

*Monday,
20th March, 1899*

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

LAWS AND REGULATIONS

Vol. XXXVIII

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

1899

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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).

The Council met at Government House, Calcutta, on Monday, the 20th March, 1899.

PRESENT :

His Excellency Baron Curzon of Kedleston, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir John Woodburn, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Sir W. S. A. Lockhart, G.C.B., K.C.S.I., Commander-in-Chief in India.

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

The Hon'ble Mr. M. D. Chalmers, C.S.I.

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 Mr. C. M. Rivaz, C.S.I.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. J. J. D. LaTouche, C.S.I.

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

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Mr. Allan Arthur.

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

The Hon'ble Nawab Mumtaz-ud-daula Muhammad Faiyaz Ali Khan.

The Hon'ble Mr. J. K. Spence, C.S.I.

The Hon'ble Mr. G. Toynbee.

The Hon'ble Mr. D. M. Smeaton, C.S.I.

The Hon'ble Mr. J. D. Rees, C.I.E.

The Hon'ble Maharaja Rameshwara Singh Bahadur of Darbhanga.

The Hon'ble Nawab Bahadur Sir Khwaja Ahsanullah, K.C.I.E.

FINANCIAL STATEMENT FOR 1899-1900.

The Hon'ble SIR JAMES WESTLAND introduced and explained the Financial Statement for 1899-1900. He said :—

" PART I.

"INTRODUCTION.

"In presenting my Financial Statement of March 1898 I alluded to the calamities of famine, war, pestilence, and earthquake which had fallen upon us during the year then closing, and I went on to refer to the promise of brighter times introduced by the abundant harvest of 1897. The recovery of the country has been more rapid than any of us anticipated at the time I allude to; another good harvest has been gathered, and although the plague still casts a shadow over the land, the general condition of the people as evidenced by the Returns of Trade and of Revenue is prosperous, and the famine of 1896 and 1897 is now little more than a memory, its effects being obliterated by the return of prosperous seasons. I cannot, however, pass from the subject without deriving from it one lesson which it seems to me to afford—namely, that the margin between prosperity and adversity in India must be a very narrow one, for if we have learned that one bountiful harvest suffices to restore the country after a widespread and severe famine, we have learned also that the failure of the seasonal rains in a single month of the year is sufficient to set back a full tide of prosperity; and that this is a possibility which in the administration of India, and in its financial administration especially, we dare not leave out of account.

"2. In the two calamitous years of which I told the history last March, namely, 1896-97 and 1897-98, I had to shew that the accounts of the Empire were in deficit to the aggregate amount of, as nearly as possible, seven crores of rupees (Rx. 6,988,100 since increased to Rx. 7,064,233). In the two succeeding years (those of which I present the estimates to-day) I am glad to say that this deficit has been, or will be, more than covered, for so complete is the reversal of last year's position that in passing from 1897-98 to 1898-99 we pass from a deficit of Rx. 5,359,211 to a surplus of Rx. 4,759,400, and in my Budget Estimates for next year I anticipate a surplus of Rx. 3,932,600. I lay these figures before the Council at the very commencement of my Statement, as I have no doubt they are anxious to know, as soon as possible, the general drift of the figures which I now proceed to explain in greater detail.

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[*Sir James Westland.*]

"Accounts of 1897-98.

"3. The Accounts of 1897-98 were, as usual, published in the first half of January, and the results then shewn compare as follows with the anticipations formed in March 1898:—

	Revenue. Rx.	Expenditure. Rx.	Deficit. Rx.
Estimated in March 1898 .	96,561,500	101,844,600	5,283,100
Actual Accounts . .	96,442,004	101,801,215	5,359,211
<hr/>			
Accounts { Better + Worse,— . }	—119,496	+43,385	—76,111
<hr/>			

"The differences on the whole were very small, as the accounts under each of the heads of Revenue and Expenditure closely followed the Revised Estimate. Indeed, had it not been that we determined after the close of the year to make certain grants (aggregating Rx. 88,100) to the Provincial Governments of Bombay and of Bengal in further reimbursement to them of their famine expenditure, the difference in the whole account between Revised Estimate and Actuals would have been only Rx. 12,000.

"Revised Estimates of 1898-99.

"4. In the Budget Estimate for 1898-99 I estimated the results of the year to be a surplus of Rx. 891,400. But we now find that mainly through abundant revenue, military economies on the North-West Frontier, and very favourable exchange, the result of the year will be a surplus, as I have already stated, of Rx. 4,759,400. I shall explain afterwards that on a review of the financial position of the several Local Governments, whose balances have been exhausted by famine and plague, and who have still to meet pressing demands for expenditure while the expansion of their revenues has for a time been set back by the calamities referred to, we have decided to make them grants in aid of their resources, out of the surplus that has accrued to us on the Imperial account. The total amount of these grants is Rx. 700,000, and thus the surplus of the year is reduced from Rx. 4,759,400 to Rx. 4,059,400. The money may be described as expenditure brought to account by anticipation, that is to say, it goes at present merely to swell Provincial balances, and when actually spent on the purposes in consideration of which it is granted, it has not again to be charged against the surplus of the year, but passes through the Provincial adjusting entry.

" 5. The detail of the differences between the Revised Estimates for 1898-99, as now presented, and the amounts taken in the Budget Estimates prepared twelve months ago are set out in the following statement:—

" Estimates of 1898-99.

	Budget.	Revised.	Revised Better.	Revised Worse.
ENGLAND.				
STERLING IN ENGLAND—				
Revenue	£ 188,300	232,500	44,200	
Expenditure	16,474,800	16,323,700	151,100	
NET EXCHANGE ON ABOVE	Rx. 9,120,500	8,045,600	1,074,900	
NET CHARGE	25,407,000	24,136,800	1,270,200	
INDIA.				
	Rx.	Rx.	Rx.	Rx.
REVENUES IN INDIA—				
Land Revenue	27,568,200	27,679,400	111,200	
Opium	5,329,800	5,679,400	349,600	
Salt	8,728,000	9,047,200	319,200	
Other Principal Heads of Revenue	24,033,800	24,583,200	549,400	
Post Office and Telegraph (net)	714,000	610,700	...	103,300
Departmental Receipts (a)	4,078,600	4,174,700	96,100	
Railways, Net Earnings	12,036,100	12,814,200	778,100	
Irrigation	3,228,100	3,461,700	233,600	
Military Works	50,300	54,200	3,900	
Army	833,000	835,200	2,200	
TOTAL REVENUES	86,599,900	88,939,900	2,340,000	
EXPENDITURE IN INDIA—				
Direct Demands on Revenues—				
Opium	2,654,000	2,348,800	305,200	
Other heads	8,483,900	8,280,500	194,400	
Interest (b)	—1,128,900	—1,132,200	3,300	
Civil Departments	17,225,900	17,371,100	...	145,900
Famine Relief	85,100	44,600	40,500	
Protective Works and Reduction of Debt	1,014,100	1,131,500	...	117,400
Railways, Charges against Net Earnings (net)	4,951,700	4,881,800	69,900	
Irrigation	3,211,500	3,218,200	...	6,700
Military Works and Special Defences	1,135,800	1,113,700	22,100	
Civil Works	4,702,100	4,493,600	208,500	
Army (Ordinary Charges)	16,625,800	16,541,500	84,300	
„ Warlike Operations	1,458,000	1,023,700	434,300	
	60,418,300	59,325,800	1,092,500	
Provincial Adjustment—				
Addition (+) or Deduction (—) made for increase or decrease of Provincial and Local Balances	—116,800	+717,900	...	834,700
Special grants to Provincial Governments . . . . .	...	+700,000	...	700,000
NET EXPENDITURE CHARGED AGAINST REVENUE IN INDIA	60,301,500	60,743,700	...	442,200
Surplus	891,400	4,059,400	3,168,000	

(a) Including interest and receipts under Civil Works.

(b) This entry in the Indian portion of the accounts is a *minus* one, as the interest passed to the charge of Railway and Irrigation is greater than the whole amount of interest payable in India.

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"6. The first point to note is that, except for a small falling-off under Stamps and Registration, every one of the Revenue heads shows better results than anticipated in the Budget Estimates. The improvement under Land Revenue is mostly in Burma and the North-Western Provinces. In Opium we have got much better prices in Bengal than we estimated for, namely, Rx. 4,164,000 against Rx. 3,900,000, and in Bombay the low rate of the pass-duty, as compared with previous years, has led to a revival of the export which last year shewed a very considerable decline. The increase in Salt Revenue, which now produces 9 crores against the 8½ which it gave us in the two famine years, is a satisfactory indication of the improvement in the condition of the people, and the Customs Revenue continues to increase as trade continues to flourish.

"7. Post Office and Telegraph shew a falling-off, due in the latter case partly to the cessation of hostilities on the North-Western Frontier, but chiefly to the more extensive use of deferred telegrams which are now delivered by hand, and in the former case to reduction of rates of postage. We calculate that by the increase, from one tola to one-and-a-half, of the unit of weight for inland postage we diminish the annual revenue by Rx. 60,000, and by adopting the Imperial Penny Postage (for India, one anna) we give up Rx. 40,000. A considerable portion of this last item will be recovered for us by an arbitration given in our favour, in respect of the distribution, between the English and the Indian Post Offices, of the subsidy charges payable to the Peninsular and Oriental Company and by reductions of the scale of charge in respect of continental transit.

"8. Under Railways—Net Earnings—we have received Rx. 778,100 more than we estimated, the important items being—

	Rx.
1. North-Western	Better 410,000
2. Great Indian Peninsula	Better 416,000
3. Bombay, Baroda and Central India	Better 210,000
4. Rajputana-Malwa	Better 70,000
5. Eastern Bengal	Worse 110,000
6. Southern Mahratta	Worse 80,000
7. South Indian	Worse 50,000
8. Madras	Worse 55,000
9. Assam-Bengal	Worse 31,000
Net of the above	Better 780,000

"The improvement is due generally to large exports of grain consequent on good winter crops, and in one case to postponement of works of repair and renewal.

"The Plague is responsible for the falling-off on the Railways in Southern India.

"An inferior jute crop and the postponement of jute deliveries in Calcutta was the cause of the worse result on the Eastern Bengal State Railway, and inclusion in the Working Expenses of the revenue share of repairs of earthquake damages caused the reduction on the Assam-Bengal Railway.

"9. On the expenditure side, the first considerable improvement is under Opium, and is due to our failure to obtain as good a crop as we hoped. We have been able to recommence the building up of our Reserve, but the good season for which for many years we have waited has not yet come, and the produce still remains short of our standard. There has also been a considerable saving in the expenditure of the Salt Departments, and fair amounts in the other Revenue Departments. The Civil Departments shew the usual considerable savings in their Budget Estimates, but the amount has been more than swallowed up in the expenditure caused by Plague. The head "Medical" alone shews an excess over estimate of Rx. 327,800, most of which is in Bombay, and all of which for practical purposes falls on the Imperial Account, for the Provincial Governments are not able to bear the expenditure without assistance in the form of grants from Imperial.

"10. The Army expenditure in India (ordinary) is less by Rx. 84,300 than estimated in the Budget, and of the Budget provision of Rx. 1,458,000 in India for Warlike Operations only Rx. 1,023,700 has been spent, the Military authorities having, from the very beginning of the year, found it practicable to reduce the forces maintained on the North-West Frontier.

"Rate of Exchange.

"11. The rate of exchange taken for the purpose of the Budget Estimate last March was 15 $\frac{3}{8}$ pence (or rather £1 = R15'6), that being the rate actually realized in 1897-98. At the opening of the year 1898-99 the current rate was 15 $\frac{11}{16}$ or 15 $\frac{7}{8}$, but under the influence of a strong demand in April and May (in each of which months the Secretary of State sold two millions sterling of Council Bills) it quickly rose to 16 pence and over. This demand was due mainly to

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unusually large exports of Rice, Wheat, and Seeds, the figures of which for the five principal months of export are shown in the following table:—

Exports (Value in Rupees) of Rice and Wheat (including Flour) and Seeds by Sea from British India during February to June 1896, 1897, and 1898.

		February.	March.	April.	May.	June.
Rice	1896 . .	2,30,79,157	2,35,35,019	1,28,19,258	87,78,324	1,05,82,352
	1897 . .	2,05,74,378	2,26,73,146	85,42,095	74,73,502	72,22,053
	1898 . .	2,11,33,697	2,39,73,430	1,74,35,984	1,39,93,271	1,00,28,152
Wheat	1896 . .	13,68,050	14,41,371	20,32,888	27,38,742	21,72,359
	1897 . .	3,28,052	1,83,882	3,47,801	5,03,124	6,14,133
	1898 . .	9,99,271	55,10,941	1,09,23,719	2,85,78,798	2,28,64,833
Seeds	1896 . .	68,45,149	96,72,087	1,08,31,633	1,27,32,470	1,10,86,314
	1897 . .	25,08,515	30,02,053	43,92,610	1,09,06,210	85,56,518
	1898 . .	58,76,128	74,23,872	88,45,785	1,25,27,552	1,16,97,108
Total all three.	1896 . .	3,12,92,356	3,46,48,477	2,56,83,779	2,42,49,536	2,38,41,225
	1897 . .	2,34,10,945	2,58,59,081	1,32,82,506	1,88,82,836	1,63,92,736
	1898 . .	2,80,09,096	3,69,08,243	3,72,05,488	5,50,99,621	4,45,90,093

"12. The position thus gained at the beginning of the year has never been lost, and the rate has continually fluctuated about 16 pence, now a little over it and now a little under it. In the latter half of the year the rate has never been below $15\frac{1}{2}$ pence. The drawings have now for some time stood at Rx. 700,000 a week, and we expect when the year closes to have remitted by Council Bills £19,000,000 equal to Rx. 28,540,000, giving, as nearly as possible, an average rate of sixteen pence. The Revised Estimates for 1898-99 are accordingly made up at this rate.

"13. For next year I have made the modest estimate of $15\frac{1}{2}d$. I fully anticipate we shall realize, as this year, something closely approaching to 16 pence, but our continual practice in India is to avoid sanguine estimating, and following this principle I am loth to take a figure which may have the taint of being, under existing circumstances, the best possible.

"14. It may be noted that not only are the remittances of the current year the largest on record (there being hitherto only one year, 1881-82, in which they exceeded £18 millions), but we have in addition to these remittances received in India in exchange for silver at the rate of Rs. 15 per £ sterling, Rx. 2,616,400 of gold which we now hold as part of the currency reserve in addition to Rx. 255,400 similarly held on 1st April 1898.

"Budget Estimates, 1899-1900.

" 15. The Budget Estimates of Revenue and Expenditure for the coming year 1899-1900 made up at this rate of exchange shew a surplus of Revenue of Rx. 3,932,600. It will be best perhaps to explain the figures by comparing them with the Revised Estimate for the current year, as exhibited in the Statement in paragraph 5 above.

" Budget Estimates of 1899-1900 compared with the Revised Estimates of 1898-99.

ENGLAND.		Revised, 1898-99.	Budget, 1899-1900.	1899-1900, Better than 1898-99.	1899-1900, Worse than 1898-99.
STERLING IN ENGLAND—					
Revenue	£	232,500	207,100		25,400
Expenditure	£	16,323,700	16,531,600		207,900
NET EXCHANGE ON ABOVE	Rx.	8,045,600	8,550,900		505,300
NET CHARGE		24,136,800	24,875,400		738,600
INDIA.					
REVENUES IN INDIA—		Rx.	Rx.	Rx.	Rx.
Land Revenue		27,679,400	27,641,900	...	37,500
Opium		5,679,400	6,003,700	324,300	...
Salt		9,047,200	8,757,200	...	290,000
Other Principal Heads of Revenue		24,583,200	24,414,400	...	168,800
Post Office and Telegraph (net)		610,700	501,100	...	109,600
Departmental Receipts (a)		4,174,700	4,053,700	...	122,000
Railways, Net Earnings		12,814,200	13,382,600	568,400	...
Irrigation		3,461,700	3,451,100	...	10,600
Military Works		54,200	50,900	...	3,300
Army		835,200	816,600	...	18,600
TOTAL REVENUES		85,939,900	89,072,200	132,300	...
EXPENDITURE IN INDIA—					
Direct Demands on Revenues—					
Opium		2,348,800	2,653,900	...	305,100
Other heads		8,289,500	8,622,900	...	333,400
Interest		—1,132,200	—1,319,800	187,600	...
Civil Departments		17,371,100	17,986,800	...	615,700
Famine Relief		44,600	5,700	38,900	...
Protective Works and Reduction of Debt		1,131,500	1,123,900	7,600	...
Railways, charges against net earnings (net)		4,881,800	5,218,900	...	337,100
Irrigation		3,218,200	3,333,900	...	115,700
Military Works and Special Defences		1,113,700	1,299,600	...	185,900
Civil Works		4,493,600	5,350,800	...	857,200
Army (Ordinary Charges)		16,541,500	16,873,400	...	331,900
Warlike Operations		1,023,700	38,900	984,800	...
		59,325,800	61,188,900	...	1,863,100
Provincial Adjustment		1,417,900	—924,700	2,342,600	...
NET EXPENDITURE CHARGED AGAINST REVENUE IN INDIA.		60,743,700	60,264,200	479,500	...
Surplus		4,059,400	3,932,600	...	126,800

(a) Including Interest and Receipts under Civil Works.

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" 16. Under Revenue heads in India the collection of arrears of Land Revenue still goes on, but we do not expect next year quite so much as in the current year. Under Salt and Customs we expect a slight advance over the Budget Estimates of 1898-99, but have not estimated to receive so great an advance over these as we shall certainly receive in the current year. The current prices of Opium warrant our estimating for a considerable increase in the revenue under this head.

" 17. Under Railways the estimates are for a small advance in net earnings. The details are as follow :—

	Budget, 1898-99. Rx.	Revised, 1898-99. Rx.	Budget, 1899-1900. Rx.
State Railways—Gross . . .	19,382,600	19,695,800	20,237,100
Working Charges	9,770,500	9,876,600	10,047,000
Net . . .	9,612,100	9,819,200	10,190,100
Guaranteed Railways—Net . .	2,424,000	2,995,000	3,192,500
TOTAL NET	12,036,100	12,814,200	13,382,600

" 18. The Great Indian Peninsula Railway contributes Rx. 130,000, the Madras Railway Rx. 65,000, and the East Indian Railway Rx. 60,000 of the improvement shewn in Budget, and we expect the Eastern Bengal and Southern Mahratta Railways to recover from their low figures of 1898-99. The increasing mileage of the East Coast Railway will also bring in better returns; on the other hand, there are heavy renewals on the North-Western Railway to be provided for. Under Civil Departments we have to provide for considerable additions to Police expenditure (partly due to Plague); and we have also made fairly ample estimates for Plague expenditure, the charges under " Medical " in India being as follows :—

	Total. Rx.	Including Plague Expenditure. Rx.
1894-95	1,003,438	...
1895-96	1,020,077	...
1896-97	1,065,158	19,000
1897-98	1,328,952	297,000
1898-99, Revised	1,542,900	308,900
1899-1900, Budget	1,678,100	354,200 + 209,500

" The last-mentioned Rx. 209,500 is shewn separately, because it is in the nature of a reserve in the " India " Section of the Accounts, and if actually spent, it will not pass under " Medical " in the Imperial Portion of the Accounts, but be dealt with as a transfer.

" 19. We have increased the total provision for Military Works to Rx. 1,322,300, against expenditure in 1897-98 and 1898-99 of about Rx. 1,168,385 and Rx. 1,197,600, the purpose of the increase being to meet charges likely to fall upon us in respect of places of defence and similar works on the North-West Frontier.

" 20. The Military Estimates shew large savings in India as compared with the current year, the India figures being—

	Ordinary Expenditure. Rx.	Warlike Operations. Rx.	Total. Rx.
1896-97 . . .	17,243,137	18,206	17,261,343
1897-98 . . .	16,514,547	3,847,992	20,362,539
1898-99, Budget	16,625,800	1,458,000	18,083,800
1898-99, Revised	16,541,500	1,023,700	17,565,200
1899-1900, Budget	16,873,400	38,900	16,912,300

" No Remission of Taxation.

" 21. In view of the surpluses as shewn in the Revised and Budget Estimates, the Government of India have carefully considered the question whether they should propose, at present, any remission of existing taxation. The conclusion to which they have come is that any such proposal would be premature, and this mainly on two grounds. The first is that we have, as it were, to make up for arrears. As stated in my opening paragraph, we have had in the past two years deficits aggregating Rx. 7,064,233, and we ought to regard ourselves as under an obligation to recover our position by accumulating counterbalancing surpluses. The second and weightier reason is that we have in contemplation, as is well known, certain extremely important measures of currency reform, which are under the consideration of a Committee sitting at the India Office in London. Whatever the advice of that Committee may be, we consider we are bound to prepare for any measures that may result from it by preserving as strong a financial position as possible, and we consider we would act unwisely if we were to reduce our financial strength by remitting existing taxation and run the risk of finding ourselves, by our own action, less free than we would otherwise be to undertake any measures of currency reform that may seem desirable.

" Railway Construction.

" 22. I have, in former Financial Statements, referred to the policy recently established of laying down a programme of Railway Construction for three years in advance. The first of these programmes was for the three years ending 31st March 1899. This programme was at first intended to include an expenditure of 27 crores of rupees, but was afterwards extended to 29½ crores. Latterly, however, financial difficulties have obliged us somewhat to curtail the

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expenditure, and we expect to expend against the programme of 29½ crores the following amounts :—

	Rx.
In 1896-97 (actuals)	8,658,800
„ 1897-98 („)	8,145,500
„ 1898-99 (Revised Estimate)	8,387,500
TOTAL	25,191,800

“ 23. I leave to my Hon'ble Colleague Sir A. Trevor the task of stating in detail the results of the expenditure. It is sufficient here to set them out in the most general form (the figures of the Railways of Native States and of other Railways that lie outside our accounts being omitted) :—

	Standard Gauge.	Metre Gauge.	Special Gauges.	Total.
<i>March 31, 1896—</i>				
Mileage open	10,430	6,842	36	17,308
„ under construction	1,490	1,086	...	2,576
TOTAL	11,920	7,928	36	19,884
<i>March 31, 1899—</i>				
Mileage open	11,728	7,522	36	19,286
„ under construction	814	971	77	1,862
TOTAL	12,542	8,493	113	21,148

“ 24. I divide the Railway Construction in the present estimates, for convenience sake with reference to our accounts, into four categories, namely :—

First.—State Railway Construction ; money found by Government, but also by debentures in the case of the East Indian and Assam-Bengal Railway Companies.

Second.—Construction by Assisted and Working Companies out of funds raised by them or in some cases advanced by Government to them. Also Branch Line Companies under a firm guarantee.

Third.—Open line capital and new construction by the old Guaranteed Companies.

Fourth.—Construction by Companies outside the accounts of the Government, and also construction by Branch Line Companies on rebate terms.

"The above classification slightly differs from that of last year's Statement, as under new arrangements every portion of the above comes within the programme, except the fourth category, *vis.*, Company construction outside the accounts of Government, and Branch Line Companies not under firm guarantee.

"25. The Estimates of Capital construction for the two years 1898-99 and 1899-1900 now stand as follows, the figures for programme expenditure in the Revised Estimate of 1898-99 being modified so as to correspond with the new classification :—

	Revised Estimate, 1898-99. Rx.	Budget Estimate, 1899-1900. Rx.
FIRST CATEGORY—STATE RAILWAYS—		
Funds available by Famine Grant .	695,400	490,000
Grant under—		
48.—State Railway Construction .	2,882,200	3,465,000
East Indian Railway Company's Debentures	1,573,800	750,000
TOTAL .	5,151,400	4,705,000
SECOND CATEGORY—ASSISTED COMPANIES	3,155,300	3,009,900
THIRD CATEGORY—OLD GUARANTEED COMPANIES	851,600	1,107,800
TOTAL "PROGRAMME" .	9,158,300	8,822,700
Add—FOURTH CATEGORY (outside programme)	1,470,100	950,300
TOTAL .	10,628,400	9,773,000

N.B.—The Chittagong Port Works, connected with the Assam-Bengal Railway, shown in last year's Statement as Miscellaneous Public Improvements, are now included as "Railway Construction."

"26. Having now carried to a fairly successful issue this policy of temporary activity in railway construction, we think it wise, both from a railway and from a financial point of view, to curtail for a time the rate of progress of railway construction. The nine or ten crores a year sanctioned in 1897 was not meant to be permanently adopted, and we deem it desirable now to allow a short time for the earning capacity of the lines recently constructed to develop itself, before again undertaking special burdens in the direction of capital outlay upon railways.

"27. For these reasons we deemed it advisable to fix about 20 crores as the limit of our expenditure for the next three years; and a programme was accordingly prepared for expenditure as follows :—

	Rx.
1899-1900	6,772,700
1900-1901	6,728,400
1901-1902	6,821,000
TOTAL .	20,322,100

1899.]

[Sir James Westland.]

but we have had to alter these figures for the following reason. In the Budget Estimates of 1898-99, we proposed to spend under the first three years' programme a sum of Rx. 10,788,900 in the year 1898-99, but the inability of the workshops in England to meet the demands which were made upon them by ourselves and the various constructing companies has reduced the expenditure of 1898-99 to Rx. 8,387,500. Many of the orders, however, will be completed and paid for in 1899-1900, and we have therefore to provide, under the new three years' programme, in 1899-1900 not only the intended Rx. 6,772,700, but a considerable amount in addition, which may be regarded as arrears of the old programme handed on to the new one. The amount estimated for is therefore Rx. 8,822,700.

"28. The following are the entries under the first category (State Railways) :—

	Revised, 1898-99.	Budget, 1899-1900.
<i>Expenditure by State Agency—</i>		
Open lines—	Rx.	Rx.
North Western	228,300	212,300
Oudh and Rohilkhand	95,700	72,800
Eastern Bengal	150,500	257,200
East Coast	60,000	40,000
Warora Colliery	—6,300	—2,100
Umaria Colliery	—7,100	—100,000
Stores transactions	—15,800	—7,500
TOTAL	505,300	472,700
<i>Lines under construction—</i>		
Rae Bareilly-Benares	54,400	4,000
Bhatinda-Ferozepur Conversion	64,700	...
Mari-Attock	142,500	25,000
Jullundur-Hoshiarpur—(Land)	—100	...
Ghaziabad-Moradabad	238,000	332,600
Indus Bridge	108,400	35,000
Bezwada-Madras	669,200	30,000
Godavari Bridge	166,400	200,000
Lyalpur-Khanewal	90,200	75,000
Cooch Behar-Santrabari	30,300	12,500
Rajbari-Fareedpur	26,100	...
Shadipalli-Jodhpore Frontier	100,300	100,000
Rungpur-Dhubri including Teesta Bridge	46,100	211,500
Southern Punjab—Rolling-stock	202,800	2,700
Hurdwar-Dehra "	7,800	27,200
Brahmaputra-Sultanpur "	36,600	8,800
Mymensingh-Jamalpur "	40,700	9,400
Nowshera-Dargai . . . . .	...	120,000
TOTAL	2,024,400	1,193,700

FINANCIAL STATEMENT.

[Sir James Westland.]

[20TH MARCH,

		Revised, 1898-99. Rx.	Budget, 1899-1900. Rx.
<i>Expenditure by Agency of Companies—</i>			
Open lines—			
East Indian including extensions . . .		1,450,000	1,500,000
Rajputana-Maliwa system . . .		1,600	90,000
Tirhoot		157,000	40,000
Bhopal		5,400	10,000
Dhond and Manmad		5,500	16,000
South Indian		—200,000	50,000
Guntakal-Mysore Frontier		—400	...
Madras-Ennore		200	...
TOTAL		1,419,300	1,706,000
Lines under construction—			
Assam-Bengal	{ Land, Part I . . .	22,000	20,000
	{ Construction, Part II . . .	1,134,400	762,000
	{ Chittagong Jetties . . .	46,000	18,000
Hajipur-Katihar Extension		250,000	200,000
Madura-Paumben . . . . .		...	100,000
Tinnevely-Quilôn . . . . .		...	70,000
TOTAL		1,452,400	1,170,000
Lump deduction on account of probable lapse		250,000	...
Reserve . . . . .		...	162,600
TOTAL FROM IMPERIAL FUNDS		5,151,400	4,705,000

" 29. The items in the second category (Assisted Companies) are:—

		Revised, 1898-99. Rx.	Budget, 1899-1900. Rx.
Bengal-Nagpur		1,861,000	1,770,000
Indian Midland		203,000	165,000
Burma Railways		700,000	800,000
Bengal Central		78,100	40,000
Lucknow-Bareilly		15,300	6,900
Southern Mahratta		44,900	40,000
Mysore		35,000	20,000
Hardwar-Dehra		150,000	88,000
Bhramaputra-Sultanpur		68,000	80,000
TOTAL		3,155,300	3,009,900

1899.]

[Sir James Westland.]

"30. The estimate under the third category (old Guaranteed Companies) provides for :—

	Revised, 1898-99. Rx.	Budget, 1899-1900. Rx.
<i>Open Line Capital—</i>		
Great Indian Peninsula	73,600	74,000
Madras	20,100	60,000
Bombay, Baroda and Central India	459,100	410,000
<i>Extensions—</i>		
Calicut-Cannanore	70,600	200,400
Amalner Palgaon-Chalisgaon Dhulia	228,200	363,400
TOTAL	851,600	1,107,800

"31. The principal projects classed under the fourth category and outside the "programme" are :—

	Revised, 1898-99. Rx.	Budget, 1899-1900. Rx.
Bengal Dooars Extensions	40,000	200,000
Bengal and North-Western Railway Extensions	445,000	365,000
Tapti Valley	650,000	230,000
South Behar	204,000	77,500
Smaller Branch Lines	131,100	77,800
TOTAL	1,470,100	950,300

"Capital Expenditure on Irrigation.

"32. The amount of Rx. 750,000 has hitherto been provided for expenditure on Irrigation. In 1899-1900 a further amount of Rx. 100,000 is provided under this head. The grant for 1898-99 which was of the usual amount, Rx. 750,000, has not been fully worked up to, owing chiefly to the approaching completion of the Chenab Canal and partly to it not having been found possible to start work on the Jhelum Canal in the early part of the year.

" 33. The principal works under this head are at present :—

	Revised, 1898-99. R π .	Budget, 1899-1900. R π .
Mandalay Canal	90,000	100,000
Fatehpur Branch of the Lower Ganges Canal	63,600	42,600
Chenab Canal	151,500	80,000
Jhelum Canal	36,200	210,000
Jamrao Canal	142,200	133,900
Other Projects	208,700	283,500
TOTAL	692,200	850,000

"Remittance and Debt.

" 34. The following account shews in a shortened form the requirements of the Secretary of State; the figures are drawn up so as to shew separately the transactions on account of Government, and the transactions arising out of the operations of Railway Companies :—

	Revised, 1898-99. £	Budget, 1899-1900. £
<i>Requirements on Government Account—</i>		
Excess of expenditure on Revenue Account	16,091,200	16,324,500
Expenditure not charged to Revenue .	791,100	682,100
Net payments on Remittance Accounts, etc	225,400	268,800
Total Requirements	17,107,700	17,275,400
<i>Transactions of Railway Companies—</i>		
Net receipts on account of Capital .	2,183,100	1,970,000
Payments for Stores, etc.	2,718,000	3,181,700
Net Outgoings	534,900	1,211,700
Net Funds required	17,642,600	18,487,100

" 35. The following figures shew the manner in which the above requirements have been or are to be financed :—

	Revised, 1898-99. £	Budget, 1899-1900. £
By Council Bills (net Remittance) . .	19,000,000	17,000,000
By addition to Permanent Debt . . .	1,912,800	...
Less reduction of Temporary Debt . .	—1,500,000	...
By reduction of Cash Balance . . .	...	1,487,100
<i>Deduct—</i> Addition to Cash Balance .	—1,770,200	...
	17,642,600	18,487,100

1899.]

[*Sir James Westland.*]

" 36. In last year's Financial Statement I mentioned that the Secretary of State intended, besides renewing £6,000,000 outstanding temporary debt, to raise £6,000,000 permanent debt. This amount was raised in July in the form of India $2\frac{1}{2}$ per cent stock, but it was issued at a considerable discount (namely at a rate of £88 10s. 5d. per cent), and produced only £5,297,700 in cash. With the money he discharged permanent debt to the extent of £3,384,900, so that the net amount raised by addition to sterling debt was £1,912,800. The Secretary of State has decided that the discount on the loan, *vis.*, £702,300, shall not be charged upon the revenues of the year, but shall be discharged by a Sinking Fund at the rate of interest borne by the loan, *vis.*, $2\frac{1}{2}$ per cent, lasting over 50 years. There are already one or two Sinking Funds of the kind in connection with the sterling debt; £12,622 being the total charge appearing in the Accounts of 1897-98. The amount added by the new Sinking Fund is about £7,000.

" 37. The heavy drawings of the year, by Council Bills, enabled the Secretary of State to improve upon his intention of renewing the £6,000,000 outstanding temporary debt, and he renewed only £4,500,000 of it. The remainder of the excess of drawings went towards increase of the Cash Balance, which is estimated to stand, on 31st March 1899 at the unusually high figure of £4,304,400.

" 38. For next year, 1899-1900, the Secretary of State estimates to draw £17,000,000 by Council Bills, and though he does not estimate for any increase or decrease in either permanent or temporary debt, he considers that in view of the high balances which his Estimates, both Revised and Budget, show, he may find it possible to pay off some of the outstanding temporary debt.

" 39. In March last we estimated that we would have to raise a rupee loan of Rx. 3,000,000 in India, but as the time approached for our doing so, we found both that improved revenues had added to our resources, and the market was not favourable for so large a loan. We therefore limited our proposed loan to an amount of Rx. 1,200,000 under $3\frac{1}{2}$ per cent conditions, and this amount was raised on August 24th at an average rate of Rs 94 12½ annas per cent. The price remained about this figure for some months, but has recently advanced to over par.

" 40. We reckon that in India we shall be able next year to meet all the demands upon our Treasuries without raising any new debt, but it must be understood that all these announcements about the amount of contemplated remittances and loans are subject to the usual reservation of entire liberty to the Secretary of State to alter his plans as he may find occasion.

" PROVINCIAL FINANCE, 1892 to 1899.

(The tabulated figures in this part are hundreds of Rs., that is, two ciphers are omitted.)

" 41. The progress of Provincial Finance is easiest studied by considering separately:—

First.—The amount of net Revenue, of which a definite portion settled by the terms of the "Contract" is at the disposal of the Provincial Government for its expenditure on Civil Administration.

Second.—The modification of this Provincial share of net Revenue, caused by special arrangements, different in each Province, in connexion with certain portions of Irrigation and Railway Administration, involving in some cases a small net outlay and in some a small net revenue.

Third.—The appropriation of the funds thus obtained towards the Provincial Expenditure, and especially the relation between the increase of expenditure and the increase of available funds.

" 42. The first figures to be set out are, therefore, the totals of the net revenues, that is, the revenues less expenditure directly charged against them. They are as follow, the figures being quite independent of any considerations as between Imperial and Provincial:—

" Total Ordinary Revenues—

	Contract, 1892.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99, Revised.	1899-1900, Budget.
Central Provinces .	1,248,6	1,244,0	1,231,2	1,171,3	1,252,9	1,089,5	1,048,5	1,322,9	1,398,7
Burma (a) . . .	3,643,3	...	...	...	...	...	3,948,2	4,147,0	4,012,8
Assam . . .	814,0	842,9	962,5	992,1	1,003,4	1,015,3	995,8	1,047,3	1,047,3
Bengal . . .	7,081,6	7,325,2	7,445,8	7,606,9	7,714,8	7,823,5	7,835,9	7,998,8	8,058,9
North-Western Provinces and Oudh .	7,677,8	7,716,1	7,778,9	7,589,1	7,866,2	6,655,6	7,264,8	8,419,1	8,470,1
Punjab . . .	3,060,1	3,133,8	3,261,1	3,223,5	3,290,5	3,224,3	3,409,8	3,561,8	3,530,4
Madras . . .	6,817,1	7,106,2	7,469,2	7,645,6	7,719,3	7,478,8	7,863,2	8,015,5	7,988,0
Bombay (b) . . .	5,412,1	5,489,1	5,646,1	5,550,6	6,018,2	5,367,0	5,625,2	5,950,2	5,943,0

(a) The figure against Burma in the column "Contract, 1892" represents the Contract of 1897.

(b) The figures relating to alienated Land Revenue, an entry peculiar to Bombay, are omitted from both sides.

1899.]

[Sir James Westland.]

"43. The next statement shews the portion of these revenues which, according to the Provincial contract in each case, is credited to Provincial Account. The figures stand as follows, and it may be noted that the revision of the contract made with effect from 1897-98 onward, was such as to cause little change in the total of the Provincial share, except in the two Provinces of Bengal and Madras where it was reduced by Rx. 90,000 and Rx. 130,000 respectively, and in the North-Western Provinces where it was increased by about Rx. 120,000, namely, the cessation of a temporary reduction of Rx. 50,000, and a direct addition of about Rx. 70,000. (The figures are as they stand before the addition of the contributions from Imperial entered at the end of the table in paragraph 47 and the special grants-in-aid and expenditure therefrom of which mention is made in paragraphs 65 and 66 below) :—

" *Provincial Share of Revenues—*

	Contract, 1892.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99, Revised.	1899-1900, Budget.
Central Provinces .	653.3	652.5	647.2	623.9	619.6	598.9	566.1	713.1	750.3
Burma (a) . . .	2,604.1	...	...	...	...	...	2,768.5	2,891.8	2,822.5
Assam	477.1	500.3	549.7	556.4	564.9	575.9	504.3	626.0	626.3
Bengal	2,767.1	2,899.4	2,941.4	3,049.2	3,102.6	3,100.9	3,552.1	3,517.5	3,549.3
North-Western Provinces and Oudh	2,235.8	2,254.4	2,224.9	2,218.7	2,309.8	1,959.7	2,101.5	2,719.2	2,729.1
Punjab	1,382.6	1,414.0	1,451.2	1,440.0	1,476.8	1,493.5	1,571.3	1,631.2	1,611.6
Madras	2,368.7	2,491.0	2,587.9	2,653.5	2,676.7	2,627.1	2,588.5	2,655.7	2,632.4
Bombay	2,404.4	2,451.5	2,490.8	2,481.2	2,601.2	2,405.4	2,475.9	2,554.9	2,569.7

(a) The figure against Burma in the column "Contract, 1892" represents the Contract of 1897.

"44. I offer some comments on these two statements, shewing them in parallel columns :—

	Total Imperial <i>plus</i> Provincial.	Provincial Share only.
<i>Central Provinces.</i>	Fairly continuous progress—a small drop in 1894-95 due, as the details shew, to failure of Land Revenue—Recovery in 1895-96. Then a serious loss of Revenue in the two famine years 1896-97 and 1897-98. But complete recovery in the early future is anticipated.	The Province obtained in the earlier years little or no margin of revenue beyond that allowed for in the Contract of 1892, and in the famine years there was very great loss as compared with that standard. If the anticipations for 1898-99 and 1899-1900 are realized, it will be very fairly off.

	Total Imperial <i>plus</i> Provincial.	Provincial Share only.																																				
<i>Burma</i>	No figures are here shewn for the years preceeding 1897-98, the accounts having been completely changed in that year by the incorporation of Upper and Lower Burma as a single Province of account. The revenue is considerably in excess of that which was taken as the standard for the framing of the Provincial Contract of 1897. The falling-off in 1899-1900 is under "Forests," and may perhaps be due only to cautious estimating.	Revenue considerably in excess of the standard taken for the contract.																																				
<i>Assam</i>	Revenue steadily progressive. The effect of the earthquake in 1897-98 is shewn only in a slight slackening of the rate of progress.	Has all along enjoyed a considerable excess of revenue—at present nearly 30 per cent (Rx. 170 to 190 thousands) over the contract figure of 1892. But of this amount Rx. 33,000 represent a special addition made to meet the South Lushai expenditure transferred to Assam.																																				
<i>Bengal</i>	Also shews a steady progressive revenue. Owing presumably to the famine the progress from 1896-97 to 1897-98 was rather less than in other years. The falling-off was mainly under "Excise," as Land Revenue in Bengal is little subject to variation in consequence of famine.	<p>The accounts of the Province were greatly affected by the withdrawal from the Province in 1897 of the extremely progressive revenue of the Eastern Bengal Railway the share of Revenue substituted therefor not being so progressive. Combining the ordinary revenue and the Railway account the figures stand thus:—</p> <table><tr><td>Standard of 1892</td><td>.</td><td>.</td><td>2,806,3</td></tr><tr><td>1892-93</td><td>.</td><td>.</td><td>2,962,4</td></tr><tr><td>1893-94</td><td>.</td><td>.</td><td>3,011,0</td></tr><tr><td>1894-95</td><td>.</td><td>.</td><td>3,193,2</td></tr><tr><td>1895-96</td><td>.</td><td>.</td><td>3,235,7</td></tr><tr><td>1896-97</td><td>.</td><td>.</td><td>3,328,0</td></tr><tr><td>1897-98</td><td>.</td><td>.</td><td>3,297,8</td></tr><tr><td>1898-99</td><td>.</td><td>.</td><td>3,238,7</td></tr><tr><td>1899-1900</td><td>.</td><td>.</td><td>3,267,0</td></tr></table> <p>which certainly may be called fairly progressive, the figures of the last two years being due in part, it may be hoped, to caution in estimating. The new contract, commencing from 1897-98, involved a reduction of about Rx. 90,000 in the Provincial share.</p>	Standard of 1892	.	.	2,806,3	1892-93	.	.	2,962,4	1893-94	.	.	3,011,0	1894-95	.	.	3,193,2	1895-96	.	.	3,235,7	1896-97	.	.	3,328,0	1897-98	.	.	3,297,8	1898-99	.	.	3,238,7	1899-1900	.	.	3,267,0
Standard of 1892	.	.	2,806,3																																			
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1898-99	.	.	3,238,7																																			
1899-1900	.	.	3,267,0																																			

1899.]

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	Total Imperial <i>plus</i> Provincial.	Provincial Share only.																		
<i>North-Western Provinces.</i>	A fairly progressive revenue till the famine year, then a tremendous falling-off in Land Revenue (1896-97). Partial recovery in 1897-98 and in the following two years very high figures due to recovery of famine arrears.	<p>The unequal operation of the Irrigation account and the change effected in it in 1897 renders it necessary to combine the figures for this Province as in the case of Bengal. They stand thus—</p> <table><tr><td>Standard of 1892 . . .</td><td>2,215,4</td></tr><tr><td>1892-93 . . .</td><td>2,265,2</td></tr><tr><td>1893-94 . . .</td><td>2,314,5</td></tr><tr><td>1894-95 . . .</td><td>2,234,1</td></tr><tr><td>1895-96 . . .</td><td>2,170,3</td></tr><tr><td>1896-97 . . .</td><td>2,160,2</td></tr><tr><td>1897-98 . . .</td><td>2,432,4</td></tr><tr><td>1898-99 . . .</td><td>2,641,5</td></tr><tr><td>1899-1900 . . .</td><td>2,632,2</td></tr></table> <p>The story of these figures is shortly this,— At first a little improvement over the standard taken for settlement. In 1895-96 a failure of irrigation revenue, 1896-97 famine, and consequent failure of revenue. Thereafter the rapid recovery of the Province and the realizations of famine arrears of revenue bring in ample resources.</p> <p>The new contract, commencing from 1897-98, increased the assets by about Rx. 120,000.</p>	Standard of 1892 . . .	2,215,4	1892-93 . . .	2,265,2	1893-94 . . .	2,314,5	1894-95 . . .	2,234,1	1895-96 . . .	2,170,3	1896-97 . . .	2,160,2	1897-98 . . .	2,432,4	1898-99 . . .	2,641,5	1899-1900 . . .	2,632,2
Standard of 1892 . . .	2,215,4																			
1892-93 . . .	2,265,2																			
1893-94 . . .	2,314,5																			
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1896-97 . . .	2,160,2																			
1897-98 . . .	2,432,4																			
1898-99 . . .	2,641,5																			
1899-1900 . . .	2,632,2																			
<i>Punjab</i>	Steady progress as reckoned over the whole period, but a slight set back in the famine year.	The same as in the other column.																		
<i>Madras</i>	Shews a very progressive Revenue, the advance being only temporarily interrupted by famine.	Rapid increase of revenue up till the famine year—from that time figure fairly steady, but not advancing. The Provincial share from 1897-98 onwards would stand about Rx. 130,000 higher but for the revision of contract which came into operation from that year.																		
<i>Bombay</i>	An increase up to the famine year, then a considerable set back which has not yet been fully recovered.	The same remark as the first one in the case of Madras.																		

"45. The sets of figures which I next shew are those relating to the Irrigation and Railway portion of the Provincial contracts, which I have described as coming in in modification of the amount of ordinary revenue otherwise at the disposal of the several Governments. The amount of modification thus imposed has, except in two cases, only slightly changed during the period under review, and the figures are, therefore, of no great importance except in the cases referred to, namely, Bengal and the North-Western Provinces, and these have been dealt with above:—

" Railways and Irrigation Accounts—

	Contract, 1892.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99, Revised.	1899-1900, Budget.
Burma * . .	—125,0	...	...	...	...	...	—116,5	—130,5	—157,0
Assam . .	—9,5	—13,0	—10,5	—9,3	—10,2	—13,9	—14,2	—22,4	—9,5
Bengal . .	+39,2	+63,0	+69,6	+144,0	+133,1	+167,1	—254,3	—278,8	—282,3
North-Western Provinces and Oudh . .	—20,4	+10,8	+29,6	+15,4	—139,5	+200,5	+330,9	—77,7	—96,9
Punjab . .	+2,0	—23,5	—6,2	—5,7	+5,1	+6,1	+9,3	+7,8	+8,0
Madras . .	—313,9	—409,1	—360,7	—319,0	—334,8	—396,6	—297,5	—310,9	—313,9
Bombay . .	+5,1	—41,4	—15,6	—1,2	+3,7	—2,2	+7,7	+5,9	+8,7

* The figure against Burma in the column "Contract, 1892" represents the Contract of 1897.

"46. The next step is to examine the expenditure of the various Governments and observe how far they have kept the increase of it within the limits imposed by the increase of revenue. I shew separately the ordinary expenditure and the direct expenditure upon famine and plague.

1899.]

[Sir James Westland.]

"47. The details are as follow, and the figures have to be compared with the general statement of available resources in the right column under paragraph 44 above:—

"Expenditure Account—

	Contract, 1892.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99, Revised.	1899-1900, Budget.
<i>Expenditure, excluding Plague and Famine—</i>									
Central Provinces	653.3	674.3	707.9	679.6	673.0	688.7	764.4	706.0	701.9
Hurma* . .	2,479.1	...	...	...	...	...	2,419.9	2,400.4	2,755.5
Assam . .	467.6	478.0	567.7	558.5	542.2	587.4	675.7	707.6	671.7
Bengal . .	2,806.3	2,972.1	2,974.1	2,993.4	3,115.0	3,295.2	3,302.0	3,141.6	3,272.0
North-Western Provinces and Oudh . .	2,215.4	2,281.9	2,339.7	2,349.9	2,342.2	2,485.8	2,513.7	2,401.7	2,586.9
Punjab . .	1,384.6	1,496.6	1,467.7	1,459.1	1,489.0	1,522.4	1,486.7	1,558.5	1,621.6
Madras . .	2,054.8	2,216.6	2,193.4	2,212.1	2,327.6	2,383.9	2,286.8	2,266.3	2,331.2
Bombay . .	2,409.5	2,433.6	2,455.7	2,526.5	2,560.2	2,588.9	2,605.4	2,534.6	2,604.7
<i>Plague and Famine Expenditure (Provincial)—</i>									
Central Provinces	...	...	...	6.4	...	2	5.8	18.3	17.5
Burma . .	...	...	...	...	...	...	62.7	...	...
Assam . .	...	...	...	...	...	...	...	...	...
Bengal . .	...	1	...	...	...	219.4	299.0	15.6	5.0
North-Western Provinces and Oudh . .	...	...	...	2	17.9	...	21.4	19.8	20.8
Punjab . .	...	...	...	...	...	31.3	96.2	18.0	10.0
Madras . .	...	24.4	2	...	2	47.2	161.9	20.7	64.1
Bombay . .	...	4	...	...	...	35.4	191.5	354.8	126.4
<i>Provincial Balances apart from grants-in aid by the Imperial Government—</i>	1st April 1892-93.								
Central Provinces	205.4	183.6	122.9	17.8	37.4	—52.6	—256.7	—267.9	—236.5
Burma . .	...	...	...	...	...	...	481.6	782.5	692.5
Assam . .	135.9	145.2	116.7	89.3	110.8	94.4	—31.2	—135.2	—190.1
Bengal . .	235.3	225.5	262.4	432.2	582.0	395.4	92.2	173.7	163.7
North-Western Provinces and Oudh . .	512.4	495.7	470.5	304.5	164.7	—160.9	—263.6	—43.6	—19.1
Punjab . .	277.1	171.0	148.3	121.5	116.4	52.3	50.0	112.5	100.5
Madras . .	419.1	260.0	293.6	386.0	430.1	229.5	71.8	129.6	52.8
Bombay . .	407.0	333.1	402.6	300.1	400.8	179.7	—133.6	—462.2	—614.9
<i>Contributions from Imperial in aid of Provincial Balances—</i>									
Central Provinces	...	...	...	...	...	52.6	204.1	...	...
Assam . .	...	...	...	...	...	...	80.0	81.0	...
Bengal . .	...	...	...	...	...	...	...	20.0	...
North-Western Provinces and Oudh . .	...	...	...	...	...	162.9	102.7	...	...
Madras . .	...	...	...	...	...	...	...	51.7	64.1
Bombay . .	...	...	...	...	...	...	183.6	278.0	126.4

* The figure against Burma in the column "Contract, 1892" represents the Contract of 1897.

"48. *Central Provinces*.—The expenditure up to the famine year rose 2 or 3 lakhs (Rx. 20,000 or 30,000) above the standard of 1892; and since, as already observed, there was no margin of revenue, this resulted in the exhaustion of the ample balance, Rx. 205,400 with which the Province started. The strain of the famine year reduced the balance (apart from direct famine expenditure) still further to a deficit of Rx. 52,600 in 1896-97, and a further deficit of Rx. 204,100 in 1897-98, both of which were made up by grants from the Imperial Exchequer. The Province started in 1898-99 without any balance at all, and it is now expected that there will be a deficit in the year of Rx. 11,200, which must again be made up by a grant from Imperial Revenues. In 1899-1900 its estimated expenditure is well within its means.

"The Province has taken practically no share of the cost of famine, which has been entirely Imperial—Rx. 1,640,245.

"49. *Burma*.—Has not spent up to the rate of its increase of revenue, and has in consequence an ample and increasing balance. It is arranging now to expend part of the amount in meeting certain demands for Provincial Public Works, and has also made other proposals for expenditure on the public services.

"50. *Assam*.—Had a comfortable balance, all along, of 10 lakhs (Rx. 100,000) more or less, keeping its increase of expenditure well up to, but not in excess of, its increase of revenue. The repair of earthquake damages imposed heavy charges in 1897-98 and 1898-99, which have largely exhausted the Provincial balance of Rx. 94,400 and absorbed also a grant of Rx. 160,000 by the Government of India; the balance being reduced for 31st March 1899 to about Rx. 25,000. In 1899-1900, after providing for absolutely necessary expenditure for Public Works and for the repair of earthquake damages, the estimates shew a deficit of Rx. 54,900.

"The expansion of ordinary expenditure has been very considerable during the period under review.

"51. *Bengal*.—The revenue of this Province, as above shewn, has afforded a margin for expansion of Provincial expenditure—namely, Rx. 2,806,300 in 1892 to (say) Rx. 3,300,000 in 1899-1900. The expenditure, however, was kept well in hand, so that the balance increased from Rx. 225,500 in March 1893 to Rx. 582,000 in March 1896. But this high balance sank to Rx. 92,200 two years later, as Rx. 518,400 out of it were spent in direct famine and plague charges. The ordinary expenditure in the two years now under estimate is taken at Rx. 3,141,600 and Rx. 3,272,000, which may be regarded as within the means of the Province, though it leaves a small deficit on the estimates of 1899-1900.

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"The Imperial Exchequer incurred famine charges in Bengal up to a total of Rx. 576,821 (about half of the total), but did not otherwise contribute by grants-in-aid to the resources of the Province.

"The Province of Bengal has not had much plague expenditure to bear out of its own account, but we have made to it in 1898-99 a grant-in-aid of Rx. 20,000 which it will distribute to those Municipalities and Local Bodies whose funds have been most severely affected by expenditure on plague.

"52. *North-Western-Provinces.*—The Province had the advantage of starting in 1892 with a large balance still remaining on the credit side, but the rate of its annual expenditure was in excess of its annual revenue (having been found by reduction of balances), and when in the year before the famine a very favourable monsoon caused a failure of irrigation revenue (an important item in North-Western Provinces finance), the Province found its balance on March 31, 1896, reduced below the stipulated minimum of 20 lakhs (Rx. 200,000), and, as already said, a rate of current expenditure in excess of its current revenue by between 10 and 15 lakhs. During the strain of the famine year nothing could be done to amend this state of things, and the balance was overspent by Rx. 263,600, the amount being accordingly made up by grants-in-aid out of the Imperial Exchequer in the two years 1896-97 and 1897-98.

"Under these circumstances, the Province contributed nothing towards the direct famine expenditure, the whole of which, Rx. 2,064,025, was found out of Imperial resources.

"For 1898-99 it stands, as explained, without any balance to its credit, and its estimates stand as follows:—

	1898-99. Rx.	1899-1900. Rx.
Revenue Accounts	2,641,500	2,632,200
Expenditure Accounts	2,421,500 (a)	2,607,700 (b)
Results	+ 220,000	+ 24,500

(a) Includes Rx. 19,800, Plague.

(b) Includes Rx. 20,800, Plague.

"The handsome surplus which comes in in 1898-99 is due to the recovery by the North-Western Provinces of the arrears of the revenue due in 1896-97 and 1897-98, in compensation for the loss of which Imperial made the grants-in-aid of Rx. 263,600 above alluded to. In the coming year, 1899-1900, the Government, North-Western Provinces, propose to increase their scale of expenditure all round to a rate which they will not be able to maintain after the arrear collections (which add some lakhs to the present scale of revenue) are exhausted and the revenue falls back to its ordinary amount.

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"In anticipation of this surplus of 1898-99 and 1899-1900 it was stipulated that the benefit of these arrear collections was (*quoad* the Provincial share) to be considered as not applicable to current expenditure, but to be reserved (to the extent of 75 per cent of it) for building up the exhausted Provincial balance. The Government, North-Western Provinces, have fulfilled this pledge, and are now appropriating these arrears to a temporary increase of expenditure bearing in mind the impending diminution in the amount of their annual income as compared with the figures of 1898-99 and 1899-1900.

"53. *Punjab*.—The Province has all along proceeded on fairly prosperous lines. The balances which were continually diminishing before the famine year are now on the rise, and the expenditure is within the amount of revenue available. The Province escaped any severe share in the calamities of 1896 and 1897, and the Imperial expenditure on famine was less than 3 lakhs (Rx. 30,000), the Province itself contributing about 12 lakhs (Rx. 120,000) or, including "Local," nearly 16.

"54. *Madras*.—The expanding revenues of this Province have carried it through its period of disaster. It contributed moderately, that is, a total of a little over 20 lakhs (Rx. 200,000), towards its famine expenditure, the Government of India having undertaken all the rest (*vis.*, Rx. 732,995) so as to leave the Province with an opening balance of Rx. 71,800 in 1898-99. The Government of India further propose to make a grant to Madras of the amount of direct famine and plague expenditure incurred by it in 1898-99, namely, Rx. 20,700, and to estimate for next year a similar grant of Rx. 64,100. They also grant a further sum of Rx. 30,000 in 1898-99, placing the amount at the disposal of the Local Government for grants-in-aid to such Municipalities and Local Bodies as have been most affected by plague expenditure. With its famine and plague expenditure thus made up the Province shows a fair surplus on its transactions of 1898-99, and a small deficit in 1899-1900.

"The detailed figures are :—

	1898-99. Rx.	1899-1900. Rx.
Revenue Accounts	2,655,700	2,632,400
<i>Deduct</i> —Railway and Irrigation Account	310,900	313,900
Net available Revenue	<u>2,344,800</u>	<u>2,318,500</u>
Proposed Expenditure, excluding		
Plague and Famine	2,266,300	2,331,200
Plague and Famine	20,700	64,100
TOTAL	<u>2,287,000</u>	<u>2,395,300</u>

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" 55. *Bombay*.—The continuous advance of the expenditure of the Province while the advance of the revenue was entirely set back by the famine year, has brought a strain upon the finances, irrespective of the direct effect of famine and plague expenditure. The figures may be set out as follows :—

	Revenue Account as modified by Irriga- tion and Railway figures.	Ordinary Expenditure Account.	Excess of Expenditure.
	Rx.	Rx.	Rx.
1892 standard . . .	2,409,500	2,409,500	
1892-93 . . .	2,410,100	2,434,000	
1893-94 . . .	2,475,200	2,455,700	
1894-95 . . .	2,480,000	2,526,500	6,200
1895-96 . . .	2,604,900	2,560,200	
1896-97 . . .	2,403,200	2,588,900	185,700
1897-98 . . .	2,483,600	2,605,400	121,800
1898-99 . . .	2,560,800	2,534,600	26,200 (Excess of Revenue.)
1899-1900 . . .	2,578,400	2,604,700	26,300 (Excess of Expenditure.)

" The above figures exclude all direct Famine and Plague expenditure, and show that the revenue and expenditure were in equilibrium for the first four years of the period under review, but that in the next two (the years of calamity), by reason of the falling-off in revenue, without an intermission of the increase in expenditure, the Provincial balance had to bear a reduction of Rx. 307,500.

" The actual condition of the account till the end of 1897-98 was as follows :—

	Rx.
Balance, March 31, 1892	407,000
Reduced by excess of ordinary expenditure—	Rx.
1892-93 to 1895-96	6,200
1896-97	185,700
1897-98	121,800
	<u>313,700</u>
	93,300
Further reduction by direct famine and plague ex- penditure not included in the above—	
1896-97	35,400
1897-98	191,500
	<u>226,900</u>
Net over-expenditure of balance till 31st March 1898	133,600
Cancelled by general grant-in-aid in 1897-98 of	183,600
Leaving credit balance on 31st March 1898 of	<u>50,000</u>

" The Revised Estimates for Bombay for 1898-99 show:—

Revenues Account	2,554,900	} Surplus on ordinary account Rx. 26,200.
Irrigation and Railway Account	+ 5,900	
Expenditure Account, excluding Plague and Famine	2,534,600	
Plague and Famine Expenditure	<u>354,800</u>	

" 56. Putting the figures of the various provinces together, the following shews the facts up to March 31, 1898:—

Statement in Rx.	FAMINE AND PLAGUE EXPENDITURE (DIRECT).		Grants-in-aid by Imperial to Provincial.
	From Imperial sources.	From Pro- vincial and Local sources.	
Central Provinces	1,640,245	8,820	256,700
Burma	54,975	63,336	...
Assam . . . . .	...	...	80,000 (a)
Bengal	576,821	553,951	...
North-Western Provinces	2,064,025	...	263,600
Punjab	27,502	157,920	...
Madras	732,995	228,601	...
Bombay	1,242,760	27,887	183,600

(a) For earthquake.

" 57. The Government of Bombay, both in respect of its Provincial account and in respect of its Municipalities, have been very hardly pressed by plague expenditure. They have submitted to us an examination of the financial condition of their principal Municipalities, and we have agreed to their giving out of their general revenues relief to their Municipalities to the extent of Rx. 228,078, of which the greater part goes to the City Corporation. Including this grant from their revenues, the Government of Bombay will have spent in direct charges on famine and plague—

	Famine. Rx.	Plague. Rx.	TOTAL. Rx.
1896-97	24,000	11,400	35,400
1897-98 . . . . .	...	191,500	191,500
1898-99	24,800	330,000	354,800
TOTAL			<u>581,700</u>

" Out of the expenditure of the first two years, aggregating Rx. 226,900, the Provincial Government have met out of their ordinary revenues Rx. 43,300, and the balance Rx. 183,600 has been made up by special contributions by Imperial; in the same way its balance of Rx. 50,000, and Rx. 26,200, its surplus of

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1898-99, fall far short of the charges Rx. 354,800 of 1898-99, and it is necessary for the Imperial Government to make a further grant-in-aid of Rx. 278,600 leaving the province, on April 1899, with an opening balance of *nil*. The total direct expenditure on plague and famine which has been borne by the province comes to Rx. 43,300 in the first two years and Rx. 76,200 in the last, or Rx. 119,500 in all.

"It is anticipated that Rx. 126,400 of Plague expenditure will be incurred in Bombay in 1899-1900, and an equal amount of grant-in-aid from Imperial to Provincial has been estimated for in that year.

"58. The grants shewn in the above paragraphs may be regarded as grants in the ordinary way of business, that is, grants made on the principle that in any case of extreme calamity, when Local aid has been exhausted, the charge must fall, as far as possible, on Provincial resources, and when they are exhausted the Imperial Government must bear the burden; and I think a liberal interpretation has been given to this Imperial responsibility, for we have taken over the direct Provincial expenditure on famine and plague of the two Provinces most affected by plague, without insisting upon their first defraying any part of it out of their own balances, and it is our desire at present to go still farther. On one or two past occasions, when Imperial finances have been subjected to great stress, we have called upon the Provincial Governments to give us aid out of their resources, and under present circumstances, when Imperial finance by the recovery of exchange and from other causes is prosperous, and Provincial finance has been sore smitten by the consequences of famine and plague, we consider that a portion of our surplus cannot be better employed than in restoring the financial condition of the various provinces and relieving them from the financial difficulties which accompany the emergence from a state of famine and plague, so as to enable them to carry on their ordinary administration and meet their ordinary administrative necessities.

"59. In the case of Bombay, though, as above described, we have made large grants towards the direct expenditure on famine and plague, yet the effect of these two calamities is still shewn in the falling-off in revenue and in indirect expenditure (on police and the like) which accompanies plague measures. We propose on these considerations to make to Bombay a grant of Rx. 150,000.

"60. Bengal has not been affected by plague expenditure to anything like the same extent as Bombay; but, on the other hand, its finances have suffered from the very large extent to which the famine expenditure was met from Provincial and Local resources. We propose to make to it a similar grant of Rx. 150,000. This is in addition to the assistance already undertaken to be given from Imperial sources towards the European General Hospital at Calcutta, and also in addition to Rx. 20,000 mentioned in paragraph 51.

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"61. In Assam the only immediate difficulties arise in connection with earthquake damages. Towards this we have already given Rx. 160,000, and the Chief Commissioner has asked for Rx. 67,500 more. We propose now to close this account by a grant of Rx. 100,000.

"62. The accounts of the Central Provinces are weighted only in respect of the very small balance it at present possesses, and the Estimates of 1898-99, as already stated, produces a deficit of Rx. 11,200; we propose to make it a grant of Rx. 50,000.

"63. The claim of Madras arises mainly in respect of the fact that, at the last revision of the Provincial contracts, a larger resumption of revenue was made from it than from any other province. We propose to make a grant to it of Rx. 100,000, besides the above mentioned grants for the Famine and Plague expenditure, namely, Rx. 50,700 in 1898-99 and Rx. 64,100 in 1899-1900,

"64. Burma in our opinion requires no assistance, nor, if we make a strict reckoning, do the North-Western Provinces or the Punjab. But the expenditure in these two provinces has been limited by the consideration of their general financial position, and they have also had to bear some expenditure, both direct and indirect, upon plague. We propose to give to the former a grant of Rx. 100,000, and to the latter a grant of Rx. 50,000.

"65. All these amounts will be granted in the accounts of the year 1898-99, and the same amount (less the excess expenditure in the Central Provinces, Assam, Bengal, Madras, and Bombay already provided for by the Provincial Governments in their estimates) will be entered in the Estimates of 1899-1900 as expenditure out of Provincial balances under the head of Civil Works,—not as an invitation to the several Local Governments to expend the amounts in that year, but as a permission to them to do so (by re-appropriation or otherwise), if on a consideration of their general financial position and of the necessity of keeping a balance in hand, they deem it advisable. The amounts thus entered include in the case of Bengal and Madras the payments they may make against the grants of Rx. 20,000 and Rx. 30,000 referred to in paragraphs 51 and 54. The Provincial Governments should, however, bear in mind that the grants now made are grants made once for all, and that it will be dangerous for them to take them as warranting any expenditure of a recurring character; also that the Government of India in making the grants admits against itself no liability to make good to Provincial Governments the loss or expenditure incurred by them in respect of the kinds of expenditure to which it has had regard in assessing the distribution of the grants; but admits merely that as in times of Provincial financial prosperity it has called upon the provinces to come to the aid of the general exchequer, so in times of Imperial financial prosperity it is reasonable and

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expedient that it should depart from a strict interpretation of its financial relations to the Provincial Governments and aid them when at the same time they have had, and have, special financial misfortunes pressing on them. Perhaps I may refer in this connexion to paragraphs 127, 128 and 129 of Major Baring's (Lord Cromer's) financial statement of 1883.

"66. These several free grants, as they may be called, are specially entered in the figures attached to the Financial Statement and are in addition to those entered at the end of the statement in paragraph 47. They are :—

	Rx.
Central Provinces	50,000
Assam	100,000
Bengal	150,000
North-Western Provinces	100,000
Punjab	50,000
Madras	100,000
Bombay	150,000
TOTAL	700,000

"67. We have made fairly ample provision next year, namely, Rx. 126,400 in connection with the estimates of Bombay, Rx. 64,100 in Madras, and Rx. 209,500 not yet appropriated, for expenditure on combating the plague, which we may not unlikely have to meet in the future out of Imperial resources as we have done in the past. But we are not prepared, in a general way, to pay, out of Imperial resources, all the direct expenditure which the plague may cause, or to relieve Municipalities and other Local Bodies from the burden which necessarily falls upon them in respect of sanitary and medical expenditure caused by the approach or the advent of plague. Still less can we undertake to make up to Provincial Governments the excess expenditure which may have to be incurred under Police or in the other ordinary departments of Provincial Administration, or invite them to deal with ordinary administrative demands upon them with the same freedom which might be possible and even advisable, were we not all in the presence of a threatening calamity that necessitates our husbanding our resources as far as is possible.

" TWENTY YEARS' FINANCE.

"68. Following up a purpose which I set before myself in last year's Financial Statement, I published, contemporaneously with the Finance and Revenue Accounts of last year, a summary of these accounts for the twenty years ending March 31, 1898. The summary was necessarily a statement of figures only, with no attempt at criticism, and I desire here to give some continuous account of the results which the figures shew, and explain where our

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Revenue and Expenditure have during these twenty years increased or decreased. The plan I adopt is to take one set of figures as the standard of the Revenue and Expenditure at the beginning of the period (or rather, say, for the year 1879), and another set as representing the standard for 1896 (that is, before the famine burst on the land). These seventeen years may be taken as a period of practically continuous financial history.

"69. For the first of these two standards I take the average of the figures of 1878-79 and 1879-80. If we eliminate the war figures of these two years, which in a comparison such as the present ought to be excluded, we obtain the following figures:—

	1878-79. Rx.	1879-80. Rx.
Surplus or Deficit	+ 2,134,098	- 1,227,893
War Expenditure, India	600,109	4,591,644
" England £	76,110	174,480
Surplus if war be excluded	2,810,317	3,538,231

But we have still further to modify these figures by reason of the fact that they did not provide for the full famine liability of Rx. 1,500,000, the Famine Insurance being at the time in suspense, owing to the heavy war expenditure. This consideration adds Rx. 1,187,177 and Rx. 1,396,353 to the expenditure and reduces the surpluses to Rx. 1,623,140 and Rx. 2,141,878; or an average of Rx. 1,882,509.

" That is, if we exclude consideration of war expenditure, and if we take Rx. 1,500,000 as the proper annual measure of famine liabilities, we had in 1879 a surplus of revenue of Rx. 1,882,500.

" 70. To find the similar figure for 1896, I take the figures of the Budget of that year which may be taken as expressing the standard of Revenue and Expenditure at the time. They are as follows, namely:—

Revenue in India (Budget)	Rx.	97,316,800
Expenditure, England, net (Budget) £	15,735,300	
Exchange (according to rate actually realized)	10,222,300	
India (Budget), less Rx. 20,000 war	69,368,500	
Add—Amount wanting to make up Rx. 1,500,000 Famine Insurance	500,000	
Total	95,826,100	
Surplus of Revenue	1,490,700	

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"71. We have therefore, comparing the standard of 1879 with that of 1896, a slightly worse position in the latter of the two years. I have made a careful analysis both of the increase of Revenue and of the increase of Expenditure between the two years, and I find it to be as follows:—

"Imperial Account.

	Rx.	Rx.	Rx.
Increase of Revenue under Salt, Customs, Tributes and Miscellaneous	...	3,810,000	
Imperial Share of Increase of Revenue under Revenues provincially administered	...	5,429,400	
Increase of net Revenues under Post Office, Telegraph, and Mint	...	457,400	
Improvements under Debt Services, Railways, and Irrigation (excluding consideration of exchange)	6,327,500		
<i>Deduct</i> —Loss by exchange charged against Railway Liabilities	2,608,300		
		<u>3,719,200</u>	
Famine Insurance reduced in account by transfer to the preceding head of charges for interest on Indian Midland and Bengal-Nagpur Railways	...	401,500	
Cessation of Railway Construction out of Revenue	...	845,800	
		<u>14,663,300</u>	
Total available Improvement	...	...	14,663,300
<i>Absorbed as follows:—</i>	Rx.	Rx.	Rx.
Deterioration of Opium Revenue	...	3,679,800	
Addition to charges for exchange. (Rate diminished from 19'85 pence to 14'45 pence)	7,337,300		
<i>Deduct</i> —Amount taken to Railway Account	2,608,300		
		<u>4,729,000</u>	
Deficit on Civil Administration of Upper Burma	...	455,300	
Army Services: net Charges increased from Rx. 16,693,700 to Rx. 22,167,800 (irrespective of exchange)	...	5,474,100	
Charges under "Political" increased from Rx. 427,100 to Rx. 898,700	...	471,600	

Civil and Miscellaneous charges in India increased from Rx. 1,189,200 to Rx. 1,541,300	352,100		
Less—Savings by decrease under Assignments and Territorial Pensions and Stationery	223,800		
		128,300	
Sterling Expenditure other than Army, Debt Services, and Railways increased (excluding exchange) from £2,486,400 to £2,920,200 . . . . .	...	433,800	
Total . . . . .	...	...	15,371,900
Excess of demand over available means . . . . .	...	...	708,600

"Provincial Account.

Increase of Provincial share of Revenue under Revenues provincially administered (a) . . . . .	...	4,102,700	
Increase in net charges for Provincial Civil Administration from Rx. 14,374,900 to Rx. 18,160,800 . . . . .	...	3,785,900	
Balance of increase of Revenue not absorbed . . . . .	...	...	316,800

(a) That is, $\frac{1}{4}$ of Land Revenue and of Excise: $\frac{1}{4}$ of Assessed Taxes, Forest, and Registration: $\frac{1}{4}$ of Stamps.

"The deterioration on Imperial Account, Rx. 708,600, less the improvement on Provincial Account, Rx. 316,800, gives a net deterioration of Rx. 391,800, namely, a reduction in the surplus of Revenue from the standard of Rx. 1,882,500 in 1879 to that of Rx. 1,490,700 in 1896.

"72. This list shews that the resources made available by increased revenue and careful administration have practically been absorbed by (1) Loss of Opium Revenue, (2) Increase of Exchange Charges, (3) Increase of Military Expenditure, (4) Increase of Political Expenditure, (5) Increase of Provincial Expenditure, i.e., of charges of Civil Administration, (6) Net Charges on account of Upper Burma.

"73. On the first two of these no remark need be made here; they are misfortunes we have had to accept. The last may also be passed over without remark; the occupation of Upper Burma was a measure forced upon us by political necessity, apart from any question of finance. The Province will, we trust, shortly meet the expenses of its civil administration, but naturally it does not as yet fully pay its way. The other three heads call for special explanation,

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" 74. The subject of Military Expenditure is too vast to be entered on in detail. A general explanation of its increase was given by Sir Henry Brackenbury in the Budget Debate of 26th March 1896 and by Sir Edwin Collen on the same date in 1897. In respect of their military charges the Government of India feel the same necessity which presses upon all other Military Powers, and which has imposed upon even the most pacific nations increased burdens. Both our military system in its details and our general military and defensive policy are closely linked with those of England; and we cannot escape the necessity of increasing our defensive expenditure in the same way, though not perhaps to the same extent, that England does.

" 75. In illustration of this point I present the following figures; the English ones are taken from the Statistical Abstract of the United Kingdom, 1882 to 1896, pages 10 and 11 :—

	DEFENSIVE EXPENDITURE, UNITED KINGDOM (a.)			DEFENSIVE EXPENDITURE, INDIA (b.)
	Army.	Navy.	Total.	Army and Military Works.
	£	£	£	Rx.
1882-83 .	15,133,451	10,259,853	25,393,304	16,928,587
1883-84 .	16,095,326	10,728,781	26,824,107	18,079,134
1884-85 .	18,600,338	11,427,064	30,027,402	16,955,165
1885-86 .	17,027,084	12,660,509	29,687,593	17,340,369
1886-87 .	18,429,272	13,265,401	31,694,673	19,413,293
1887-88 .	18,167,196	12,325,357	30,492,553	20,548,766
1888-89 .	15,919,738	12,999,895	28,919,633	20,305,140
1889-90 .	17,345,812	13,842,241	31,188,053	20,511,504
1890-91 .	17,550,023	14,125,358	31,675,381	20,821,160
1891-92 .	17,258,900	14,150,000	31,408,900	22,570,532
1892-93 .	17,541,700	14,302,000	31,843,700	23,705,932
1893-94 .	17,939,700	14,048,000	31,987,700	23,537,693
1894-95 .	17,899,800	17,545,000	35,444,800	23,966,973
1895-96 .	18,459,800	19,724,000	38,183,800	23,976,714
1896-97 .	18,269,800	22,170,000	40,439,800	24,384,447

(a) Excluding Expeditions and Naval Defence Fund.

(b) Excluding Special Defences and the following Expeditions: (1) Egypt, (2) Quetta, (3) Burma,

(4) Chin-Lushai, (5) Chitral.

" 76. The result of these figures is to shew that while the Defence Expenditure in the United Kingdom has increased by 59 per cent, that in India has increased by only 44 per cent, even including the increase due to the fall of exchange,

[*Sir James Westland.*]

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which affects Indian Military Expenditure in a special degree, owing to the large proportion of it that is measured by a sterling standard. The statement of expenditure in the United Kingdom is free from disturbance by this cause; while, on the other hand, the increase of Indian expenditure includes Rx. 2,526,000 directly due to this cause alone; and if this amount were excluded, the percentage of increase would be reduced to 29.

	£
Net English Expenditure . . .	4,000,000
British Soldiers' pay . . .	1,590,000
TOTAL . . .	5,590,000
	Rx.
Difference of exchange 19'85d. and 14'45d.	2,526,000

"77. The two most recent measures causing considerable increase of Military Expenditure were the raising of the pay of native soldiers in 1895, and of that of British soldiers in 1898. The former of these concessions had been delayed on financial grounds for a length of time which all our military advisers considered to be open to objection. The second measure, the increase of British soldiers' pay, is the result of the determination of Her Majesty's Government on a question of general imperial policy.

"78. Under the head of Political Expenditure, the increase measured by percentage is even more considerable; in amount it is Rx. 471,600. A few remarks will shew that this increase has been caused solely by the necessities of external policy. Two-fifths of the whole amount arises from the one item of Rx. 180,000 for the subsidy of His Highness the Amir of Afghanistan; and the Afghan Refugees cost at least Rx. 60,000 more. The period under consideration, moreover, has witnessed the rise and development of the Baluchistan Agency, which now accounts for Rx. 130,000 of the outlay charged under this head; the appointment of an Agent on the Perso-Afghan Frontier (Rx. 13,000); the occupation of the Gilgit and Chitral Frontier (Rx. 16,000); and considerable new expenditure, say, Rx. 40,000, in controlling the tribes and employing levies along the North-Western Frontier. The head "Political" contained also in 1896 Rx. 14,000 expended on the African Coast of the Gulf of Aden (the corresponding revenues are under Miscellaneous), and the scheme of Imperial Service Troops has caused a further increase of Rx. 22,000.

"79. I pass to the figures shewn against Provincial (including Local) net expenditure, which has increased during the period under review from Rx. 14,374,900 to Rx. 18,160,800. These are the charges of Civil Administration generally, and under such heads increasing outlay is not only justifiable but inevitable, in every country in which civilization is not stationary or retrograding. The system of Provincial finance is based on the theory that the increase in the Provincial share of the Revenues can be set aside for increase of expenditure upon Civil Administration, and that, if the increase is kept within this limit,

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Sir Arthur Trevor.]

we have by this limitation, under ordinary circumstances, sufficiently taken into consideration the financial difficulties arising from falling exchange, from the necessities of Military and Political Expenditure, from wars and famines. We proceed, therefore, on the assumption that there is no objection to the Provincial share of the normal growth of Revenue being, as fast as it accrues, spent on administrative improvements. As has often been pointed out, a Provincial Government can do nothing with its money except spend it; it cannot, for example, utilize a surplus for remission of taxation.

“ Conclusion. .

“80. The statement which I have laid before the Council exhibits, I think, a very favourable condition of Indian Finance. Some of these favourable elements are, I admit, temporary only, and due in a large measure to a specially active trade, others however are permanent and betoken the return of the prosperity and progress which I noted in my statement of March 1896, and which were so rudely interrupted by the outbreak of famine. The plague, though it is a great anxiety to both Imperial and Provincial Administrations, is, financially speaking, well within our power to cope with, and as the first responsibility for the measures taken in connexion with it rests with the Provincial Administrations, I have been particular to examine the position of the Provincial Financial Accounts, and trust that the measures of relief and assistance sanctioned by the Government of India and set out in the statement will enable them to face the difficulties in which they are placed, though I take for granted they do not claim relief from their share in the anxieties which are inseparable from financial administration in India.

“I have the authority of His Excellency the President to state that the Budget Debate will be taken next Monday, and I would ask Hon'ble Members that if they desire to have any explanation regarding any figures alluded to in the Financial Statement they will find Mr. Risley and myself quite ready to give it. I hope they will ask for any information they may desire to have.”

“The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN said :—“I have laid upon the table a memorandum explaining the Army and Marine Estimates. If in the course of the next week any of my Hon'ble colleagues desire information on the facts and figures contained in that memorandum, I shall be very glad to supply it, if they will indicate to me the point or points upon which that information is desired.”

The Hon'ble SIR ARTHUR TREVOR said :—“I have only to repeat, on behalf of the Public Works Department, what my Hon'ble colleague Sir Edwin Collen has just said, in regard to the Army and Marine Estimates. If any Hon'ble

[*Sir. Arthur Trevor ; Mr. Chalmers ; Mr. Rivas.*] [20TH MARCH, 1899.]

Member has any question to ask with regard to the Public Works Department Statement which is appended to the Financial Statement, I shall be very glad to give any information that may be desired between this and next Monday."

INDIAN BANKRUPTCY BILL.

The Hon'ble MR. CHALMERS presented the Report of the Select Committee on the Bill to amend and consolidate the law of Bankruptcy and Insolvency in British India. He said:—"What the Committee have done is this. They have considered this Bill, which has been pending for a very long time, and they have come to the conclusion that its provisions are too complicated for application to India, and they recommend that the present Bill now before the Council should be dropped."

GLANDERS AND FARCY BILL.

The Hon'ble MR. RIVAZ moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to Glanders and Farcy be taken into consideration. He said:—"When introducing this Bill I explained that its main object was to enlarge the powers of Inspectors appointed under the Glanders and Farcy Act in respect of entering into, and inspection of, stables and other places, with a view to the seizure of diseased horses. The only material alteration in the Bill which has been proposed by the Select Committee is that provision has been made for enabling Local Governments to prescribe the application of the *mallein* or any other tests which may be discovered from time to time before the Veterinary Practitioner decides whether a horse is or is not diseased; but we have retained the provision of the present Act which compels the immediate destruction of any horse which is certified by the Veterinary Practitioner, after he has completed his examination, to be suffering from glanders or farcy. I do not think that I need make any further remarks on the Bill."

The motion was put and agreed to.

The Hon'ble MR. RIVAZ moved that the Bill, as amended, be passed.

The motion was put and agreed to.

[20TH MARCH, 1899.] [Sir James Westland.]

INDIAN TARIFF ACT (1894) AMENDMENT BILL.

The Hon'ble SIR JAMES WESTLAND moved that the Bill to further amend the Indian Tariff Act, 1894, be taken into consideration. He said:—
 “When I moved on last Council day for leave to introduce this Bill, I was careful to explain it solely with reference to Indian conditions. There is one part of the subject to which I did not then refer, but to which I shall now take the opportunity of referring. His Excellency the Viceroy has received a memorial from the sugar-planters of Mauritius. These sugar-planters are very naturally dismayed at the prospect of their being reduced by the operation of the bounties given in the countries of Europe to the conditions in which the sugar-industry is in the West India Islands. It is with reference to that that they make an appeal to the Viceroy to have legislation passed in this country of the character which is now before the Council. I think that the days are passed when under the pretence of absolutely free trade no consideration was given to any circumstances arising outside the country concerned. We now do admit a certain obligation to other countries, and especially to those with whom we are knit by the Imperial tie. We are especially interested in the sugar-cultivation of the Mauritius by reason of the fact that that sugar-cultivation is carried on very largely by labour imported from India. The greater part, I believe, of the inhabitants of the Mauritius are Indians, and as such are entitled to some measure of protection from this Council. The petition of the sugar-planters and merchants commences as follows :—

‘The cultivation of sugarcane and the manufacture and sale of cane sugar are practically the sole industries of the inhabitants of Mauritius, and their welfare and even their livelihood depend upon the remunerative sale of the sugar produced.

‘The sugar industry directly or indirectly gives employment and the means of subsistence to a population of about 380,000, of whom more than 260,000 are Indian immigrants or immediate descendants of natives of India.

‘These Indian immigrants have come to Mauritius with the sanction and under the control and protection of the Imperial and the Indian Governments, secured by laws suggested, approved or imposed by both Governments, and therefore the Imperial and Indian Governments are jointly responsible with the Government of Mauritius for the welfare and means of subsistence of themselves and their descendants.’

“That perhaps carries things too far. However, as I pointed out, the sugar-cultivation in Mauritius is one which gives employment to a very large Indian population, and if our legislation, based as it is on interests which are purely Indian, and refer to this country alone, also helps to preserve the means of sub-

[*Sir James Westland; Mr. Mehta; Mr. Gangadhar Rao* [20TH MARCH, *Madhav Chitnavis.*]

sistence to such a large number of Indian immigrants, I think I may bring it before the Council as one additional reason in support of the Bill which was introduced last Council day. I am glad to think from the public notices which I have seen of the legislation now before the Council I am not called upon to defend it. It has been generally approved of, and I think my proper course is to wait in case objections are made to it before I say anything further in its defence."

The Hon'ble MR. MEHTA said:—"I confess I should have preferred that this Bill had been allowed to run the usual course which Bills in this Council run. I should have preferred if the Bill had been referred to a Select Committee. I say this for two reasons. In the first place, it seems to me that the matter is not quite so simple as my Hon'ble friend Sir James Westland said in introducing the Bill. He has placed certain materials before the Council, but it seems to me that a certain amount of further investigation and verification is absolutely essential before the conclusions drawn by him can be accepted. It is true that a certain number of sugar-refineries in the country have been stopped, but I am not quite sure that the facts placed before us necessarily point to the importation of bounty-fed sugar as the sole or main cause of that result. It seems to me that further enquiry and investigation and verification of some of those figures and statistics should be really made before we commit ourselves to the legislation which is sought for. The second reason I have is that the matter is not so urgent as not to allow time for the appointment of a Select Committee. I quite admit, as the Hon'ble Sir James Westland has pointed out, that we must not wait until the sugar-industry in this country is destroyed, but I do not think he has made out a case for such urgency as to justify the course he has adopted in not referring the matter for consideration to a Select Committee. For these reasons it seems to me that it would have been more desirable if the Bill had been referred to a Select Committee."

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS said:—"My Lord, I wish only to make one remark, and that is to express my cordial concurrence in the proposal which has been submitted to the Government by the Hon'ble the Finance Member. The existing state of things with regard to the sugar-industry of India is such that it is impossible to tolerate it any longer. The bounty-fed beet-sugar has nearly driven away cane-sugar from our markets, and one by one the raiyats are giving up cane-cultivation. And once a raiyat has given up cane-cultivation, he has practically done with it for ever. For it should be borne in mind that the raiyat plants canes and preserves

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their cuttings immersed in water for the next year's cultivation. A raiyat who has failed to preserve these cuttings has either to purchase them—if at all procurable—at an enormous cost or to give up cane-cultivation altogether. Thus, should the existing state of things be allowed to continue, a time might come when the cultivation of cane will disappear altogether from this country.

“In the same manner the date-sugar having been driven away from the market by the bounty-fed beet, it is said that the raiyats in Bengal have ceased to grow date-trees. And, that being the case, it is apprehended that the manufacture of sugar from date-juice might disappear from Bengal in the course of a few years.

“When the indigenous manufacture of date and cane sugar has been thus destroyed in India, the European Governments will, of course, discontinue the bounty which they now give to the beet-sugar. What is more, the European manufacturers themselves will then be in a position to sell their inferior sugar at their own price. When things have been brought to this pass, it is likely that the Indians will make an effort to revive the cultivation of date and cane. But the European Governments referred to above might then resume the practice of giving bounty to the beet-sugar and thus once again destroy the sugar-industry of India. It will thus be seen that the only way of saving this purely agricultural country from a serious disaster is to levy a countervailing duty on all bounty-fed sugar.

“Of course it would be absurd to expect unanimity of opinion on such a measure as the Sugar Bill. There are people, well-meaning people too, who I know view it with alarm as being repugnant to the principles of free trade. But free trade can never prevent us from initiating legitimate measures of self-defence. In my humble judgment it is the first duty of the Government of India to consider the interests of the people of India; and it is from that point of view that I look at this question; and, looking at it from that point of view, I can have no doubt that the course which the Government of India have determined to take is a just and right one, for the initiation of which the people will feel most grateful to Your Lordship.”

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—“At the first blush, it may look as though we are flying in the face of free trade principles. But, in reality, we are doing nothing of the kind. If our action were abnormal, it is only directed against steps which are themselves abnormal and which, while inflicting deeper and deeper injury on us, seem to admit of no other cure, in

order to safeguard what are of vital interest to us. But, in truth, are we embarking on anything abnormal? In my humble judgment, we do no such thing.

"If the sugar whose importation is proposed to be subjected to countervailing duties were the outcome of natural resources and of normal conditions, it may perhaps be arguable whether, on commercial grounds, an exception could be taken to it on the ground of irreparable loss to us. It may be equally arguable whether, on commercial grounds, it is expedient to stem, by artificial means, a torrent which—as unerringly as does water—must find its proper level sooner or later. But the sugar in question is unnaturally produced. It is made capable of being sold as cheap as it is now, only by reason of bounty which bolsters it up—be that bounty in the shape of a prior advance by the States to stimulate manufacture or be it in the shape of remission or refund of taxation after the commodity has been produced, in order to quicken its circulation in the Indian and other unprotected markets, for the up-keep or welfare of which the bounty-giving Governments ~~make no sacrifice or have no concern~~. Noting the tendency it has created to alarmingly diminish the cane-cultivation in extensive tracts, solely and wholly devoted to it in this country, and the dreaded certainty of danger that our sugar manufactories will have soon to shut shop and pass out of their present prosperous existence, the day is not distant when locally-made sugar is sure to be a thing of the past or be relegated to the limbo of our other and numerous extinct industries. When that bitter cup is full to the brim, the imported sugar will increase by leaps and bounds, rule our markets absolutely without a rival, and its owners may dictate their own terms or drive the hardest bargains. Let us suppose—and the supposition is by no means unnatural—that the bounties which now prop up the manufacture in the foreign countries are withdrawn—be it from caprice or because no longer necessary or because wiser counsels prevail. The result will be that a well-established and thriving industry would have been, in the meantime, brought (at best) to the brink of ruin. The capital and labour, which are now working with excellent results, would be diverted from the production of commodities of extensive local consumption and sent adrift in problematic search of tentative re-investments in a spirit of timid experiment or hazardous enterprise, so foreign to the genius, nature and habits of the people of this country. It is easy to realise what will be the fate of even the present consumer when reduced to a condition of sole or virtual dependence on the tender mercies of that foreign producer. Viewed in this light alone, the present Bill is fraught with good to the consumer as well as the producer in this country. This is not all. I think, that, unless, indeed, we rigidly define the term 'consumer' as an intensely and sordidly selfish being, the word has a wider significance in this country where spontaneous charity is enjoined on every individual as an inviolable and meritor-

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[*Rai Bahadur P. Ananda Charlu.*]

ious religious duty towards the poor and helpless within the fold, common to them and him. If, then, the consumer should regard himself, not merely as living for himself and his immediate kith and kin, but as one acting for and acted upon by the common good of his community, as distinguished from other communities, he could not help taking a far more comprehensive view of his position. He would then conceive his well-being as part and parcel of the well-being of the rest of his community and welcome some amount of hardship and sacrifice on his part without murmur. If, again, the present consumers are of the well-to-do classes as asserted, our position is all the more strong; for we must bear in mind that they must then realise a near and repeatedly-recurring future when they must come in, for their share of contribution, either in the shape of additional taxes or of large charities, in case the hosts of cane-growers and sugar-makers of the day are thrown out of employ or reduced to a state of starvation—as is but too likely in this land of periodic famines—and are thereby cast on their hands or on the State, which is the same thing. Having regard to their inherited nature or to this eventuality, which—be it repeated—is by no means improbable, the effect of this Bill, even if it should cause a rise in the price of sugar they use, would be to lay men of comparative competence under a species of indirect taxation for the benefit of their poor brethren, which they will not and ought not to grudge. These are among my reasons for advocating this measure with perfect loyalty to free trade doctrines.

“ There is another ground—not an altogether inapt ground—in favour of this Bill. It is this, namely, that it is calculated to dispel the notion—more or less widespread and more or less groundless—that free trade has ruined the indigenous industries—a notion which cannot but lend an undesirable colour to the opinion entertained about the effects of the British rule. I regard it, therefore, not only as inaugurating an era in the fiscal legislation of the country and as being welcome on that account and on its own merits, but also as dispelling the above erroneous notion. There is no doubt, that with the advent of British sovereignty, the reign of free trade has synchronised in this country; and, with that reign, a taste has set in for British articles of clothing which began to flow in unchecked. But the truth ought not to be disguised that such is, after all, the fault of the altered tastes rather than of free trade. Certain new ideas of the decencies and comforts of life, which have followed in the wake of the civilization of the West, have weaned not a few from their old and traditional ways; but free trade, as such, has had nothing to do with that result. Exigencies that have arisen in consequence may have, as I think they did, intensified the result, but it is difficult to see how that result could be helped or could be said to have been originated by it. For every one man or woman who fell in

with and adopted the Western fashions, there are tens, if not hundreds, who have adhered to their old ways, in a perceptible degree. It is therefore illogical to say that because a large number of the well-to-do and the seekers of the fashion of the day have utilised the Western articles, the articles themselves or the natural facilities for their influx should be denounced or proscribed. Giving free trade the fullest swing, it seems to me that the local industries might well have thriven if the tastes of the people had, in the bulk, remained unvaried and unvariable. Take, for instance, the almost entire masses of the Hindu ladies. They have been untouched by the fashions of their Western sisters, and the species of manufacture which supplied their clothing have, I believe, continued to hold the ground. As surely would the manufacture of male clothing have continued its hold, if men too could be brought to display or develop a like tenacity to old habits. While for these reasons I regard the prevailing outcry against free trade as unreasonable, while I recognise in the Bill ~~before us a departure which marks a desirable epoch~~ in our fiscal legislation, and which will prove a powerful solvent of doubts entertained about the operation of free trade doctrines, I cannot but share the feeling nor get rid of the impression that, just as the threatened ruin of the cane-growers and sugar-makers has laudably moved our Government towards this measure of preventive legislation, the urgent need exists to inaugurate measures, on similar lines, to meet the case of the millions of skilled workmen whose ruin is almost accomplished and whose instructed and inherited aptitude for delicate workmanship, menaced with extinction at every famine that comes round, presents a no less anxious and grave problem of the day.

"Claims of international commerce may be said to be in the way. I am not unaware of the motives, results and advantages laid to its credit. I nevertheless venture to think that it suffices to say just at present that the subject has not yet ceased to be controversial, and that, so far as this dependency of the British Sovereign is concerned, those motives, results and advantages are either too remote or too problematic to be efficacious. In the meantime let me allow that the claims of international commerce are indeed great. But the claims of a nation's prosperity and its freedom from utter impoverishment are even greater. The question may well be asked, whether the sustenance and prosperity of millions of lives, which run imminent risk of being either altogether lost or sensibly enfeebled, are not to be a primary object of every Government—a consideration paramount above commerce, international amity and all else. One may well entertain the grave doubt whether there is not, to the problem to be grappled with, a *political* as well as a *commercial*

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and an economical side, whether the European and the American Governments, which are not wanting in intelligence and which have persisted in non-free-trade principles in dealing with other States, side by side with a full recognition of free trade principles within their own territorial jurisdictions, do not, after all, act in tacit acknowledgment of some such distinction, and whether sufficiently long periods of such persistence have not elapsed to refute, by practical, concrete results the abstract theory that the policy is bound to prove suicidal.

"But these latter remarks are superfluous to set on its legs the Bill before us—a Bill which has indisputable merits of its own. The sole aim with which I have thrown out those observations is to hint at what seems to me a possible solution of a kindred problem of no less gravity; and I have done so, in the hope that what is but an academical debate to-day in relation to the Bill now on the anvil, will, before long, pass within the domain of practical politics, and that this Bill will prove but the harbinger of other measures to come, though they must needs be experimental, fragmentary and cautious at the outset."

The Hon'ble SIR JAMES WESTLAND said:—"In the remarks of the Hon'ble Mr. Mehta I think he has failed to observe the distinction between the functions of this Council and the functions of a Select Committee. The question whether this Bill is in principle required or not and whether we ought to provide for the protection of the sugar-industry against existing adverse influences is, it seems to me, a question which the Council must decide for itself, and not a question which it should refer to a Select Committee. The business of a Select Committee rather comes in after the principle has been laid down and after the general tendency of the proposed legislation has been accepted, to see whether the proposed Bill is correct in point of form, or whether it cannot be altered and improved in respect of the subsidiary arrangements connected with it. The reason why no proposal has been made to refer this Bill to a Select Committee is that if the principle is adopted there is really very little work for the Select Committee to do. The Bill, as I said last Council day, has been framed on the basis and upon the wording of an Act which is actually operative for purposes to which we desire to apply this Bill. It has been carefully framed upon the experience of another legislature, and I think we may take it for granted that a further consideration of it by a Select Committee would not have altered in point of form, or suggested any improvements in a matter so simple as that of giving powers to Government to impose duties of a certain class. Then, as regards the statement of the Hon'ble Mr. Mehta that he did not:

consider that the Bill was of a sufficiently urgent character to be brought up to be passed at this Council, I think I may reasonably refer him to the two speeches which have been delivered, one by the Hon'ble Mr. Chitnavis, himself an agriculturist and in close touch with all agricultural questions, and the other by the Hon'ble Mr. Charlu, who is a keen observer and reporter on all matters relating to social economy in India. I think the statements of those two gentlemen will have convinced the Council that after all there was some reason for regarding this measure as an urgent one and seeking to pass it before the session comes to an end. Nor do I think that it is altogether reasonable to refer to a Select Committee the question of whether the statistics which have been laid before the Council are correct. I have not stated these matters of my own knowledge. What I stated to the Council was taken from the official reports of the high officers who were instructed to enquire into the subject, which reports have been based upon very careful enquiries. These papers I quoted pretty fully last Council day, and I can only say that if any Hon'ble Member had desired to verify them still further, the fuller reports and details could easily have been placed at his disposal. I trust, therefore, that the Council will feel that the measure which is before them has been amply justified and will, on the motion which I shall presently make, be pleased to pass it into an Act."

The motion was put and agreed to.

The Hon'ble SIR JAMES WESTLAND moved that to the Bill the following clause be added, namely:—

"3. This Act shall not apply to any imported article the bill of lading for which was signed and given before the commencement of this Act."

Act not to apply in certain cases.

He said:—"I am afraid that the Hon'ble Mr. Mehta may now pounce upon me and say that my moving this amendment is evidence that the matter ought to have been laid before a Select Committee; but this really is no new matter. It is not brought before the Council for the first time. The Hon'ble Mr. Allan Arthur mentioned it at the last meeting, and I gave an undertaking that I should consider the subject with Mr. Allan Arthur and with his constituents, and be able to lay it before the Council for consideration when the Bill came up to be passed. In an ordinary measure for changing the duties imposed by the Tariff the law prescribes that the contracts which have been made before the change have to be modified with reference to that change. The principle upon which that provision in the law is based is that under ordinary circumstances the change of a tariff duty results in the change of the price of the article concerned more or less exactly by the amount

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of the duty imposed or taken off. If this were merely a revenue measure, if it were a measure merely for altering the rate of duty which is demanded at the ports upon sugar, I would be strongly averse to making any alteration in the existing provision of the law relating to current contracts for purchase or sale of articles to be imported. I take it for granted that people who make contracts of the kind know what the law is relating to them and relating to the operation upon them of any subsequent alteration of duty. But the present measure is not one that has simply for its object the alteration of a duty. It is one that will have some effect upon the sugar-trade as a whole. No doubt the price will enhance. It has been enhanced, I believe, by a certain amount, but the price will not be enhanced by the same amount by which we alter the duties. The consequence is that where we now throw upon the forward seller of sugar the obligation to pay the customs-duty at the port, he may indeed pass it on to his purchaser, but at the same time this purchaser will not be enabled by a corresponding rise of price to recover it from his purchaser. Well, the form which the provision should take with respect to these contracts for future delivery has been very carefully considered by me in consultation with those most competent advisers,—the Committee of the Chamber of Commerce,—and the form in which the clause is proposed is a form which seems to them the best for the saving of existing contracts, namely, that sugar which has been put on board a steamer at a foreign port before the date of the commencement of this Act, that is to say, before to-day, shall not be affected by the imposition of these new duties. This will postpone for a short time the operation of the Act so far as concerns the protection of the sugar-industry, but it will relieve merchants from a good deal of uncertainty regarding their transactions and from what may be a good deal of unfairness in the operation of the law. Another form which was proposed was simply to exempt from the operation of the Act all sugar which was the subject of a contract made before the Act was introduced. It seemed to me there were strong objections to giving legislation that form, because it is a section of which the operation would not in regular course come to a close by any fixed time. We might have sugar imported a year hence, or two years hence, or even ten years hence, upon the basis of a contract already made. We cannot postpone the operation of the Act for such an indefinite time, or give to future importations, which, as I say, might extend over years, an advantage over other importations going on at the same time; whereas if the Council accepts the provision for security of current contracts, which I have laid before them, the result will be that after a very short time—I suppose a month at the outside—the whole of this temporary exemption will have ceased and all sugar imported into the country will be under the operation of the Act."

[*Mr. Allan Arthur; Sir James Westland; the President.*] [20TH MARCH,

The Hon'ble MR. ALLAN ARTHUR said:—"I think the amendment proposed by the Hon'ble Sir James Westland fairly meets the difficulties which I pointed out at the last meeting of the Council might arise in bringing this Bill into operation. I agree with the Hon'ble Member in regard to what he said as to the difficulty of exempting all contracts that were made before the passing of the Act from the operation of the Act, and I further think it would give the holders of such contracts a greater advantage than they can reasonably claim.

"The holders of contracts for sugar now at sea, *i.e.*, for which bills of lading are signed, will no doubt make a profit on their contracts. Beet-sugar has already risen 12 annas per maund, but as the dealers who hold such contracts probably also hold contracts for sugar which will be shipped after the passing of the Act, they will probably make a loss on these latter contracts, as it is improbable that the price of beet-sugar will advance to the full extent of the duty imposed. There will be a set-off, however, in the profit on the former contracts against the probable loss on the latter contracts, and, on the whole, I think the amendment meets the difficulties as well as they can be met."

The motion was put and agreed to.

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

His Excellency THE PRESIDENT said:—"Before I put the question that this Bill be passed into law I should like to make a few observations with regard to it. I have been glad to notice the complete unanimity that has prevailed with regard to the Bill in this Council—representative as it is of so many diverse and important interests. The Hon'ble Mr. Mehta indeed would have preferred that this Bill should have been referred to a Select Committee—a contention to which I think that an adequate reply was given by the Hon'ble Sir James Westland. I also understood him to urge that it might have been desirable that further enquiry should have taken place with respect to the subject-matter of this legislation. Well, I have always heard it made a reproach against the Indian Government that it is perpetually conducting enquiries, and very seldom acting upon them; and that reproach I, at any rate, during my time of administration here, desire to escape.

"The answer to my Hon'ble friend Mr. Mehta is that we have been conducting enquiries for a whole year past. We have received representations from every leading Chamber of Commerce in the country, and from most, if not

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all the important firms connected with this industry. We have addressed observations to, and received replies from, the Governments of all the provinces and districts of India concerned. We should have had, if my Hon'ble colleague's advice had been followed, to wait for the best part of another year before we introduced this legislation. We regarded the case as urgent, and we were not prepared to accept such a delay. At the same time I am glad to notice that the Hon'ble Mr. Mehta, although he delivered this criticism on a point of detail, did not withhold his assent, which I am certain that he is prepared to give, to the general principle of the measure. Then we have had on a previous occasion and again to-day a statement approving the Bill from the Hon'ble Mr. Allan Arthur, the distinguished representative of European mercantile interests in this capital, and finally we have had two speeches from the Hon'ble Mr. Chitnavis and the Hon'ble Mr. Ananda Charlu, which I take it we are entitled to regard as typical of the opinions that are held by those important sections of the Native community which they represent at this table. I am therefore, I think, justified in saying that at any rate within these walls complete unanimity has prevailed with regard to the principle of the Bill.

"This complete unanimity here reflects an almost equally complete unanimity outside. There are, it is true, certain interests and certain Chambers of Commerce—Bombay and Karachi I may name—in which those interests are strongly represented, which have not entirely concurred in the necessity for countervailing duties at this stage. Those representations are entitled to due consideration, but it is to be noted that they do not come from the areas where the sugarcane is grown, where the refineries exist, or where the real effect of the bounty system is felt. They represent in the main the interests neither of the producers nor of the consumers, but of the importing merchants. On the other hand, if I regard either the representations to which I have already referred, and which have been received by us from the Local Governments, or the reception which our proposals have met with alike in the English and the Native Press of India, I do not hesitate to say that few measures have ever passed through this Council with a greater weight of qualified and homogeneous opinion behind them.

"Now the first point that I desire to emphasise is this—that it is in the interests of India, and of India alone, that this legislation has been proposed by us, and that I have authorised the introduction of this Bill. It may be that our Bill may ultimately affect the action of other countries. It may more immedi-

ately touch the interests of certain of our own Colonies as well. The noble Sir James Westland in his speech to-day has alluded to the representations that we have received from the Colony of Mauritius, a Colony in which, in view of the enormous Indian population that is there engaged in labour, we here are bound to take a close interest, and whose welfare we should be glad, I am certain, consistently with our own, to subserve. It may be that this Bill will set an example of far-reaching significance. By some it may even be regarded as a factor in the Imperial problem. It is from such points of view that we may expect the measure to be examined, and perhaps criticised, in the British Parliament in London. I do not deprecate such examination, or such criticism, conscious that it will not weaken, but will rather strengthen, our case. All I have to say here is that our conduct has not been determined by those considerations. We are exercising our own legislative competence, of our own initiative, though with the sanction and concurrence of the Secretary of State, to relieve India from an external competition, fortified by an arbitrary advantage, which can be shown to have already produced serious consequences upon our agriculture and manufactures, and which, if unarrested, is likely to produce a continuous and a dangerous decline.

"There is another point upon which I must, in passing, say a word. I have been glad to notice that no one in this Council has ventured upon the argument that we are guilty of an economic heresy in our proposal to meet bounties by a countervailing duty. Bounties are in themselves an arbitrary, and in my opinion a vicious economic expedient designed in exclusively selfish interests. They are inconsistent with free trade, because they extinguish freedom, and they reverse the natural currents of trade. To meet them by a countervailing duty is to redress the balance and to restore the conditions under which trade resumes its freedom. I do not think that we need pay much attention, therefore, to the mutterings of the high priests at free trade shrines. Their oracles do not stand precisely at their original premium. This is not a question of economic orthodoxy or heterodoxy; it is a question of re-establishing a fiscal balance which has been deflected for their own advantage and to our injury by certain of our foreign competitors.

"Moreover, if the utilitarian basis upon which the doctrines of free trade are supposed in the last instance to rest, *vis.*, that they regard the interests of the greater number, be examined, out of their own mouths would the prophets of those doctrines, in India at any rate, be condemned. For here we are dealing in the case of the sugar-industry with a population the vast majority of which are

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not consumers of a cheap imported article, but are themselves producers of the raw material, and in their capacity as consumers consume for the most part the article which they have themselves produced and worked up. In other words, the conditions that prevail in England are completely reversed. The majority in England consists of poor consumers to whom it is indispensable that the price of sugar should be low. The minority consists of capitalist producers. On the other hand, the majority in India consists of poor producers whose industry is at stake; the minority consists of well-to-do consumers of refined sugar who are not likely, in my judgment, to be affected seriously, if indeed they are at all affected, by enhanced prices resulting from our legislation, but who, if they were, could not claim that their interests should override those of the overwhelming majority of the population.

"Now I shall not recapitulate the figures which have been laid before you with so much ability and clearness by the Hon'ble Sir James Westland when he introduced the Bill at our last meeting; but let me remind you of the facts which have been established in this discussion. They are these:—firstly, that there has in the last few years been an enormous increase in the importation of beet-sugar into India from Germany and Austria—a fact which is unquestionably due to the loss by the American market of those countries in consequence of the imposition of countervailing duties by the Government of the United States in 1897; secondly, that in the same period the rupee price of sugar in this country has seriously fallen; thirdly, that there has been a contraction in nearly every part of India in the area under sugar-cultivation, the total reduction being estimated at as much as 13 per cent; fourthly, that there has been a widespread and a still unarrested closing of native refineries, a phenomenon which is capable of one explanation, and one alone; for while it may be argued that the decline in the total area under cultivation may be partially due to other causes such as famine and the low prices resulting from famine, that this is not the case in respect of the factories which have been closed is demonstrated by the fact that in districts where cultivation has increased, or remained stationary—in other words in districts which have remained unaffected by famine—the refineries nevertheless have been, and still are being, shut.

"From these facts it appears to me to be impossible to draw any other conclusion than that this decline in an Indian industry—in which I have seen it stated that two millions of people are employed and in which the value of the annual crop has been estimated at nearly twenty millions sterling—is due to the importation of beet-sugar at a price below the natural cost of production *plus* the

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cost of transport, in other words, to the unrestricted competition of a bounty-fed article.

"Now this is a state of affairs which neither the Government of India nor I, as the head of that Government, from whatever point of view we may regard it, can contentedly accept. If we look at it from the point of view of the agriculturist, we cannot sit still and look on while he is impoverished by the economic exigencies of Continental nations. If we regard it from the point of view of native manufactures, what would be the meaning and value of the speeches which I have made since I came to India about the encouragement of native enterprise, if I were to acquiesce in the tacit suppression of this promising branch of indigenous industry? We ought, on the contrary, I think, to stimulate and to encourage its development by every means in our power. Finally, if I approach the question from the point of view of the Government, while we should be strangely constituted if we could contemplate with equanimity the preventible growth of an agrarian and industrial grievance, which must sharply react upon the general prosperity of the people, we should also be poor stewards of our own estate if we were to acquiesce in a condition of affairs that must detrimentally affect both the land assessments and the canal returns, and in this way jeopardise the ultimate revenues of the State.

"These are the grounds—which I have endeavoured to state in their wider rather than in their narrower aspect—that have induced the Government of India to introduce this Bill, and that enable me confidently to recommend it to the acceptance of this Council and of the public."

The motion was put and agreed to.

INDIAN MINES BILL.

The Hon'ble MR. RIVAZ moved for leave to introduce a Bill to provide for the Regulation and Inspection of Mines. He said:—"The object of this Bill is to provide for the regulation of labour in, and for the general management and inspection of, mines in India. There is at present no law dealing with the subject on the Indian statute-book. The mining industry in India is of comparatively recent origin, but its progress in at least one province during the last fifteen years has been so rapid that the necessity for obtaining for the Government statutory powers of inspection of mines, for enforcing proper precautions in their working, and for assuring health and protection of life and limb to the operatives, has been repeatedly under the consideration of the Government.

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This obligation has been recognised in all countries in which mining operations on any considerable scale, with the risks inseparable from them, are carried on: and the hesitation of the Government of India to give it statutory form has been due not to any doubt as to the eventual necessity for legislation, but partly to a wish not to put difficulties of any kind in the way of a rising industry, and partly to the willingness evinced by those interested in the mining industry to permit their mines to be inspected by Government officials, and to the hope that precautions and improvements suggested on such inspections would in most cases be adopted without the coercion of law. It was also thought desirable to see how the Indian Factories Act worked in practice in a cognate sphere of industry, and to ascertain what degree of protection was really needed in this country for certain classes of operatives, and how far it could be given by law without unduly crippling manufacturing enterprise. This experience has been satisfactory. Protection has been given to factory operatives in various ways and the conditions of labour have been sensibly ameliorated, yet no unfair strain has been placed on the industry. Careful and considerate employers have no cause to fear the Inspectors' visits, and the labour regulations are as simple and moderate as are compatible with the health and well-being of the employés. The time has now come in the opinion of the Government to take a similar step with regard to mines, to bring them under statutory inspection, and to enforce such rules of management and such labour conditions as a considerate and well-informed mine-owner already either adopts or is willing without compulsion to adopt.

"Five years ago, in order to satisfy itself as to the urgency for such legislation and to inform itself thoroughly as to the management and the labour conditions of Indian mines, the Government of India obtained from England a competent Inspector of Mines. Towards the close of 1894, Mr. Grundy submitted his first report, containing the results of his inspection of 67 mines, most of them collieries in Bengal. He showed that Indian mining was in many respects far below the standard reached in other countries, and far below what it ought to be in India. He found, to quote his exact words, that there was 'except in a very few mines an almost entire absence of such essential principles and practice of mining knowledge as ventilation, timbering, etc.' Ventilation, he said, was much neglected. Fire-damp was not properly tested. Used and unused shafts and machinery were often left unfenced. The winding machinery was not unseldom defective. In quite a number of mines no plans of the underground workings were maintained. Regular inspections of all underground working parts, with a view of testing for safety, were not carried out by the mine staff. Accidents were not properly and promptly reported. With regard to accidents he reported in 1896,

after two years' farther experience, that the accidents which he had investigated 'afforded ample proof that lives were lost that might have been saved, and that the reporting of accidents by the mine officials is one of the most necessary requirements of Indian mining.'

"These reports satisfied the Government that legislation was required and ought to be undertaken without delay; at all events, for the purpose of obtaining statutory powers to inspect and to make rules for the reporting of accidents, and for the technical management of mines. But the point on which the Government was doubtful was as to the necessity for placing restrictions on the employment of women and children employed in mines, or for regulating working hours, and the like. The provisions of the English Statutes are very precise. No boy under the age of twelve years, and no girl or woman of any age, may be employed in, or allowed to be, for the purpose of employment, in any mine below ground. The hours of employment below ground of boys over twelve and the intervals of rest during such employment are fixed. So likewise are the hours of employment above ground of boys, girls and women. These provisions generally correspond with the recommendations of the Berlin International Labour Conference of 1890, and although India, as it was not represented at the Conference, is not actually bound by the decisions of the delegates, it must obviously accord to them the very greatest consideration, and if it departs from them should do so only on the clearest evidence that they apply to social and labour conditions which do not exist in India. Now the Mining Inspector reported very fully and fairly on the subject of the underground employment of women and children in the mines inspected by him. He wrote with regard to the women to the following effect:—

'3. They generally work under circumstances in which they can enjoy the company and protection of their nearest relatives throughout a good part of the working shift. They work in gangs and families, and do not, as a rule, mix with any men other than relatives.

'4. Working in the mines provides them with labour that could not be got out of the mines, and for which they get a comparatively good rate of pay. And I did not find any distressing circumstances connected with the employment of females and children, but all appeared to be hearty and happy.

'5. A large majority of the females have little or no work to do at home; and, without their help in the mines, husbands and relatives would be put to great inconvenience and trouble in doing their work.

'6. Without the wages they earn, many families would become most miserably in want as compared with their present prosperity.

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'7. When proper precautions are taken for proper ventilation and making the workings healthy, it is an advantage to them to be in the mines and out of the sun's heat during the hottest part of a summer's day, the mines being comparatively cool.

'8. Working in the mines has no more tendency to immorality than most other employments, but in a great number of cases it is of a protective nature.'

"But he added the important caution that there are parts of mines and kinds of work on which women ought not to be employed. With regard to children, he found only a very few boys under ten years of age employed in the mines, and he thought therefore that there would be little hardship in prohibiting their employment. But he pointed out that such prohibition would also prohibit the admission underground of all children under ten years, and that mothers found it convenient to take their babies into the mine with them.

"The Government of India accordingly decided to reserve these labour questions for further consideration, and to appoint a Committee to advise as to other matters on which legislation was necessary, and to draw up rules to be made under the proposed law. On this Committee the Bengal Chamber of Commerce, the Indian Mining Association, and the Native owners of coal-mines were represented. The Committee accomplished a very laborious and useful piece of work, for which the Government of India have already expressed their acknowledgments. They prepared the draft of a Mines Regulation Bill, which was for the most part of an enabling character, and very full drafts of rules proposed to be made under it. These rules will be of the very greatest service if the Bill which I have asked for leave to introduce, should become law. On receipt of the Committee's report the Government of India remitted it to Local Governments for opinion and discussion, and at the same time especially invited opinion on the two questions of prohibiting underground employment in the case of women and restricting it in the case of children.

"The Bill which I propose to introduce represents the Bill prepared by the Committee, recast somewhat in language to bring it more into accord with the technicalities of drafting, and altered in some matters of comparatively minor importance, in the light of the criticisms which have been received. The Bill, like the Committee's Bill, will apply to the whole of British India and to mines of all sizes and all classes. But any inconvenience likely to arise from its far-reaching extent is avoided by power being taken to exempt any local area, or any mine or class of mines, from any or all of its provisions. The appointment and powers of Inspectors of Mines are provided for on the general lines of the English Statutes, and call for no special observations. Then come

certain provisions with regard to operatives which find no counterpart in the Committee's Bill. The Bill provides that children shall not be employed underground unless of the age of ten or upwards, and that children between the ages of four and ten shall not be allowed to go underground. This is followed by clauses which enable the Government of India or the Local Government to make rules in respect of all mines or of particular classes of mines for prohibiting, restricting or regulating the employment of children up to the age of fourteen years or of women, and of limiting the hours of employment of women or children. These provisions follow in the main the final recommendations made by the Government of Bengal after a very careful survey of the subject, and they are considered by the Government of India to represent the smallest amount of protection which should be afforded by law to these classes of workers. The only positive prohibition is in respect of the underground employment of children under the age of ten. The Government of India recognise the fact that in very many mines women in India may be employed underground, on the family gang system common to the country and in association with their husbands, without any objection on the ground of morality or of physical health. But it cannot ignore the fact that where the system does not prevail, or where the mine is dangerous or very deep, or the work dangerous or very laborious, children below fourteen or women should not be so employed. In such cases rules prohibiting or restricting or regulating the employment of women and children would be made. The objection may be taken that this is leaving too much to the discretion of the Executive Government. The reply to that is that mining conditions vary so greatly in India, and the mining industry is in a state of such rapid development, that unless large discretionary powers are left to the Government, either the whole mining industry must be unnecessarily stretched on a Procrustean bed, or defenceless classes must go without protection. The latter alternative the Government of India is unable to assent to. As a condition of reducing the absolute statutory prohibitions to the minimum, the Government must keep in its hands a large rule-making power.

"I explain this point at length because the same considerations apply to the absence of explicit provisions elsewhere in the Bill regarding such hotly disputed matters as the classification of mines, the appointment of certificated managers, the construction of shafts and the like, and their proposed regulation by rules. If the Bill be passed, the first step will probably be to frame rules applicable primarily to coal-mines, and to coal-mines of different working capacities and degrees of development. When this is done, the particular requirements of metalliferous mines, of mica-mines, of stone-quarries, and so on, will be brought under review and regulated. In all cases the object will be, not to

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secure absolute uniformity of equipment and management, but in every case the necessary protection of the workmen. Regulations which are essential in the case of large mines would, unless relaxed, be ruinously burdensome to the small mines.

"The central part of the Bill defines the responsibilities of owners, agents and managers, requires notice to be given of accidents, enables the Government to hold formal enquiry into cases of accident and to publish the results, and provides for the appointment of Committees of reference in cases in which the requisition of the Mining Inspector is considered by the mine-owner to be in excess of the requirements of the rules which apply to his mine. I need not dwell on these provisions, nor say more than that they have been framed with advertence to the more elaborate provisions of the English Statutes.

"The penalties prescribed in the Bill have been framed on the side of leniency rather than severity, and a valuable safeguard against criminal prosecutions when technical points of mine-working and management are in question is provided in clause 26, which enables the proceedings to be stayed and the case referred to a Committee of reference.

"The only other point on which I need touch is the power proposed to be taken in clause 21 to make rules 'to provide for the safety of the public and the protection of public property and works from injury in respect of any mine, whether the mine is worked or not.' The object of this power is stated at length in the Statement of Objects and Reasons accompanying the Bill, and though the precise form in which increased protection should be given by the Bill to the State and the public from the risk of injury from underground workings may be open to further consideration, there is no doubt that increased protection is urgently required, and that in some form or other it should be given.

"I must apologize for the length of these remarks, but the matters provided for in this Bill are of great importance, and it is desirable to afford a full explanation of the reasons for the proposed legislation. The Bill will be circulated for opinion in the usual manner, and it is intended to postpone its reference to a Select Committee until the next session of Council here in Calcutta. Ample opportunities will thus be afforded for its deliberate consideration by all interested in the matter."

The motion was put and agreed to.

The Hon'ble MR. RIVAZ introduced the Bill.

The Hon'ble MR. RIVAZ moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

The Council adjourned to Monday, the 27th March, 1899.

H. W. C. CARNDUFF,

<p>CALCUTTA ; The 24th March, 1899.</p>	}	<p><i>Offg. Secretary to the Government of India, Legislative Department.</i></p>
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