1s. 1d. for exchange compensation taken in the estimates for 1895-96, accounts, as I have said, for the whole of this amount.

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"Of the Waziristan Expedition I have already spoken. We have taken 12½ lakhs in this year's estimates for the charges yet to be paid, and for the expense which will still be going on during the withdrawal of the troops in 1895-96, and we hope that the expenditure may not exceed that amount.

"As regards the increase to the pay of the dismounted branches of the Native Army, which is to have effect from 1st July next, I am glad to find that this step is approved by Hon'ble Members representing such important interests as the Mahārājā of Ajudhiā, the Hon'ble Mr. Playfair and the Hon'ble Mr. Chitnavis. I have little to add to the statement made by my hon'ble friend Sir James Westland on Thursday last. As he said, 'the necessity for this measure has for some time past become increasingly evident to all engaged in the administration of India.' I may say that it was left to me as a legacy in the last will and testament of my predecessor in office, Sir George Chesney, four years ago. It was pressed upon me more than once by Lord Roberts, but our financial situation was such that the Government of India was unwilling to embark upon so large a permanent addition to the estimates. Now Sir George White has pointed out to us that owing to the rise in prices and in the pay of other callings, and to the difficulty experienced by the sepoy, especially during his first three years, in living upon Rs. 7 a month, the service is losing its popularity and prestige; and the Government has considered it necessary at whatever cost to introduce this measure. The Commander-in-Chief showed us that, although it could not perhaps be truly said that the quantity of our recruits was insufficient, the quality was most distinctly falling off, more especially amongst the more warlike northern races, and that there was a marked tendency amongst the soldiers to claim their discharge at an early date, and either return to cultivate their lands or endeavour to obtain more lucrative service in the Burma Military Police or in colonial regiments or police-forces. It is hoped that this increase of pay, which we are now about to give, will again draw to the ranks of the army that better class of recruits whom under present conditions we are no longer sufficiently attracting.

"As regards concessions to be simultaneously withdrawn, I will at once say that no concession is to be withdrawn which is common to the whole army, but there are certain special concessions given to certain portions of the army which it is no longer considered necessary to maintain. These are in part relics of the old presidential system when each Government arranged for the pay of its own army, and are in part additional allowances which were given for service in certain territories, then remote and comparatively inaccessible, but now

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integral parts of British India, with easy means of communication, where it is no longer necessary that such special concessions should be given. This question is being most carefully considered in detail in consultation with the Commander-in-Chief, and until the details have been settled, it is impossible to speak more distinctly on the subject.

"When my hon'ble colleague made his Financial Statement last week we hoped that the mobilisation of the first division would be in itself sufficient without any actual hostilities to bring about the relief of our officers and troops in Chitral, and accordingly a sum was taken sufficient to provide for that mobilisation and for the hire of transport for a short period only. That hope is now dead, and we have to face the fact that we must send an expedition.

"Apart from the Chitral Relief expedition, the two great military features of the coming financial year are, first, the increase of pay to the dismounted branches of the Native Army, of which I have already spoken, and, secondly, the abolition of the Presidential Army System. For thirty-five years this great reform has been advocated. Fifteen years ago the Army Commission, of which Sir Ashley Eden was President, put it in the forefront of its recommendations. From that date to this it has been recommended by every successive Viceroy and every successive Government of India. But it was left to the present Government of Her Majesty to pass the Act of Parliament giving effect to these recommendations. This Act was passed in 1893, but such changes as these, however long they may have been advocated, cannot hastily be carried out. We deliberately decided to postpone the change until the 1st of April this year in order that we might have time to work out in all their details the vast number of minor changes which were involved. So far as we can judge, details for working the new system have now been elaborated, and we look confidently to its working without any serious difficulty. There will in future be one army of India under one Commander-in-Chief; and that army of India will be administered and controlled by one Government, the Government of India. For purposes of discipline it will be divided into four great commands, each under a Lieutenant-General, the Punjab, Bengal, Madras and Bombay Commands.

"The principle which we have endeavoured to carry out has been that of perfect unity of discipline, instruction and control, with the greatest possible decentralisation of work. We do not pretend that the system will be found perfect, but we are convinced that as defects become evident they can always be repaired; that, if these two principles—unity of command and control, and decentralisation of work and responsibility—are always borne in mind, the

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new system has in it all the elements of success; and that it will strengthen the army as an instrument for war without in any way interfering with its order and efficiency in time of peace."

His Honour THE LIEUTENANT-GOVERNOR said:—"I do not think the Hon'ble Mr. Playfair would admit that the answer of the Hon'ble Military Member in regard to the purchase of stores in England was a complete parry to his thrust, because I conceive that he referred not so much to the failure of the Military Department to purchase stores as to the failure of the Public Works Department: indeed he went so far as to make a charge against the Public Works Department of the Local Governments, that although the Resolution of the Government of India was not over-liberal in the arrangements made and the permission given for the purchase of those stores in India, yet the Local Public Works Department had whittled away that promise and had not carried it out effectually. My Lord, this is a subject to which I have paid great attention, and those who know the literature of the subject know that there are few persons who have more strenuously advocated the purchase of stores when they can be obtained in India in preference to purchasing them from England under proper conditions of safety and efficiency than I have. It so happened that I was lately making an enquiry in my own Public Works Department to ascertain how and to what extent that Resolution of the Government of India of 1891 had been carried out, and why so little had been done in this direction to meet the demands which I had heard from time to time from manufacturers and saw mentioned in the papers, and I found that the charge made against the Government, which has been suggested, does not in my opinion hold water in any respect. The chief condition laid down in that Resolution was that articles which might be obtained in India were those which had not been wholly or even partially finished in England, but must have been to a great extent manufactured in this country. Now, I find that the principal articles purchased from England by the Public Works Department in Bengal are rolled joists for roofs and girders, and I may say that these articles cannot be purchased in India, because they are not made here. It would certainly not be desirable that we should to a large extent employ merchants in India to procure for us articles ready-made in England which we could purchase direct from the manufacturers ourselves. It is inconceivable that that could be done with economy, because there is the profit of the middleman to be earned out of the articles to be consumed. Until we get some manufacturers who do work in wrought-iron or in cast steel who can supply us with rolled beams, steel sleepers and articles of this kind in India, I am afraid it

is impossible that the supply of stores of the kind which the Public Works indents for from England can be largely diminished.

"But, my Lord, my chief object in addressing the Council to-day is to add my voice to the chorus of those who have congratulated the Hon'ble Finance Minister on the splendid success of the Budget which he has laid before us, and on the astonishing result, so contrary to all expectations, of the financial management of the past year, and I think it is only fair to him to say that I congratulate him quite as much on the good luck that he has had as on the firm and sagacious control which he has exercised over the finances, because the tenor of the criticisms we so constantly hear against the financial position of the Government of India seems to imply that we are never entitled to any good luck at all. When we show a deficit and are able to point out that that deficit has been due to certain circumstances which have contributed to it, which we had no reason to expect, which it was beyond the power of man to avoid and which are pure matters of bad luck, we are always told that we ought to have made allowance for it and that we cannot count an argument of that kind on the credit side. When we have good luck it seems to me equally important to point out that the luck does change at times, that we have occasional periods of good fortune as we have had during this year and that we have reason to hope that the luck will not constantly be against us and that the time will come when one particular source of bad luck, namely, the continual fall in exchange, will be eliminated and the receipts and expenditure of the Government of India will be able to be foreseen and managed on a definite basis and in a confident way which is now impossible.

"It has been very gratifying to all those who are interested in the prospects of the finances to see the optimistic tone which has been taken by the Right Hon'ble the Secretary of State in his speech at the Northbrook Club and in his speech in the House of Commons, and I would draw special attention to one point on which he dwelt and to one answer which was given by him. The point which he dwelt upon was the smallness of our public debt, and that almost the whole of it is covered by our assets, those assets being the railways, canals and similar permanent and valuable public works which it has been incurred to construct. An answer was made to this by the editor of the *Investor's Review*, and that answer attempted to demolish Mr. Fowler's argument. I need hardly say that it effected nothing of the kind.

"My hon'ble friend, Sir Griffith Evans, has spoken of one class of critics who assail the Government and whom he has described as the fools who should

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be brayed in a mortar. The poet, Robert Browning, described another class as the 'bitter heart that bides its time and bites.' To which of those two classes the editor of this important financial paper belongs it is difficult to say. But he committed himself to the astonishing reply that it was a common thing in bankruptcy to show assets which were more than the liabilities but which could not be realised. Now, either he knew nothing about his subject, or knowing his subject he deliberately misrepresented the facts as they stand. I am particularly interested as a partner, and not altogether a sleeping partner, in the Eastern Bengal State Railway, of the management of which I cannot speak too highly and the good fortune of which has been as prominent as its good management, and I have with me the statistics of the last five years showing that the Eastern Bengal State Railway on a capital rising from 10 to 10½ crores has produced a profit of 6·74, 5·10, 5·93, 6·69 and in the current year 8·20 profit on its capital. Now, I would appeal to any of my commercial friends in this place and any Hon'ble Member who understands the value of a working railway, whether the assets which are put down as 10½ crores are not fully represented by the profits of that railway, and whether if we went into the market, we could not immediately raise not 10 but more like 20 crores by the sale of that railway. I have only given one instance with which I am particularly acquainted, but I have no doubt the same thing applies to many other railways, and that the assets of our railways, if taken at the market value, would not only cover the capital expenditure on them, but would cover it over and over again, and would completely clear us of the onus of any debt in this country at all.

"I would carefully avoid being supposed to have included among the two classes of critics whom I have described the Hon'ble Member who has just addressed us in a long and elaborate discourse on the shortcomings of the Government, but I must confess that the feeling left by his speech in my mind is one of absolute despair as to what help we are to expect to get from a gentleman in his position. The hon'ble gentleman came to us with a great reputation as one of the ablest men in Bombay and one of the most leading men in the forward movements of the time. Almost in the first speech that he made in this Council he launched an insinuation against the probity of its official members which caused a shock to the whole Council, which is accustomed to think, and which has reason to know that the company which sits round this Board is a company of hon'ble gentlemen. That taunt, as we have seen, was taken up by Sir Henry James in the House of Commons, and we have all seen how in that assembly of gentlemen the suggestion was

received. It is, I think, not too much to say that the fact of Sir Henry James having quoted that insinuation of the Hon'ble Member is the chief cause of the alienation from his side of the majority of the conservative members and of the great majority which the Government obtained on that motion. Just as Sir Henry James has borrowed from the hon'ble gentleman, the hon'ble gentleman has borrowed from writers at home, from the note drawn up by Sir William Wedderburn, and from the letters addressed to the papers by Sir David Barbour and Sir Auckland Colvin, and he has given us a long *réchauffé* of arguments which we have read before and, I may say, also read more easily and put in a more concise and pointed way than we have heard to-day. I ask Your Excellency, and I ask Your Excellency's Council, what possible good can arise from criticism of that kind? How can any reformer, even a reformer as ardent as Sir James Westland himself, yearning to take advantage of every possible opportunity of reducing expenditure, be assisted by vague generalities of the kind we have heard? What possible good can he get from such remarks? The Hon'ble Sir Antony MacDonnell has pointed out a glaring error in Mr. Mehta's statement regarding the pressure of the land-revenue, by showing that the incidence of the assessment in the Chatisgarh division of the Central Provinces amounted to only five per cent. of the value of the produce. I may point to the figures which are given in the Famine Commission's Report to show that the incidence of the land-revenue over the whole of India is seven per cent., or something over seven per cent. of the value of the produce. With facts of that kind it is idle for the Hon'ble Mr. Mehta to assert that the land-revenue is a crushing load upon the raiyat and that it is impossible for him to enjoy the comforts and make the progress due to his position under a burden such as that. Then the Hon'ble Member tells us that although the raiyat pays no taxation which he is absolutely forced to pay except the salt tax, still he contributes to the excise and stamps, and he tried to make out that he contributed to the excise, that is, that he drank spirits or consumed opium, because he was in a state of hunger. Now, all those who know anything about that question, all people who are engaged in practical government, know in the first place that the chief consumers of spirits and opium are not the raiyats but the lowest classes of society, such as the semi-aboriginal races and the landless labourers, and they also know that the growth of revenue from stamps and from excise is one of the surest evidences of the increase of prosperity in the country. Given a year of famine, the prices at which the different spirit shops sell go down at once; given a year of prosperity, the prices paid at auction for these shops go up at once. No one with the slightest knowledge of the subject can for a moment suggest that the consumption of excisable articles is due to famine and that a raiyat who is unable to buy food for himself would purchase

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drink or opium. These two suggestions are types of the class of criticisms which we have heard to-day, and I would appeal to the Hon'ble Member to abstain from attacks and criticism of this kind and to believe the Government is seriously and honestly desirous of receiving information, to obtain practical help in reducing expenditure in any way and in any place in which they can do so without loss of efficiency and without injustice to those with whom it has to deal. Remarks of this helpful and practical kind which have fallen from Hon'ble Members to-day and on former occasions are and have been treasured up by Government and they are used to the utmost possible extent, and I trust I may be allowed to express the hope that on future occasions the Hon'ble Member will try and imitate that example and give real assistance to those practical reformers who are as anxious as himself, and more constantly employed than himself, in the work of keeping down expenditure instead of showering crude, broad and general attacks of this kind upon them.

The Hon'ble SIR JAMES WESTLAND said :—"In making an attempt to reply to all the observations which have been laid before Your Excellency's Council I cannot but feel that I am in one respect at a very great disadvantage. According to the usual practice, I make my Financial Statement here, and before making it I carefully put in the hands of the members who have to hear it the whole thing stated in print with all its figures and explanations ; they are able therefore to follow everything that I say, at the time. After that they have a whole week to incubate it, and at the end of the week they come prepared with their criticisms upon the subject. When I have to answer the Financial Statement of the Hon'ble Mr. Mehta I am confronted with a jingling series of figures which I have not seen in print, which I have had no opportunity of examining, and I am expected to make a reply upon the spot. I can only say that it is beyond the power of man to bear in memory one-tenth part of the figures which the Hon'ble Member has read out to the Council and which, as I have said, are not even now before me in print. I hope it will be understood that I do not admit in any degree the correctness of these figures. They may be correct or they may not, but in the observations which I make I beg that it will not be understood that, if I am obliged to pass over any of them without any comment whatever, I am thereby admitting the accuracy of the figures or statements. The hon'ble gentleman referred to a statement which was prepared by an Association of which he is the Chairman and which afterwards, as he said, was laid before Parliament. I dealt with that statement during the discussion of last year, and I pointed out that the figures in it were misleading ; that the criticism as to increase of expenditure could not be admitted, and I left, as I thought, very little to be said for it. Afterwards, however, as the Hon'ble Member

says, this very statement was furnished up anew and was presented to the House of Commons by Sir William Wedderburn and by Mr. Dadabhoy Naoroji. He has omitted, however, to tell the Council what the subsequent fate of this statement was. It was put forward by these two gentlemen with the intention of forming a basis of attack upon the financial management of the Government of India. The India Office naturally expected the attack to be made in the House of Commons where the Right Hon'ble the Secretary of State would be able to give an answer to it, but not a single word on the subject was said when the ordinary financial discussion of the Indian Budget was before the House of Commons. Neither of these two gentlemen, Sir William Wedderburn or Mr. Dadabhoy Naoroji, made the smallest reference to the statement, and I do not know whether they were even present. At any rate they laid the statement down upon the table of the House of Commons, they disappeared, they would not even defend it, and the Secretary of State therefore passed the whole thing over with the contempt it deserved. That is the official history of the statement to which the Hon'ble Member Mr. Mehta has referred. He has attempted to back up the assertions in the statement by a certificate from one of my predecessors, Sir Auckland Colvin. I was able to take down, as they were read out, the first five words of Sir Auckland Colvin's statement, 'if this paper correctly attributes'—but I regret to say that I was not able to follow farther."

The Hon'ble MR. MEHTA: "These words refer to a statement in Sir Auckland Colvin's own paper."

The Hon'ble SIR JAMES WESTLAND:—"If Sir Auckland Colvin adopted this statement of Sir William Wedderburn's as a correct statement of the financial position or of the increase of expenditure which had taken place in India, I am afraid he showed very much less than his usual acumen; because there was one gigantic blunder which appeared in the very first page of it, a blunder which showed that neither Sir William Wedderburn nor Mr. Dadabhoy Naoroji had the remotest conception of the bearing of the accounts upon the point they were raising. What they wished to prove was that expenditure had increased from other causes than exchange; what they actually did was to pick out the figures which are placed in the column of exchange in the annual statement of accounts and deducting them to compare the others. This involves the assumption that the fall of the rupee throws upon us only those burdens which are shown in the column of exchange. Everybody who knows the rudiments of our accounts knows that the column of exchange shows only one item of the burden of the exchange, namely, that portion of the cost which is cast upon us by the necessity of paying a certain amount in sterling in England.

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The fall of the rupee, however, directly increases our expenditure under many other items. For example, we are bound to pay to the British soldier his pay in sterling. That expenditure however is paid in rupees and the whole of it is shown in the rupee column and not in the exchange column at all. Then there is also the exchange compensation. I know that the Hon'ble Member does not approve of the exchange compensation, but there is the fact that whether the expenditure is one that is to be approved or not, it is an expenditure which is thrown upon us by the fall of the rupee. That expenditure also is one that is shown in the rupee column and not in the exchange column. Take also a number of other petty items. I shall mention one of them. We buy remounts from Australia. The Australians expect to be paid something which will give them a certain sterling return. As a matter of fact we have been obliged to raise the ordinary payment from Rs. 650 to £45. This is merely a rupee payment, made for the most part in Calcutta, but it is one of the items which has swelled the rupee column by the fall in exchange. I could mention a great many more. The result is that, if any person desires to prove that the expenditure has risen from other causes than exchange, he has to allow not only for the figures which are entered in the exchange column of our estimates, but also for those direct increases due to this cause which are entered in the rupee column. Last year when I made up a statement on the subject and laid it before the Council I was very careful to take into account in my explanation, not only the exchange on English expenditure, but also the rupee items which were affected by exchange. I produced the details and I showed there that, if the increase due to exchange had been left out, the expenditure of the Government of India had not increased. The statement by which Sir William Wedderburn and Mr. Dadabhoy Naoroji attempted to prove to the House of Commons, and by which the Bombay Presidency Association attempted to prove to Your Excellency last year, that expenditure had increased in other ways than by exchange, was based, as I say, upon a complete misconception of the very elements of the way in which a falling exchange affects our accounts.

"However, I was prepared for this renewed attack and knew that I should be to-day told that the expenditure had increased in a great number of other ways than those attributable to exchange. I therefore prepared for the purpose a certain statement of account. Hon'ble Members are aware that with the Budget Estimates I presented a statement showing for ten years back the net revenue and the net expenditure of India. Unfortunately we are obliged in this country—we are almost the only civilised nation that is obliged—to state our expenditure and our revenue in a depreciated

currency. The Government of England bring their silver transactions to book at a sterling value. The consequence is that all the revenue and expenditure are shown in sterling figures. Other nations do the same. Their accounts are ruled by a sterling standard. We do exactly the opposite; we convert our sterling into rupees and state our whole account in rupees. Suppose we were to follow their example. Suppose we were to make up our accounts by converting our rupees into sterling, what would be the result? I have got the result here. I do not wish to follow an example I have condemned and merely read out a mass of figures, but I have got copies of the statement* here in print which shows what the actual results are; and Members of Council can examine them for themselves. There is first of all the head of military services in which we are told such an immense increase of expenditure has taken place. The statement I have drawn up carries on the expenditure from the time before the increase of the Native and British Army in 1886. It will be seen that the expenditure upon the Army at the beginning of the period was about 14 millions sterling. It has now notwithstanding that increase come down to 13½ millions sterling. Take the Civil Service which includes Civil Departments and includes pensions, salaries, annuities and various other matters, all of which are of such utter abhorrence, with the exception of the Civil Courts, to the Hon'ble Mr. Mehta. Here also I would wish to point out that the expenditure has decreased. In the first three years it was 15·2 millions sterling, now it has come down to 11·8 millions. So that here if you take the measure in sterling, the other services of the Government in all Departments have immensely decreased in their burden. The result of all this naturally is that we have been lightening the incidence of the revenue and taxation. The land and forest revenue have come down from the standard of 18·8 million sterling to a standard of 14·6 million sterling. The items which are called taxation, such as salt tax and the like, have come down from a standard of 14½ millions. They have lately gone up because there was an increase of a million in consequence of the customs-duties imposed this last year, but if that increase be left out of account, it will be seen that the total burden of taxation has during the twelve years under discussion slightly decreased from 14·4 to 14·1 millions sterling.

"This is the result, as I say, of an examination of the accounts upon a sterling basis, and the argument that I wish to put before the Council is this, that if the result of an examination of the accounts upon a sterling basis differs so utterly from the examination upon a rupee basis, the result must be due to the fact that the connection between the rupee and the sterling standard has during the intermediate period been altered. This is only one of numerous ways in which

* *Vide Appendix.*

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it can be shown that the expenditure of the Government of India has been kept not only within reasonable bounds, but that there has been in one sense at any rate a practical diminution of the burden upon the country for many years past. A rupee of burden now is less than what a rupee of burden used to be. We are now after many years increasing the sepoy's pay from Rs. 7 to Rs. 9. What is that but a result of the depreciation of the rupee? The rupee is a smaller amount now in this country than it formerly was. We require now to pay Rs. 9 for the kind of service which for many years we got for Rs. 7. There it is that the fall in exchange is perpetually hitting us, and I think that the Government of India can show by the account I have to-day presented that it has practised most marvellous economy and has been able to meet this perpetually increasing demand without throwing correspondingly enhanced burdens upon the tax-payer.

"It is rather inconvenient to me that the Hon'ble Member should be able to draw from the letters which have been written and made public by my predecessors Sir Auckland Colvin and Sir David Barbour, an armoury of attack against myself, but in the first place there is a great deal that they say which I distinctly cannot admit. They have alleged, for example, the position of the Financial Member of this Council as an impossible one. He is in a perpetual minority, perpetually being driven against his will to sanction expenditure which he does not approve. In fact, I rather think they give it to be understood that the moment the Additional Members leave this room, the Commander-in-Chief promptly lays the Financial Member on his back upon the table, the other members proceed to rifle his pockets, while His Excellency the President stands by, feebly deprecating the outrage. Now I wish to point out that as a matter of fact there is in the constitution of the Executive Council a weapon with which the Financial Member equalises his position with that of all the other members combined. By a rule passed under statute about ten years ago, it is ordained that the Financial Member, in any matter of expenditure, if he is supported by the Viceroy, has an absolute veto over any measure, however it may be urged by the other Members of Council. I believe there is not a single instance in which this power has been exercised, but it exists, and the mere fact that no instance has occurred in which it has been exercised shows that the power which that rule gives to the Financial Member has been effective for the purpose for which it has been given. It obviously, in my opinion, throws upon the Financial Member the responsibility of accepting as his own every measure which comes up before the Council and which he does not actively protest against. He is not tied and bound by the votes of a majority. If he accepts a proposal of expenditure he accepts the

responsibility; if he declines it the project is at an end if the Viceroy supports him, and if the Viceroy does not go with him, he has the power which every Member of this Council has of recording a dissent. Of course it is easy to see from the statements of Sir Auckland Colvin made in the paper to which the Hon'ble Member has referred that he disapproved of the enhancement of the expenditure on the Army which took place ten years ago. But there is one thing that ought to be remembered, and that is that even the Financial Member (and I include myself) is not always necessarily in the right. I think if the Financial Member finds himself in an absolute minority, he may reasonably consider that there is something to be said for the other view. The increase of the Army which took place ten years ago, although it was opposed by Sir Auckland Colvin, was accepted by the Government of India and by the Secretary of State. It must be taken therefore as a distinct policy approved by the highest authorities responsible for the administration of India, and as one in their opinion necessitated by the interests of the safety of the Empire.

"Then there is another matter to which the Hon'ble Member referred, and in which I think he is a little unjust. He states that the Government of England are perpetually saddling us with charges which we do not know anything about, which we do not accept and which we have no relief against. At the present moment I believe there is a Committee of the House of Commons going to sit upon the particular question he referred to. At all events it must certainly be admitted that these subjects are highly controversial ones. I do not pretend to be able to give an opinion upon them. But to say that the Government of India has no relief in a matter of that sort and that Her Majesty's Government at home can put any charges upon them when they like without affording any redress to the Government of India is, I think, simply to say that the House of Commons does not exercise the authority which it is charged to exercise. The House of Commons is in these matters the ultimate authority. It is for the House of Commons to decide whether any particular charges are to be passed on to India or borne by Her Majesty's Government. And when we know as a matter of fact that the House of Commons has appointed Committees to enquire into this matter, I do not think it is true in fact to say that the people of India have in these matters no relief or redress against injustice.

"I thought it right to deal first with the speech of the only Hon'ble Member who took an adverse view of the position. I do not pretend to say that I have exhausted all the possibilities of economy in India. It may be possible to find others, but I think it is wrong to charge the Government of India with extravagance on the mere general ground that certain

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expenditure has reached a very high amount. That is the main charge of the Hon'ble Member. He has pointed out—which may be perfectly true—that the military charges run away with more than the land-revenue of the Empire. That may be true, but it does not amount to proving that we are extravagant in the matter of military charges. The question of the proper amount of military charges is a highly technical question, and I think that people before they accuse the Government of going in for military charges on an extravagant scale ought to be able to understand in some measure at least the principle on which these charges are fixed. The Bombay Presidency Association when they wrote their memorandum of last year seemed to me to show not the faintest conception of the manner in which the military charges are to be gauged. Now I would like to put them one question and to ask what their judgment upon it is. I would say to them—supposing it is necessary to send 50,000 men across the frontier, how will you distribute the garrisons that are to remain in India? That is the sort of problem that has got to be solved when you fix the total numerical amount at which the army has to stand. When the Bombay Presidency Association, I do not say, are able to give an answer to that question, but merely begin to comprehend the question itself, they will be in a position to give an opinion as to whether the military expenditure is extravagant or not; but when, as we know, their minds are an utter blank upon the subject, their opinion on the matter is worth absolutely nothing. It is useless for them to state that in their opinion, as distinguished from the opinion of the highest military officers who have studied these questions, the standard of the military expenditure of the Government is too high. The Hon'ble Member has referred to a statement which I made last year, in which I pointed out that the advice which we obtain from the body which he represents is always in the direction of giving up our revenue and increasing our expenditure. He says it is perfectly possible to reconcile these two things, but the method by which it is possible for him to reconcile it is one regarding which he will not enter into detail. That is exactly the complaint I make against suggestions of the kind. We get a large number of suggestions from that venerable body, the National Congress, and they pass resolution after resolution declaring everything they had previously said to remain as true as it ever was. They tell us that this revenue has got to be reduced, land-revenue has got to be reduced, the income tax has got to be reduced, etc. This and other expenditure has got to be increased, and they have specified ever so many increases of expenditure which ought to take place. My hon'ble friend tells me it is perfectly possible to explain and reconcile these two things. You have only got to decrease some other unmentioned and unspecified expendi-

ture, but I should like to have some details of that expenditure which they want decreased. If the National Congress, in criticising the estimates of the Government of India, will give us an indication of any direction in which it thinks it practicable to pursue economy, I can assure him that it will be examined most thoroughly by every member of the Government concerned. But it is useless to pronounce for all sorts of increases in specific detail, and to talk of the decreases in vague generalities.

"My hon'ble friend Mr. James has asked me to pledge myself that when the Post Office Department becomes a large revenue-paying Department, that when we begin to class it with land-revenue, opium and salt, we shall not appropriate its funds but strive to spend them upon the Post Office and upon its development. As the Hon'ble Member says, this is the first year in which that head of service has contributed its mite to the general revenues; but I think he is counting his chickens before they are hatched when he begins to ask us what we are going to do with the huge surplus which is to roll in in after years. When the widow contributed her mite to the exchequer of the Temple, one of her virtues was that she made no fuss about it; but apparently the Hon'ble Member when he brings forward his little mite, rings up the high priest and tells him 'Now you be very careful, and don't let this mite which is coming in to you lead you into any notions of extravagance, but please remember that there may be claims upon it also.' But the truth is that the Hon'ble Member has not done justice to the Postal Department of which he was himself so long the efficient head. By the manner in which we are obliged to keep our accounts, we are obliged to show the figures by Services and not by Departments. The consequence is that as he points out the head of 'Post Offices' bears a number of charges which are met out of revenue shown under other heads. In the same way, on account of the Post Office, we have to bear charges which appear under other heads; for example, the Public Works head and the heads of pensions, stationery and general heads—all these include charges for the Department of Post Office. In the administrative accounts of the Post Office, which will be seen in its annual report, it will be observed that the Post Office as a Department has been for a long time a paying Department. It has for some years returned to the Government more than it has spent. I quite admit that the Post Office has claims upon us for its development, and I can only assure my hon'ble friend Mr. James that the claims of the Post Office in that matter will be very carefully weighed, and not rejected in consequence of any desire on the part of the Financial Department to appropriate the profits of the Postal Department to other and less worthy services.

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"To note some of the details to which he has referred, he has asked us to consider the question of the connection of Kurrachee direct with the Home mail. I may say that this is a question which is before the Government of India, but I cannot say how soon it will be decided. It is obvious that contracts for Home mail service have to be made a long time beforehand, and the question of adding a Kurrachee line to the Home service can only be taken up when the question of the renewal of the contract is before us. Whether it will be ultimately considered worth paying for that service what a mail steamer would require for a weekly visit to the Port of Kurrachee, is a matter which must for the present remain open. He has also referred to the desirability of uniting the management of the Post Office and Telegraph. That is another of those great questions which inevitably arise in the course of our development and will have to be settled in time, but there are such a vast number of questions of that sort which are constantly arising, that it is impossible for me to say anything more about it than that it will be duly considered. We live in India at a tremendous rate. We cover in twenty years the progress of something like a century in Europe, and the number of official questions that we have to decide during these twenty years is probably quite equal to the number which arise during a century in England. Therefore we must have a little time to consider questions of that sort, and if we do take a little time to consider them, it is not because we are willing to delay them or because we set our faces against change.

"I have taken some notes of the speech of my hon'ble friend Sir Griffith Evans, and I admit so far what he says, that in the revised estimates a good deal of what has come in to our advantage may be taken as windfalls. I carefully worded my statement on the subject to indicate that that was my opinion; my statement was that the circumstances of the year were so favourable as to land us in a surplus, and I perfectly admit what he says, that a part of this surplus arises out of circumstances that may not recur another year. But as against this I want to take the opportunity of pointing out that there are two windfalls of the inverse sort. I did not mention them in the statement because I had no occasion to bring forward apologies for a falling off. But in the first place the land-revenue which has come in to us during the year is about Rx. 300,000 and possibly Rx. 400,000 less than the ordinary standard of a year of land-revenue. Large suspensions had to be made in two or three of the Provinces, and so far as regards the accounts of 1894-95 we received probably Rx. 400,000 less than if the circumstances had been favourable we would have received. There was also that immense falling off in the Great Indian Peninsula Railway due to a bad season in the Central Provinces. There was also an extraordinary charge of Rx. 300,000

due to the anticipatory payment of interest arising out of the conversion of the loan. So that if you bring those various items together it would come to at least Rx. 800,000. I think I may claim to put this casual disadvantage against the improvement which arose to us out of a certain circumstance which is not an incidence of financial prosperity, namely, that of the short payments made to the opium cultivators. I do not think that taken all round the revenue we realised during the year 1894-95 is in any way less than the current standard of ordinary revenue appropriate to that particular period. I rejoice with him at our being apparently free of the faddism in opium and other matters which has been tying our hands so long. The Hon'ble Member did not refer to another Commission which was also stimulated by home faddists, namely, the Commission on Hemp Drugs. We published in the last Gazette of India our Resolution on the report of that Commission, and it showed in the most distinct way that the wonderful stories which we have continually heard of ganja, as to its deleteriousness, and as to its driving people mad who partook of it, were all based upon the most utter prejudice. It has been shown by the Hemp Drugs Commission, just as it has been shown by the Opium Commission, that ganja and opium are gifts of God which rightly used (as, by the consumers in this country, they are, with very few exceptions, rightly used) contribute largely to the health and enjoyment of the people of this country. I do not suppose that we shall ever get rid of the faddists at home. They are pretty sure to fasten upon something else. They have been very thoroughly defeated in these two things, but then there are so many old women of both sexes at home who have no business of their own to attend to, and are therefore so anxious to meddle in other people's affairs, that they are quite sure, sooner or later, to take up some other subject if they do not revive these old ones. It will be remembered that when the Pharisee went down to the Temple to pray, he was not satisfied with merely thanking God that he was not as other men are, but he derived a particular self-satisfaction from being able to point to another man, and to add 'nor even as this publican.' And so it is with these Exeter Hall Pharisees. They are very anxious to find some concrete publican whom they can put forward as a foil to show off their own virtues. It is very comforting for them to know that they are not addicted themselves to the vices of opium and ganja, and so they start these Commissions in order to find out and denounce vices from which they themselves are free, and in order that their feelings of self-satisfaction may be increased by the knowledge that there are people who in some respects are worse than themselves. In both these cases judgment has gone against them. It has been declared that the publican has gone down to his house more justified than the other; for one thing is shown in these reports to be beyond doubt—that everything which can possibly be said against opium and ganja most certainly can

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be said with tenfold force against alcohol. I am very glad to see that the House of Commons has come to the conclusion that this Opium Commission should be paid for from Her Majesty's Home Treasury. I think it is a good principle that when it is found that in an inquiry of this kind the Indian Government and the Indian people are absolutely in the right, the people at home should be made to pay the expense.

"I do not know whether Your Excellency observed in *The Times* about a week ago what was called 'The Drink Bill of England.' It was shown there that the average consumption of the United Kingdom per head amounted to £3 10s. per annum, that is to say, that every man, woman and child spent on an average £3 10s. per annum on liquor. It seems to me something monstrous that the people who are capable of a huge average Drink Bill like this, should presume in such matters to make accusations against a country like India, where the people as a rule are absolute ascetics as compared with ordinary people in England, and to send out commissions of enquiry to convict them of indulgence in intoxicating drugs. I am very glad that the verdict has been so very completely given against them, and that it has been given against them, as His Excellency the late Governor General said in the House of Lords, 'with costs.'

"Another matter to which my hon'ble friend Sir Griffith Evans referred was a letter which he said had been written by, and which I admit to have received from, the Indian Currency Association. I regret that I cannot attribute to that document the value which he has assigned to it. It appears to have been written under the impression that the half-dozen gentlemen who form the Committee of that Association are charged, either by the Secretary of State or by the public, with the supervision of the proceedings of the Government which affect the currency, and that when they think the Government is going wrong they must call it to account and demand explanations. So far as I know the Secretary of State has not conceded them that authority, and as regards the public, I can only say that the two sections of it which are most interested, and know most about the subject, namely, the Banking community and the Commercial community, will have nothing to do with them. The fact is that we thought they had exhausted themselves by the manifesto they issued last July after considerable parade, when they promulgated as their scheme for the restitution of the rupee, a plan by which the Government was alternately to buy silver and coin rupees, and to melt down rupees and sell silver, so as to manipulate exchange according to their free will. A scheme like this, to place in the hands of the Government a power to inflate and contract the circulation at its own pleasure, is opposed to the simplest canons of currency, and any banker would have told them the theory was

impossible. The whole thing has dropped into the limbo to which currency schemes, still-born, are apt to be consigned. I was therefore somewhat surprised to find that the body to which the gentleman who signs the letter calls 'my Committee' has suddenly sat round its table, and determined that the time has again come when it must assert its authority and call the Government to account.

"They seem to have thought that the Government was under some pledge to bottle up the whole of its rupees, which of course would mean the cessation of its annual and regular grant for capital expenditure. I refused in the beginning of the year to take any active measures for the disposal of the accumulated stock of rupees; but it seems to have been supposed that I meant altogether to stop the ordinary transactions of Government in the way of Railway capital construction and the like. The present estimates for expenditure in 1894-95 and 1895-96 upon Capital construction are only slightly in excess of the ordinary rate, that is, they come to about five crores a year, instead of four; and it is surely rather an exaggeration to talk of this, as the Currency Association has done, as a new departure, and a reversal of the currency policy inaugurated in June 1893.

"I have had to state more than once that the Government has no intention of re-opening the mints, and that is surely a clear indication that the policy of closing the mints is still the policy of the Government. I must say at once that I have no sympathy with the cry, that twelve months have passed, and it is time to do something more, and to adopt some of those wonder-working schemes that will, upon purely theoretical grounds, raise the rupee at one bound to 16 pence. We are apt to forget, in the hurry of modern commercial life, that the march of economic causes to economic effects is a very slow progress. I have no currency theories of my own, and to tell the truth, I dread those of other people; for I have never found any such theory (not even that of mint closing) which did not work out in practice to many quite unforeseen results. My business is with the practical side of the question, and in my view the currency of an Empire is far too important a matter for us to be perpetually playing experiments with it. It took sixteen years at least from the time that the expedient of closing the mints was first discussed till after elaborate enquiry by experts it was finally carried into effect. It is to my mind absurd to cry out before two more years are past that the time has come to launch out into some other experiment. It is certain that what may be called the stable condition due to the first act of closing the mints has not yet been reached; and until we know a little better what the factors are which have contributed to establish the exchange value of our rupee, for the present, at about thirteen pence, it is in my opinion not the part of wisdom to create new ones in the hope that they will enhance the exchange value to a higher figure.

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"But there is another special reason which seems to me at the present moment at least to forbid any action on our part. The attention of America, and of Germany, and latterly of England also, is being given to the question of the monetization, or at least of the restoration of the value, of silver. It is possible that we may find some relief in measures taken by, or in concert with, some of these nations. And it is certainly not our policy to cut ourselves adrift from the consideration of the question on these wider lines, by taking independent measures of our own, which may not suit the general policy. As I said last year, one consequence of our legislation of 1893 was to show that we would not continue alone to bear the burden of silver depreciation; and if our action has forced the subject forward into consideration by other nations in their own interests, that is a result on which we may congratulate ourselves while waiting to see its further developments.

"With reference to the final enquiry of the Currency Association, which runs as follows:—

'I am to ask whether, since contraction of the circulation by direct action of the Executive has been disapproved of by the Secretary of State, the Government of India will consider the alternative remedy of automatic arrangements for regulating the quantity of currency in circulation, such arrangements being based on a gold reserve in England to secure the convertibility of the rupee, for foreign payments only, into sterling drafts on London.'

"I have only to enquire whether the Association attribute any definite meaning to these fine phrases, and if they do, to ask them to be good enough to explain what it is.

"My hon'ble friend Mr. Playfair addressed himself at considerable length to the question of the purchase of stores. My hon'ble friend Sir Charles Elliott has been good enough to reply to some of the matters thus dealt with, but I should like to point out with reference to the actual figures of these store accounts that nothing like £2,000,000 of stores can be stated as the amount to which any measures taken by the Government of India can apply. It is quite true that in the Home Accounts £2,000,000 of stores are purchased, but if the details are looked at, it will be found that the army alone runs away with nearly half the amount. These are warlike stores which obviously cannot be placed in the hands of contractors in this country. Then we have the preparation of currency notes, of stamps, and various other stores of that description, which must also be deducted from the total in order to arrive at any idea of the figure which might indicate the value of stores which it is possible to

obtain through private hands. I am thoroughly in accord with the policy stated by my hon'ble friend the Lieutenant-Governor in transferring to this country as far as possible the preparation of such stores as are required for Government use, but the truth is that we have been very much disappointed in these matters. For example, my hon'ble friend Sir Henry Brackenbury attempted to get some of the clothing stores for the army in this country, but the arrangements broke down because it turned out that the articles could not be supplied or could not be supplied in time. The manufacturers simply broke their contract, not willingly, but because they had not the means to carry it out. My hon'ble friend the Lieutenant-Governor has referred to certain iron stores in which he says he found that the manufacturers in this country could not supply the kind of material required. I promised my hon'ble friend Mr. Playfair that I would call the attention of the Local Governments to the desirability of their obtaining stores in this country wherever possible. I have a circular on that subject which has been agreed to by the Public Works Department and which is now under issue and will probably appear in the next Gazette of India. In it we draw the attention of the Local Governments and Indenting Departments to the policy which the Government of India has in this matter declared, and ask them to do their best to carry it out. I do not think that the Government of this country can reasonably be charged with any desire to suppress local manufacture or in any way to discourage it. For one thing I may recall the instance of the Burrakar Iron Works. This was the first endeavour to establish an iron manufactory in this country; the undertaking was largely bolstered up by Government who made considerable advances towards it, and finally succeeded in having a company created in order to carry on the works, and even now there is a proposal before Government which has for its object the promotion of these very works.

"I would ask my hon'ble friend Mr. Playfair, if possible, to endeavour to induce his clients to help the Local Government in this matter of stores. They can at least point out to indenting officers what kind of stores they can supply and what quality they can supply. But there is one principle which must be borne in mind in these matters, namely, that the Government will not employ people in this country merely to bring out stores for them from England. It has been proved over and over again, and most elaborate enquiries which have been made on the subject have shown, that by the method of indenting through the Secretary of State we obtain those stores of far better quality, and a far more reliable quality—a very important thing—and cheaper than we can get them by indenting in this country upon merchants who are purely agents or middlemen and not manufacturers. I myself am very anxious to see

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the engineering industries of this country properly treated and given a fair chance, and I shall do all I can to promote the system of procuring from them stores which are partly manufactured in this country. With reference to the applications which my hon'ble friend Mr. Playfair has referred to as being made by these engineering firms, that they should not be weighted with the 1 per cent. duty at present levied on their material, while machinery is imported free, I can only say that the Government are at this moment giving the subject the most anxious consideration and quite admit the difficulty which arises in connection with it.

" And now, my Lord, I have one thing more to say before I close and that is to refer again to the statement which has been made that the Finance Minister's position in this Council is that of perpetually fighting a majority of expending colleagues who are opposed to him. I speak at present as Finance Minister and not as representing the Government of India, and I say again what I said last year, that I have throughout found myself in the most perfect accord with the other Members of Your Excellency's Government. I represent that side of Your Excellency's Government which has to enforce economical administration, but it would be ridiculous in me if I were to assume that I alone represent that side. The necessities of our financial position have impressed themselves upon my colleagues, as well as upon me; and instead of their having continually pressed upon me recommendations for expenditure, which it became my duty as Finance Minister to oppose, they have far more usually undertaken themselves the invidious task of adverse criticism, and declared at once that, under present circumstances, the expenditure, however desirable, must be postponed.

" And I feel sure that they will concur with me in saying that the same spirit has manifested itself throughout in the Local Administrations and among heads of Departments. As I said twelve months ago, no one who has not had to deal with these matters in detail can realize how perpetual are the calls for necessary expenditure in India. With a public service everywhere developing and expanding, and perpetually kept at almost starvation standard, every earnest worker has it perpetually impressed upon him how much more he might do if he were only allowed a little more money. A period of severe economy, such as we have passed through during the past twelve months, and such as we are still under the obligation to continue, involves the efforts of numberless officers, high and low, not only to restrict and reduce expenditure within their control, but to carry on their duties with greater labour and under greater disadvantages. All of these have taken their share and take their part in the burden of a rigid economy. I have not found myself a solitary voice of economy crying in a wilderness of extravagance; but have found myself aided and supported in every way in the deter-

mination, common to myself and my hon'ble colleagues, that the estimates framed twelve months since on a basis of severe economy should be accepted, not only in their letter, but in their spirit, as the rule of expenditure for the year."

His Excellency THE PRESIDENT said :—" I am afraid that I cannot gratify the curiosity of the Hon'ble Mr. Mehta and add to the information, which he seems to have obtained from some unknown source, of what takes place when the Council of the Governor General meets in this chamber without the Additional Members who give their assistance in making laws and regulations. Even with the explanation of the Hon'ble Sir James Westland, I must not be taken as admitting the accuracy of this information ; but in any case the Hon'ble Financial Member speaks here as the representative of the Government on the general financial position. It is therefore no part of my duty to do more than to emphasise the fact that is apparent from the speeches of the Hon'ble Member and Sir Henry Brackenbury, and from the events that have taken place elsewhere, that the Government of India and Her Majesty's Government are thoroughly in accord in promoting and maintaining the measures which the necessities of India may require.

" There is only one section of the general Financial Statement on which I wish to say a word, and that is the section, beginning with paragraph 59, dealing with the conversion of the 4 per cent. Debt. The Hon'ble Mr. Playfair has, I think, expressed the public appreciation of the success of this operation which has resulted in a large saving to the Imperial revenues, and has been carried out in a manner calculated not only to ensure success, but to cause as little inconvenience as might be to individuals, or to the money market.

" The Hon'ble Financial Member in paragraph 74 has conveyed to the Banks the thanks which are undoubtedly due to them for their exertions. There was one word which he could not add. I think I ought to say that Her Majesty's Government left the conduct of this matter to the Government of India, and have recorded in a despatch lately received their high appreciation of the manner in which the work has been done by the Financial Department, and especially by the Member in charge. I know that the Hon'ble Member modestly attributes much to a good opportunity ; but it is not every one who knows how to use a good opportunity well ; and as one who has stood by and seen every stage, I think it my duty to bear witness to the tact, resolution and knowledge displayed in this business by my hon'ble colleague and his chief coadjutor, Mr. Jacob.

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"There is one other subject which has been referred to in this discussion on which I have something to say. The Hon'ble Sir Griffith Evans called attention to the Chitral Expedition in terms to which I wish to take no objection. I recognise that he speaks with no intention of embarrassing the Government; and I am sure he will appreciate my observation that, while it is easy for him to put general questions and raise questions of general policy, it is quite a different thing for me to follow him over all the ground that he has covered.

"It is desirable that the position of the Government of India in Chitral should be clearly understood. So long ago as 1876 the Maharájá of Kashmir was permitted to accept the Chitral Mehtar's offer of suzerainty, and the Government of India then undertook to afford countenance and material aid to Kashmir in the defence or maintenance of this arrangement. This pledge has been repeated to Kashmir and also directly to the late Mehtar of Chitral. The Kashmir State and the Government of India have both for years granted annual subsidies to the ruler of Chitral. When the British Agency at Gilgit was withdrawn in 1881, the Kashmir State was assured that the Government of India nevertheless adhered to their policy with regard to Chitral. This policy has been to accept the *de facto* Mehtar, provided he could maintain his position and accepted the suzerainty of Kashmir.

"One of the consequences of the re-establishment of the Gilgit Agency in 1889 has been that the legitimate influence of the British Government has been maintained by the presence in Chitral territory of an officer, who is an Assistant to the British Agent at Gilgit, with a small escort of regular troops supported by garrisons at Gupis and Ghizr in Yasin. His head-quarters have been at Mastuj, but he has been in the habit of visiting the Mehtar at Chitral. This arrangement has been cordially acquiesced in by successive Mehtars. The late Mehtar would have preferred to keep the British officer permanently with him in Chitral itself; but the Government of India declined to increase more than necessary the unavoidable risks of the position.

"It was foreseen that in case a British officer were in Chitral, and should Nizam-ul-Mulk come to an untimely end in spite of his presence, his position would be one of extreme danger.

"At the time of the murder of Nizam-ul-Mulk in January last, Lieutenant Gurdon, the Political Officer, was on a visit to Chitral with an escort of only ten men. By great prudence and tact he avoided any collision with Amir-ul-Mulk and his party, and the arrival of a reinforcement of fifty men from Mastuj

enabled him to maintain his position till he was joined on February 1st by Mr. Robertson, the British Agent at Gilgit.

"That Lieutenant Gurdon's position was one of danger was realised by Mr. Robertson and by the Government of India from the moment that they received the news of Nizam-ul-Mulk's murder. It was impossible for him to withdraw with safety. On January 8th Mr. Robertson wrote to Lieutenant Gurdon:—

'If there is any prospect of trouble, sit tight and send off urgent messengers to Mastuj and Ghizr, and do not commit yourself and your escort to that terrible road along the left bank of the river between Mastuj and Chitral.'

"Recent events have only too terribly confirmed the wisdom of that advice. It was therefore essential that he should be supported or relieved in some manner. It was also considered by the Government to be desirable that Mr. Robertson should go to Chitral to endeavour to bring about a peaceful solution of the succession—a very difficult task, for which his experience specially qualified him. He was instructed to report to the Government of India what claimant would be most acceptable to the people.

"All this was in the regular course of business. But at this point Umra Khan appeared on the scene, perhaps as a partner in the plot for the murder of the Mehtar, but, at all events, as an aggressor, who laid siege to the frontier fort of Kila Drosh. There is no community between the people of Bajaur and the tribes subject to the Mehtar of Chitral, who are different in race, in sentiment and in character. Umra Khan has entertained for some years past aggressive designs upon Chitral, and has openly acknowledged his enmity with the ruling family. The Government of India have had on several occasions since 1891 to warn Umra Khan that aggression in Chitral would be regarded with disfavour. Umra Khan could make no pretence of a right to interfere in the Chitral succession. He had acknowledged the relative positions of Chitral and the Government of India when in 1890 he himself applied to the Government of India to mediate between him and Chitral in regard to their respective claims to land, which, however, he subsequently occupied by force when the old Mehtar, Aman-ul-Mulk, died in 1892. On the occasion of making his present invasion into Chitral territory he represented, in writing, to the officers of the Government that he had no design of interfering in the business of Government, but that Amir-ul-Mulk had opposed his wishes, and he had been compelled to become his enemy. Still the fact remains that it was in defiance of

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warnings that he came, and it is in defiance of renewed warnings that he still remains.

“Umra Khan was joined about the 24th February by Sher Afzal. This man is a brother of the former Mehtar Aman-ul-Mulk, and therefore uncle to the last two rulers. He had long been a refugee from Chitral in Badakshan, whence he made a sudden raid on Chitral in November, 1892, killed his nephew Afzul-ul-Mulk and usurped the power. His rule was short, for when Nizam-ul-Mulk advanced on December 1st, 1892, he had not sufficient support to hold his own, and fled to Kabul, whence he has now re-appeared as a claimant for the Mehtarship. There is reason to believe that he has by no means the unanimous support of the people, but under certain circumstances he might have proved an acceptable candidate. He has, however, come with the open support of Umra Khan, has identified himself with the defiance of the Government of India, and has sent an insolent letter to the British Agent requiring the withdrawal of all British officers from Chitral, and threatening an advance of Umra Khan's troops should they not be withdrawn.

“It has been necessary to say this much to enable a just view to be formed of the circumstances. Mr. Robertson, in the exercise of his duty as the representative of the Suzerain Power, is present in Chitral. Under all ordinary circumstances the forces and supplies at Gilgit would have sufficed for the maintenance of peace and of our proper influence and position. But the circumstances are not normal; the presence of Umra Khan has disturbed the calculations on which the existing arrangements were based. I can best describe the effect of the invasion in Mr. Robertson's own words. Writing from Mastuj on January 28th he said—

‘Umra Khan invested Kila Drosh on the 26th, and has effected a complete change in the situation. All Chitralis are united to resist Umra Khan.’

“In the same letter he said—

‘Gurdon cannot withdraw from Chitral without our help; and if he made any sign of retiring, we should be mobbed and overwhelmed by crowds of fugitives. Chitral is in a state of panic. We cannot get to Chitral before the 31st.

‘Umra Khan is credited with a desire to arrest Gurdon—by some people. When we get to Chitral, the situation is not much better, except that Gurdon will be safe.

‘If Umra Khan advances rapidly with the most overwhelming force, even then we can hardly retire with prudence; the road is so terribly bad.

‘Supplies, if they can be purchased, cannot be brought in at present, as all men are away fighting. My present idea, subject to subsequent alteration or modification, is to

try and get o Chitral and hold the fort there, to the bitter end if necessary. If Umra Khan fails at Kila Drosh, or makes no further advance, it is only the supply question which should then trouble us.'

"The fall of Kila Drosh still further accentuated the difficulty. Up till then Mr. Robertson had, after reaching Chitral, maintained most scrupulously the attitude of non-interference prescribed by his instructions, in spite of repeated requests from the Chitralis. But when Umra Khan had thus committed himself to an act of open hostility, the Government of India felt that, however unwilling they might be to recognise Amir-ul-Mulk as Mehtar, he was there *de facto*, and they were bound to authorise Mr. Robertson to give the Chitralis such material and moral support as was necessary to repel the invaders; and they at the same time gave orders for the reinforcement of the various garrisons so far as troops were available in the Gilgit District. I was a little sorry to hear the remark made by the Hon'ble Member, which might be taken—though I am sure he did not so mean it—as somewhat disparaging to our officers in the Gilgit District. I have before me a list of those officers; and it contains many names of men who, though perhaps comparatively young, have seen much service of the kind they are now called upon to perform, and have been specially selected for the present duty. We are not able at present to write the history of recent events; but we do know that in a moment of emergency Lieutenant Gurdon, one of these officers, not only kept his head, but showed a courage and resource that would have done credit to the most experienced. I should also mention that Colonel Kelly, commanding the Pioneer Regiment, the senior officer, is now in military command. The orders for the reinforcement of the garrisons issued from Calcutta on February 19th, before Sher Afzal had appeared on the scene, and when the matter before Mr. Robertson and the Government of India was the rendering of assistance to Chitral in protecting the country from an invader—not the support of one candidate against another.

"It soon became apparent that further measures were necessary; and when, after March 1st, all communication with Mr. Robertson ceased, the Government of India were forced to review the position. Shortly it was this, that Mr. Robertson, our duly accredited Agent, who had been obliged to push on to Chitral, as I have stated, by the paramount necessity of securing Lieutenant Gurdon's safety, was himself cut off by some agency of which we knew little, but which could scarcely be other than hostile. We knew that Mr. Robertson did not regard himself in any immediate danger. He held the fort, a strong position, with about three hundred men, and he said that any attack on the

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fort was 'as improbable as its accomplishment would be impossible;' but his communications being cut, any attempt to replenish his supplies was a very difficult operation—how difficult and dangerous has since been seen. The Government of India were bound by every consideration to relieve their officers from such a position which, if not of immediate, was certainly one of proximate, danger.

"Now, reinforcements could not be sent by Kashmir and Gilgit, because the passes are closed by snow until June at earliest, when it would be too late to relieve Mr. Robertson by that circuitous route. There was but one alternative—an advance from Peshawar; and the hostile combination of Umra Khan and Sher Afzal gave an additional justification for its adoption.

"Jandol lies between British India and Chitral on the only road open at this time of the year, and the Government of India have come very reluctantly to the conclusion that as Umra Khan will not listen to remonstrances, but persists in a course which must result in danger to Mr. Robertson and his party, they have a duty which they must perform, and that is by entering his territory to compel him to look to his own affairs.

"On the best information available the Government believed that Mr. Robertson's supplies ought to suffice till about the end of April, and the orders for the collection of transport, issued on March 7th, were calculated to enable his relief to be effected by that time. Subsequent arrangements have been made with the same object.

"I have no doubt that Hon'ble Members will agree that the disaster to Captain Ross' party in their attempt to reach Chitral from Mastuj has made it apparent that these orders were not issued a day too soon, and has established the necessity of the expedition.

"It may be desirable to indicate the considerations which have determined the strength of the force which is being mobilised. The Government of India have proclaimed to the tribes along the Peshawar border the object with which this expedition will go forth, and that their independence is absolutely assured; and it is hoped that their concurrence will be obtained. But the Government of India cannot shut their eyes to the fact that they have to secure a long and difficult line of communications, and they are of opinion that in the interests of peace this must be held in great strength. Any resistance offered not merely to the fighting line, but to its supports or convoys, might leave behind fresh grounds of quarrel—and the Government of India, while they must push

[*The President; Sir Frederick Fryer.*] [28TH MARCH,

on to their goal and insist, by force if necessary, upon the removal of the hostile aggression which menaces their officers in Chitral, desire, above all things, to avoid any step which may lead to any extension of the frontiers of British India, or any interference with the independence of the tribes. For the attainment of these objects it is necessary not only to use every effort to convince the tribes of our friendly intentions to them, but also to advance, now that an advance has become inevitable, in such force as to make it evident that any hostility on their part could be instantly and effectually crushed.

"I hope that Hon'ble Members will admit that, in laying before them the information in my possession and the object of the Government, I have spoken with the utmost frankness. I am not going to obscure what I have endeavoured to make clear by being drawn into a disquisition on frontier policy which might not in any event be very appropriate in this Council—certainly never so inappropriate as now. For the present we have before us a single issue—the claim of brave men, British and Indian, who have not flinched in the performance of their duty, to the support of their countrymen in their hour of need. It is a claim that I believe will go straight home to every British and Indian heart, that will inspire our counsels with unanimity, and will quicken the step of every man whose duty calls him forth on this expedition."

BURMA BOATS BILL.

The Hon'ble SIR FREDERICK FRYER presented the Report of the Select Committee on the Bill to provide for the Registration of certain Boats in Lower Burma. He said:—"My Lord, as I shall not be present when the Bill is taken into consideration, I ask permission to make a few remarks upon the Report.

"The main point of contention with regard to this Bill is as to whether the registration of boats should be compulsory or optional, and the members of the Select Committee are unanimous in considering that it should be compulsory. The alternative Bill drafted by the Government Advocate of Burma for the purpose of introducing a system of voluntary registration of boats was considered when I was Officiating Chief Commissioner of Burma in June, 1893, and I consulted the Rangoon Chamber of Commerce on the subject. The Chamber considered that optional registration of boats would be altogether useless to them. It is argued that, as the system of registration will be of mutual advantage both to the rice-millers and to the owners of boats, both classes will have strong inducements to resort to voluntary registration. This is the very

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[*Sir Frederick Fryer.*]

argument that I used in moving for leave to introduce this Bill, but I used it in favour of making registration compulsory. It is then suggested that the rice-millers might combine to refuse to employ an unregistered boat. No doubt rice-millers can combine, and have done so, in order to keep down the price of paddy, but any such combination is exceedingly difficult to maintain, and, as regards boats, the Rangoon Chamber of Commerce have explained that Burman brokers, Natives of India and others also buy paddy. The Burman boat-owner is, in common with all Burmans, exceedingly careless and apathetic in matters of business. For a Burman to do anything that he is not obliged he must be supplied with a motive for doing it. It will entail some slight trouble on a Burman to register his boat, and he will have to pay a small fee. From seven years' experience of the Burman character, I can assert that very few Burmans would take the trouble to go to a Registrar of Boats and register their boats, paying a fee for so doing, unless they were under an obligation to register boats. If the registration of boats is really likely to be beneficial to the rice-trade, as I believe, then there seems to me to be no reason why registration should not be compulsory, and it would, I think, be rather unreasonable to ask the rice-millers to take permanent measures amongst themselves to compel boat-owners to do what we admit to be beneficial to the boat-owners as well as to the rice-millers and to be required in the interests of the rice-trade, on which the prosperity of Lower Burma mainly depends. The registry of vessels on the river Indus is compulsory under Bombay Act I of 1863, and is there enforced in order to raise revenue to improve the navigation of the river. When the introduction of this Bill was first considered in 1889 by the then Chief Commissioner of Burma, Sir Charles Crosthwaite, it was proposed to devote any surplus revenue derived from the registration of boats to similar objects, but now it has been decided that all the revenue derived from the registration of boats shall be spent strictly in paying for the charges of the registration, so that the Government will derive no profit from the measure, which is undertaken solely for the advantage of trade. This seems to me to be no reason why the registration of boats, which is compulsory on the Indus, should not be compulsory in Lower Burma. The object of registration is different, but it is not of less importance.

"It need, I think, scarcely be said that the Bill gives no power to rice-millers over boat-owners which they do not possess already. If the object of the Bill is attained, all that it will do is to make boats better security for advances, and thus do away with the reluctance of rice-millers to make advances which tends to diminish trade in paddy.

"The principal alterations made in the Bill by the Select Committee are as follows:—

"In section 2 the burthen which a boat must carry to bring it within the operation of the Act has been raised from 60 maunds to 200 Rangoon standard baskets of paddy. The object of this is to exclude boats not used in the paddy-trade from the provisions of the Act. The Rangoon Chamber of Commerce have signified, through the Hon'ble Mr. Playfair, that they accept this minimum. In section 3 the obligation of carrying a certificate of registration has been placed only on boats employed in the carriage of paddy instead of on all boats employed in the carriage of goods or merchandize.

"By section 5, sub-section (3), it has been provided that, subject to the provisions of section 10 of the Bill, no boat which has already been registered shall be again registered. This is in accordance with the practice on the river Indus, where a boat is registered once for all and the original number is never altered.

"In section 9 a sub-section (3) has been added, by which all transfers or charges on boats will rank according to priority of registration, and another sub-section (4) has been inserted to provide that when any charge on a registered boat has been paid off or discharged, the fact shall be recorded by the Registrar in his register and endorsed on the boat-owner's certificate.

"In section 10, sub-section (1), it has been provided that the circumstances under which a boat has been transferred otherwise than by the act of the parties shall be reduced to writing, and the Registrar has, by sub-section (2), been empowered to make such enquiry as may be prescribed into the circumstances of the transfer. These are the most important points in which the Bill has been altered by the Select Committee. There are other minor alterations which are explained in the Select Committee's Report and to which I need not allude here.

"In conclusion, I may say that I hope that this Bill will be taken into consideration as soon as may be after this Council re-assembles at Simla, so that it may be passed in time to allow the Administration of Burma to make arrangements which will render it possible for boats to be registered before the season for making advances to boat-owners in Lower Burma commences. The organization of the registration offices will involve some trouble and take some time, and, if the Bill is passed into law, the necessary arrangements should be made well in advance of the date when the owners of boats will need to register them, and due notice of the provisions of the law should be given to all the persons whom it concerns."

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[Mr. Playfair.]

The Hon'ble MR. PLAYFAIR said:—"With Your Excellency's permission I desire to express the hope that this Bill may be taken into consideration and passed into law at an early date, so as thereby to enable the Local Government to organise the necessary establishment to bring the Act into operation before the opening of the next rice harvest.

"I should like to add that this legislation has been asked for by the rice-millers of Rangoon to afford them a means of protection against the severe losses to which they have been exposed in making advances to boatmen for the purchase of paddy. These annual advances exceed Rs. 100 lakhs, and the losses have been estimated on the most reliable authority at the large sum of Rs. 20 lakhs during last year. The Bill, as originally drafted, received the unanimous approval of the trade and of the Rangoon Chamber of Commerce. The Chamber of Commerce came to the conclusion that to be of practical advantage the registration of paddy-boats under this Bill must be made compulsory and not optional. The opposition that has arisen at the eleventh hour would appear to be wholly official. The correspondence placed before the Select Committee has not revealed any argument in support of this opposition. My Lord, looking to the commercial age in which we live, and to the importance of the rice trade as the staple industry of Burma, and to the only hope of relieving the Government of India of the annual deficit in the finances of Burma by the development of its commerce, I would submit that the interests of this trade deserve the fullest consideration. The Select Committee have made a very careful examination of this Bill, and I commend it, together with their report, for the favourable consideration of Your Excellency's Council."

The Council adjourned *sine die*.

CALCUTTA; }
The 1st April, 1895. }

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