

*Friday,  
8th July, 1898*

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

Vol. XXXVII

**Jan.-Dec., 1898**

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

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*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., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at the Viceregal Lodge, Simla, on Friday, the 8th July, 1898.

P R E S E N T :

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

His Honour Sir William Mackworth Young, K.C.S.I., Lieutenant-Governor of the Punjab.

His Excellency General Sir C. E. Nairne, K.C.B., R.A., Provisional Commander-in-Chief in India.

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

The Hon'ble M. D. Chalmers.

The Hon'ble Major-General Sir E. H. H. Collen, K.C.I.E., C.B.

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

The Hon'ble C. M. Rivaz, C.S.I.

The Hon'ble Rai Bahadur Pandit Suraj Kaul, C.I.E.

CENTRAL PROVINCES TENANCY BILL.

The Hon'ble MR. RIVAZ moved that he be substituted for Sir John Woodburn as a member of the Select Committee on the Bill to consolidate and amend the law relating to Agricultural Tenancies in the Central Provinces. He explained that, since the appointment of the Select Committee on the Bill, the Hon'ble Sir John Woodburn, who was in charge of the Bill, had ceased to be a member of the Council, and, as he had succeeded him in charge of the Bill, he now begged to make the motion in question.

The motion was put and agreed to.

CENTRAL PROVINCES LAND-REVENUE ACT (1881) AMENDMENT  
BILL.

The Hon'ble MR. RIVAZ moved that, for similar reasons, he be substituted for Sir John Woodburn as a member of the Select Committee on the Bill to further amend the Central Provinces Land-revenue Act, 1881.

The motion was put and agreed to.

[*Sir James Westland.*]

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**INLAND STEAM-VESSELS ACT (1884) AMENDMENT BILL.**

The Hon'ble SIR JAMES WESTLAND moved for leave to introduce a Bill to further amend the Inland Steam-vessels Act, 1884. He said :—" This Bill arose from a proposal made by the Government of Bengal to provide for the making of signals between vessels in fogs so as to enable them to avoid collision. When the proposal was made, an examination of the Inland Steam-vessels Act showed that any rules of the kind made by Government would not have the force of law, and therefore they could not be enforced by legal penalties. We therefore made a proposal to mercantile bodies through the Local Governments that we should take, by amending the Act, the necessary power to make rules on the subject. The proposal was accepted by almost all the bodies concerned. The intention is to make rules which will provide for sound-signals by day and for the exhibition of lights at night. The Steamer Companies have, practically, all accepted the principle of the proposal, and I therefore move for leave to introduce a Bill which will give this power to the Local Government for making rules.

" I may mention in connection therewith that, by section 69 of the Act which we propose to amend, it is laid down that before making rules a draft of the proposed rules shall be published for the information of persons likely to be affected thereby ; so that all the rules we now propose will be subject to the condition of a draft being previously published for the information of the persons concerned."

The motion was put and agreed to.

The Hon'ble SIR JAMES WESTLAND introduced the Bill.

The Hon'ble SIR JAMES WESTLAND moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India in English, and in the Fort St. George Gazette, the Bombay Government Gazette, the Calcutta Gazette and the Burma Gazette in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

**INDIAN PAPER CURRENCY ACT AMENDMENT BILL.**

The Hon'ble SIR JAMES WESTLAND moved for leave to introduce a Bill to amend the Indian Paper Currency Act, 1898. He said :—" I may explain that

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the object of the Bill would be more accurately stated as a proposal to extend the operation of that Act, for the Act, according to its terms, expires on the twenty-first day of this month. It will be remembered that the original object of the Act was to enable Government under certain circumstances to alleviate stringency in the money market by allowing the Secretary of State to draw bills for the accommodation of trade, against the Currency Reserve as well as against the Treasury. It is well known that the whole question of our currency legislation, and the state of our currency, is at present under examination in London, and we hope that, following this examination, measures will be taken to establish something that may be called a gold standard in India: but until these measures are taken there is little doubt that a condition of stringency will remain in the money market, and that it is possible that we may be called upon next cold weather to take the same means to alleviate it, which were made available by the Act passed on the 21st January last. It is certainly unwise to give up the power which this Act gives us, until the questions relating to our currency are at all events nearer settlement than at present. We therefore ask for an amendment of the Act which will have the effect of prolonging its operation for two years after the 21st July of this year.

"I am permitted by His Excellency the Governor General to take this opportunity of giving an explanation regarding our intentions this year in respect of ways and means. I do this the more readily because there has been in some quarters a misunderstanding regarding the steps which the Secretary of State recently took in Parliament for obtaining authority to borrow £10,000,000. It has been imagined that the Secretary of State had the intention of immediately borrowing this £10,000,000, and it was argued from this that he intended to substitute the sterling borrowing in England for borrowing in rupees in this country. He, however, at the time of dealing with the question before the House of Commons, explained that his intentions in respect of borrowing were exactly those laid down in the Budget, and no additional borrowing was intended. The application which he made to Parliament, I may explain, is not an application which it is necessary for him to make with reference to the yearly accounts or estimates, but is an application which lies outside these and which arises from the fact that it is necessary for him to have Parliamentary authority before he goes into the market to borrow money at all. He takes this authorization, not at any stated periods, but whenever necessary, and he takes it, from time to time, in lump sums, such as the £10,000,000, for which he has asked this year. The result of these conditions is that, when the Secretary of State proposes in his Estimates to borrow in England an amount which exceeds the balance of the authorization which he

[*Sir James Westland.*]

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already possesses from Parliament, he is obliged to go to Parliament for further powers. There is no direct connection between the authority which he asked for, and which has been given to him, to borrow £10,000,000, and the amount which he actually intends to borrow this year. Indeed, the figures he laid before Parliament were exactly those stated in the Financial Statement. Moreover, he made it quite clear that he intended to draw upon us for the full £16,000,000 provided for in the Estimates, and from that it would be obvious that he did not mean to substitute sterling borrowing for ways and means provided out of borrowing in this country. At the same time we fully recognise the fact that the present would be a most inopportune time to go to the market for the loan of 3 crores of rupees which we estimated in the Financial Statement that we would borrow in this country. There are two reasons for this, or rather there are two phases of the same reason. One is that the money market, as I have already explained, is in a condition of unusual stringency, the rate of interest at the Bank of Bengal at the present moment being 7 per cent., which is high for this time of year. We could not expect to get 3 crores out of the money market in its present condition without laying upon it a very considerable strain. Then it must be remembered also that if those measures relating to our currency, to which I have alluded, have the effect, which the Government hope and believe they will have, of establishing a gold standard in this country, one result will certainly be a considerable appreciation of Government Paper. The condition of things, therefore, amounts to this that, if we can postpone any part of our necessary borrowing from this year to a future year, we may expect in that future year to obtain the money on very much better terms than we are likely to get it this year. We have, therefore, carefully considered our ways and means in order to see to what extent we will be able to meet all the Secretary of State's drafts, and to pass over our low balance period. We do not wish to use the powers I have asked for in the present Bill to meet any part of the £16,000,000 which the Secretary of State will draw during the current year in pursuance of his Budget Estimates. We desire to meet this amount out of our ordinary Treasury Balances, and in the ordinary course, and to let the power asked for in the present Bill be used only if it becomes necessary for any extraordinary drawings; for it must be remembered that the Secretary of State cannot apply to the purposes of ordinary expenditure any drawings made under the powers which the Bill I have asked leave to introduce will give. A careful estimate of our ways and means shows that, as matters now stand, thanks largely to better revenue prospects and especially to a great improvement in the Railways during the last few months, we will be able to get over our low balance period with a much smaller amount of borrowing than we originally intended.

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[*Sir James Westland.*]

"I have, therefore, to announce, on the part of the Government, that our present intention is to limit our borrowing this year to 120 lakhs. We shall enter the market for this sum when it is necessary to do so, probably in August or September. I must also explain that this statement is made subject to the reservation under which such statements are always made in the Budget, namely, that the Government reserves to itself the right of altering its intentions in the matter of borrowing and in the matter of drawings of Council bills as it may think proper. But, subject to this ordinary reservation that Government is not bound to the amounts I now state, the announcement of the present intention of the Government is that our borrowing this year will be for a loan of 120 lakhs of rupees and not of 3 crores. I have the honour, therefore, with these explanations to move for leave to introduce the Bill."

The motion was put and agreed to.

The Hon'ble SIR JAMES WESTLAND introduced the Bill.

The Hon'ble SIR JAMES WESTLAND moved that the Bill and Statement of Objects and Reasons be published in English in the Gazette of India. He said that it was his intention to ask the Council, on the next day of its meeting, namely, the 15th July, to pass the Bill which, after its general acceptance in January last, could not be regarded as a contentious one.

The motion was put and agreed to.

The Council adjourned to Friday, the 15th July, 1898.

SIMLA ;  
The 8th July, 1898. }

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