

*Monday,
27th March, 1899*

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

LAWS AND REGULATIONS

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ABSTRACT OF THE PROCEEDINGS
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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 27th 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.

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 Sir G. H. P. Evans, K.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.

QUESTIONS AND ANSWERS.

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS asked :—

" 1. Will Government be pleased to say if they intend introducing in the Central Provinces a law of entail for the preservation of old estates, as they intend doing with regard to estates of old and loyal proprietors in the North-Western Provinces and Oudh?

[*Mr. Gangadhar Rao Madhav Chitnavis ; Mr. Rivas.*] [27TH MARCH,

"2. Will Government be pleased to say if the main reason which actuates Government to assess sîr lands in the North-Western Provinces and Oudh is the fact that sîr lands cultivated by proprietors by means of servants do not generally yield the same profits as self-cultivated lands?

"3. Will Government be pleased to say if the inquiry promised by Sir Antony MacDonnell as Home Member to my question (c) on the 15th of February, 1894, has been instituted, and, if so, will it be pleased to state the result of that inquiry?"

The Hon'ble MR. RIVAZ replied :—

"1. The proposals for legislation to which the Hon'ble Member refers, relate exclusively to a particular class of estates in the province of Oudh, and any legislation that may be undertaken will be carried out in the provincial Legislative Council. The enactment of a similar measure for the Central Provinces has not yet been considered by the Government of India.

"2. The Hon'ble Member is in error in thinking that the main reason which actuates the North-Western Provinces and Oudh Government in allowing a reduction in the assumed rental value of proprietors' sîr land is that proprietors who cultivate their sîr through the agency of servants, make smaller net profits from such land than its rental value. The main reason is that given in the assessment rules, namely, that, when the number of proprietors is great and their circumstances poor, a reduction in assessment as an act of grace is allowable, and may be made by placing a low valuation on their sîr lands. If the reason were as supposed by the Hon'ble Member, a low valuation would be allowed only in the case of sîr lands cultivated by the proprietor by means of hired labour, and would not be allowed in the case of sîr lands let by the proprietor to tenants. The Hon'ble Member is probably aware that sîr lands are very frequently so let.

"3. The inquiry promised by the Hon'ble Sir Antony MacDonnell was as to the operation of the rule in force in the Central Provinces, which allows in certain cases an assessment up to 65 per cent. of the rental to be imposed by the Settlement-officer. The inquiry was duly made. It was ascertained that the only districts in which the permissive rule in question had been of any practical account were Nagpur and Wardha. In these the Settlement-officer had found a considerable number of villages in which at the last settlement the assessment had been made at a higher percentage than 65 per cent. of the assets, and had been paid without difficulty. In such cases he revised the

assessment on the basis of from 60 to 65 per cent. of the assets. The inquiry also showed that the proprietors generally gained by the re-settlement proceedings, inasmuch as the Settlement-officer simultaneously enhanced the rents receivable by them from the protected tenants, and such enhancement exceeded the addition made to the proprietors' assessment."

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1899-1900.

The Hon'ble SIR JAMES WESTLAND said :—" My Lord, in initiating the discussion on the Financial Statement there are one or two points on which I have to make a few observations. A couple of years ago I had to make an apology here for not being able to send the Financial Statement to the Presidency of Madras in the same way as advance copies of it had been sent to Bombay and other places. I regret that there was a failure this year also, and I would make an apology for it were it not for the fact that I have received a thorough scolding from a newspaper in Madras which I think has had the effect of enabling us to cry quits. But I think it is a little ungenerous for this newspaper to hint—if it has not positively said so—that it was partly intentional on my part that I neglected to send the Statement to Madras, and that it arises simply from the fact that I have never hesitated to sacrifice the interests of the Southern Presidency to those of Northern India. I wish to explain that it is really difficult for us to get the Financial Statement ready in time to send it off three days before the day fixed for its presentation in this Council. I have formerly explained that we do not close the Financial Statement until we have an opportunity of considering the results of February's accounts. That puts off the possible completion of it till the 12th or 13th March at the very earliest. Having done this, we have to prepare ourselves for presenting it before the Council about the 20th March, as sundry inconveniences arise if it is not ready by that date. We have therefore only the 13th to the 20th at the very outside to prepare the final copy of the Statement and to pass it through the press, and if possible send it off to Bombay and Madras. I have done my best to let these Presidencies have copies of it, but I really cannot accept responsibility for Madras being one day further from Calcutta than Bombay, and of the consequent failure in respect of the arrival of the Budget Statement in Madras while it has been duly delivered in Bombay.

"One other remark I wish to make—a remark of a general character. On this day last year I was engaged in defending myself against charges of 'complacent optimism'—I think that was the expression used with regard to the preparation of last year's estimates. Well, I of course was unable to say

[*Sir James Westland; the Maharaja of Darbhanga.*] [27TH MARCH,

anything more than that the estimates had been very carefully prepared upon the usual principles, and if Hon'ble Members would only choose to wait twelve months they would see whether I was guilty of 'complacent optimism' or not. Hon'ble Members can judge for themselves whether the results show that I systematically over-estimated the revenues. As a matter of fact, and as I pointed out last Monday, the returns of revenue exceed the estimates which I made last year. I see that I am accused this year from two directions: one leading newspaper of Northern India accuses me of pessimism because under Salt and some other heads we are quite certain of receiving larger sums than I have entered in the estimates. A leading Calcutta newspaper, on the other hand, accuses me of optimism because it is not quite sure that we shall receive the opium revenue which is entered in the estimates. If I am accused on the one hand of optimism and on the other hand of pessimism, the natural conclusion I come to is that I have been adopting a very fair and just mean. There is one thing I wish to repudiate, and that is this: I have not made the estimates, in any sense whatever, with reference to my leaving office and to the management of the finances going into other hands; every single figure in the estimates is exactly what it would have been if the financial management of the empire had remained in my hands. That, I say, I wish most positively to repudiate any such intent, because I have seen it asserted that I had in view the change of office, and that I have prepared the estimates which I have laid before the Council, with a view to that change. I think Hon'ble Members should bear in mind that these estimates are not meant as guesses of the future. The figures as I now state them may, when we come to make up the accounts, show under various heads higher or lower figures than I set out. It is not intended in these estimates merely to make a guess at the future; they are not merely a pleasing arithmetical exercise brought to the Council for criticism, but they are an answer to this question—what revenue can you fairly count with security upon receiving, and what expenditure can you in accordance therewith undertake to incur? If Hon'ble Members will bear in mind that that is the question which the estimates are intended to answer, I think they will see that on the one hand it is necessary for us to make, in a country which is liable to so many changes during the year as India—it is necessary for us to make what are ordinarily called safe estimates of revenue, and on the expenditure side we fully expect, notwithstanding our estimates, to finish the financial year with considerable savings upon the Budget expenditure."

The Hon'ble THE MAHARAJA OF DARBHANGA said:—"My Lord, I have listened with interest and pleasure to the exceedingly satisfactory Budget Statement with which the Hon'ble Member in charge of the Finance Department

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has presented us. It is, indeed, cheering to observe the revenues so steadily expanding. I shall not be guilty of the impertinence of congratulating the Hon'ble Member on the results of his last Budget ; but I have a few observations to offer in connection therewith which I hope will meet with the favourable consideration of the Government of India.

"I shall divide my remarks under several heads with Your Excellency's permission ; and the first point upon which I propose to touch is that of the income-tax. I am sorry, my Lord, that the Hon'ble Member has not been able to announce or to recommend any reduction of taxation. With a realized surplus of 4 crores and with a further 3 crores and 90 lakhs estimated to accrue during the coming year, I must confess that the public might have expected some such boon at his hands. I can sympathize with the Hon'ble Member in the reasons he assigns for maintaining taxation upon its present scale : although perhaps I am not so much impressed with their gravity. But there are many directions in which concessions might be made, without seriously affecting the stability of the finances. The income-tax furnishes us with an excellent illustration. This is a tax the incidence of which is particularly felt by the lower middle classes in this country. Under the present taxable minimum of five hundred rupees per annum, all persons with a monthly income of fifty rupees are assessable. As has already been pointed out more than once in this Council in the discussion upon previous Budget Statements, the parties who pay tax under this class of the schedule are petty tradesmen and clerks in Government offices or in private employ. Notwithstanding the smallness of their salary, they are expected to appear in public in respectable clothing, and there is not one of them who has not to maintain and provide for a large family. I submit that they are a class who in every way deserve relief at the hands of the Government. Their necessities are such that, considering the general rise in the prices of articles of food and clothing during the past twenty years, it is impossible for them to make two ends meet on such a paltry income. The suggestion I would respectfully make to Your Excellency would be that the taxable minimum should be raised from Rs. 500 to Rs. 1,500, or the rupee equivalent to £100 per annum. The Hon'ble Member in charge of Finance may reply—although I sincerely hope he will not, with such a large cash balance at his disposal—that the Government requires the money contributed by these classes of people, and that it cannot therefore see its way towards granting the relief prayed for on their behalf. I venture to urge, on the contrary, that the existence of so

prosperous a Budget-sheet as has been unfolded to us affords an excellent opportunity for exempting these persons from the operation of the tax. I do not intend to enter into a discussion on the subject of the suitability or otherwise of a tax like the income-tax to this country, but I would represent that it causes great distress and inconvenience to individuals of the class I have named, with small incomes and pressing necessities. I am sure no greater boon could be conferred, nor one that would be received with greater gratitude, than the lightening of the burden of the income-tax upon the heavily-weighted shoulders of these poor people.

"There is another topic to which I would ask Your Lordship's sanction to allude. I am the more encouraged to do so, I confess, by the character and tenor of Your Excellency's various utterances since your assumption of your exalted office. I acknowledge with gratitude the grants-in-aid and the contributions made to provincial governments to meet earthquake, famine and plague expenditure. They have been bestowed with a liberal hand: for they amount in all, as I observe, to a crore and thirty-two lakhs of rupees. But I would ask—why not restore the working capital of each province to its statutory balance? To do so would be to enable them once more from their current resources to prosecute those public works which are so urgently called for. I speak, my Lord, with special reference to Bengal and Assam. In either province there is much to be done in this direction. I need only mention at random the lack of good roads in the Duars and the equally lamentable want of adequate means of communication in Assam. Then again I would beg for an energetic policy on the part of the Agricultural Department. There are many questions with which they might profitably deal, and in all of which the cultivator is vitally interested. Take, for instance, the introduction of new crops. In South Russia, I am told, the sun-flower is grown in large quantities and an excellent oil distilled from it. Why should not an enquiry be instituted in this direction? Take again the serious nature of the disease that is attacking the betel-nut trees in Bengal and the sugarcane in Madras. This is another matter that merits the attention of the department. No one, I dare assume, will deny that the backbone of India lies in her agriculture. Were it not for her cultivating class, India would cut a sorry figure, from a financial point of view. I submit, my Lord, that it is the duty of the administration to assist the cultivator, and to foster and encourage his interests in every possible way. I am not asserting that much has not been done, and that much is not being done at the present moment, in this direction; and I hope I shall not be so unfortunate as to be misunderstood. I yield to no one in my appreciation of the sentiments expressed by

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Your Lordship in your speech on Monday last on the Sugar Duties Bill: and, unless I am much mistaken, it will prove to be the beginning of a new era in our history. But I will venture to remind Your Excellency of the public occasion upon which you gave expression to the hope that the five years of your Vice-royalty might see the completion of a quarter of a lakh of miles of the Indian railway system. Nothing, if I may say so, has given more satisfaction in India than this glimpse into the policy of internal development which Your Excellency has evidently set before you. If there is one thing more than another that the people of India need, it is increased facilities in the way of transport, for it will encourage agriculture, stimulate commerce, and help to open out the mineral and other resources of the country. And this leads me on to the offering of a few observations, which I do with all respect, on the administration of railways in India. Circumstances have brought it about that most of the large railway systems in this country are under the direct control and management of the State. I do not presume to quarrel with the arrangement. It finds its counterpart in more than one country on the Continent of Europe; and it certainly has many arguments to recommend it. One of the advantages it undoubtedly possesses, my Lord, is that it enables me to bring up the subject on the present occasion, and to call the attention of the Government of India to certain matters in connection with which it is the general feeling that some reform might be introduced.

"I would first deal with the question of third class accommodation. A large profit is derived from this source, and there is no doubt that without its receipts the Railway Administration would be seriously embarrassed. That being so, may we not reasonably ask for better carriages? Is it not possible for some improvement to be made in the fittings and general arrangements of third class carriages? I would suggest the introduction of corridor trains of third class carriages, with conveniences at either end. The idea is no new one. In America such carriages have been in use almost since the introduction of railways into the United States. In England they are becoming daily more and more popular. There is no question of want of funds to stand in the way, for, as I have already said, there is a large profit derived from the conveyance of third class passengers. Again, the subject of suitable latrine accommodation for these passengers has been raised more than once in Your Excellency's Council. But, although attention has repeatedly been called to it, and questions asked of the Hon'ble Member in charge of the Department by my friends the Maharaja of Ajudhya and the late Prince

Sir Jahan Kadr Mirza, I cannot find that any material improvement has resulted. The want of suitable latrine accommodation in the carriages themselves is further aggravated by the system under which third class passengers are locked up for long distances. There is, again, the question of conveniences for native ladies when travelling. This is a most important matter, and one of which I hope the mere mention may be sufficient to secure a much-needed improvement. I would also ask for a more frequent train-service. Until this reform is effected it will be impossible to prevent hustling and over-crowding at stations. The spectacle is a very unseemly one; but passengers are compelled to resort to it in order to secure seats. The fact is, however, that there is not accommodation for half of those who wish to avail themselves of it; and dozens of travellers are daily left behind at railway stations. In many cases they are detained for the whole day, and always for many hours, for there is not that constant succession of trains to which an English traveller is accustomed. I would call the attention of Government to the great room for improvement in this direction. Further, I would suggest that separate accommodation should be provided in all trains of all classes (whether first, second, intermediate or third) for natives and Europeans. This will be no startling innovation, for separate third class carriages are already provided for Europeans upon most trains. The public benefit will be great. There would then be an end of the unhappy incidents which sometimes occur on railways, and which are nearly always traceable to a want of mutual understanding between the two communities, and a lack of proper appreciation of each other's peculiar habits and customs. At present, too, the intermediate carriages upon certain lines of railway are just as deficient in proper latrine accommodation as the third class carriages in all. I would plead for the adoption of a uniform system. There seems to be no reason why the East Indian Railway and the Eastern Bengal State Railway, which are both under State management, should decline to provide conveniences for their intermediate passengers. For, on the Bengal and North-Western Railway, such accommodation is provided. This again is a defect which, in my view, calls for urgent remedy.

"I now come to the question of fares. My Lord, I do not deny that the present rate per mile for third class fares is low, in comparison with those in other countries: but so are the working expenses, especially on railways in Bengal. I would urge on behalf of the community a still further reduction. As has been pointed out with all the authority of the Press, a journey of twenty miles by rail, at a cost of four annas two pies, or $2\frac{1}{2}$ pies per mile, may appear at first sight

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a small charge, and from an European point of view, it undoubtedly is so. But it often amounts to fourteen per cent. of the monthly income earned by a large number of these third class travellers; and it is to them a serious consideration. I will put my case for cheaper fares, with Your Excellency's permission, in the words of Colonel Sedgwick, I take from a note, published by him in 1881, when Manager of one of the State lines, and quoted by Mr. Horace Bell in his book on *Railway Policy in India*. I venture to think his remarks are still most applicable. He says:

'If we look at what railways have done, in view of the conditions they have had to face, we shall find that they have adopted, in competition with carts and boats, comparatively low goods rates, but that they have never thought of lowering their passenger fares sufficiently to enable an ordinary coolie to travel more cheaply by rail than he can travel on foot, though this can undoubtedly be done . . . It is not to be wondered at, therefore, that railways have altogether failed to attract the masses, and have only succeeded in getting the well-to-do classes . . . To attract the masses railways will have to lower their fares until a journey can be done as cheaply on the railway as on foot. To do this the fare must not exceed 1½ annas for twenty miles, or say one pie a mile, and perhaps in the poorer districts it may have to be reduced to three-quarters of a pie.'

"I will only add that, in issuing the pamphlet in which these excellent observations of Colonel Sedgwick occur, the Government not only pointed out that third class fares had been reduced to 2½ pies a mile on the East Indian Railway, but they added that the effects of the reduction would be watched 'with care and interest,' with the view of proceeding further in the direction of a further reduction of fares. This was seventeen years ago, and my submission to Your Lordship is that the time has now come for the putting into action of the words of sympathy then expressed.

'Up to 1890,' says Mr. Horace Bell, 'the minimum fare aimed at by the Government was 1½ pies per mile, but this was not acted on, the lowest fare on State lines being 2 pies per mile. In June, 1891, however, this minimum was further reduced to 1½ pie a mile. . . . As yet only one line, the Madras Railway, has had the sense to adopt this fare, and with results that are so far very encouraging; while another, the Bengal and North-Western Railway, closely follows with a station-to-station rate, which is equivalent to about 1½ pies a mile, and with entirely satisfactory effect. What is needed is that the Government should have the courage of its opinions, and show the lead by giving this low rate a full and fair trial on some large State line. There is good reason for the hope that this course will be shortly taken: but, until this is done, it will continue to be held, by those well qualified to hold the opinion, that we have not yet reached, and that by a long way, the limits of our passenger traffic on India railways, and to this it will be impossible to offer any adequate refutation. At the same time it is conceded that a rate of 1½ pie per mile is not properly applicable over

the whole Empire, but is only suited for adoption over areas in which the population is at once dense and poor, and where low wages, and the general struggle for existence, renders them unable to contemplate journeys by rail on more onerous terms. The statistics of the railways which serve such districts point to the certainty that with large numbers, low speeds, and properly-fitted vehicles, passengers of the lowest class could be carried at a fare of one pie per mile, and leave a profit of from 20 to 30 per cent; but the cost of carriage is a quantity varying with the volume of traffic, and it may be found that an even lower rate is possible. If, however, we can profitably carry at one pie per mile—a rate which implies that a man can travel 24 miles for the lowest daily wage now paid in India—we may rest satisfied that we have placed railway travel within the means of the poorest classes, and may be content to wait for the results.'

"There is nothing, my Lord, that I could wish to add to these remarks of Colonel Sedgwick and Mr. Bell, which express my own views in far better language than is at my command. But if I were to say a word, it would be this: why should it be an essential of Indian railway management that no reform can be undertaken, unless it will result in a profit? In other countries, so far as my knowledge serves me, such considerations are subordinated to the main question of the convenience of the public. Facilitate the means of transport, encourage the population to move about freely; and, although the result may not be a net gain to the railway administration, the advantage, I submit, is bound to be felt in other directions and in the other component parts of the machinery of the State. I assume that the greater traffic will more than compensate for the loss per unit occasioned by the reduction in fares.

"And, while I am on the subject of railways, there is one more topic to which I ask permission to advert. Are the Government of India, I venture to enquire, really satisfied that the solitary railway system, as represented by the East Indian Railway, adequately serves the requirements of the large population that lines its route, either in the matter of passenger or of goods traffic? As a member of the Bengal Chamber of Commerce, I will only say here that I thoroughly agree with the views of the Chamber on the point. But, if any proof were required of the soundness of their contentions, it is to be found in the slow transit of goods from the North-Western Provinces at the present time. I cannot help observing, my Lord, that, while the Railway Department have not grudged the increased rate of railway mileage which they have given of late years to the North-Western Provinces, Bengal itself has not been equally well-treated in this respect. It has been amply demonstrated during the late famine that increased facilities for transport are urgently necessary; and a glance at the map will suffice to convince the most incredulous. For there is a tremendous blank from Lakhiserai to Bilaspur. I am in favour of the filling up,

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of this gap on more than one ground. The construction of a line running through Chota Nagpur, such as the merchants of Calcutta have so long advocated, would not only serve the interests of trade, but would enable large numbers of Hindus to visit the sacred shrines of Benares, Gaya and Pooree, without the vexations, inconveniences and dangers inseparable from a pilgrimage by road. And I would also point out that it would prevent large hordes of people passing through the great centres of population in their present leisurely fashion, a most serious matter in these days of plague. Intimately bound up with this question and equalling it in gravity and urgency, is the necessity that exists for the construction of light narrow gauge feeder lines of railway in rural districts. I venture to express a hope that Your Lordship will be able to see your way towards giving every encouragement to the development of such projects, not only in Assam, where they are imperatively demanded for the opening up of communications, but also in Bengal itself. We have already a few of these lines, thanks to private enterprise and energy : but we sadly require more. I submit it is most important to adopt every precaution against the spread of famine, and nothing is more calculated to defeat this object than the absence of adequate means of transport.

" My Lord, the consideration of the question of providing increased facilities of transport, and of the prevention of famine thereby, brings me to another topic with which I propose to concern myself. As a zamindar, the question of the colonization of the waste-lands of Assam has the deepest interest for me. The subject was broached by my friend Sir Patrick Playfair during the Budget discussion in this Council in 1897. Sir Patrick then observed :

' Closely connected with the prevention of famine lies the question of the movement of the people and their distribution for employment...In this connection I would call attention to the advantages that might be gained by the movement of the people to the province of Assam and to the benefit that the Government of India would confer in bringing this about.....There is an enormous tract of land quite distinct from that suitable for tea, which is well adapted to the cultivation of cereals, jute, and other crops...It is remarkably free from drought, and should now be pouring supplies of grain into Bengal, like the neighbouring province of Burma. Feeling assured that Assam cannot be peopled without special effort, I should like to enquire if the Government of India will not undertake this as a protective measure against famine, as well as for the good of the province.'

' My Lord, in answer to Sir Patrick Playfair and to my late brother, who warmly supported what had fallen from the mercantile Member, His Honour the Lieutenant-Governor of Bengal, who was then in charge of the Home Department of Your Excellency's Government, undertook that the observations that had been made should be communicated to the Chief Commissioner of Assam. His

Honour added that there was nobody who, from his energy and experience in these matters, was more likely to work out a practical scheme for the emigration of the people than Mr. Cotton, the present Chief Commissioner. No better proof of the truth of Sir John Woodburn's eulogiums could be found than the masterly note upon the subject that has since been compiled by Mr. Cotton. That note has been before the public since the 6th of February, together with the letters of the Revenue and Agricultural Department; and, in common with many others—for the topic has aroused widespread interest in Calcutta—I have perused the correspondence with attention. I observe, my Lord, that permission has been given to the Chief Commissioner to make grants to private capitalists over an experimental area, subject to the modified conditions sanctioned by the Government of India. I would not have dwelt upon this subject at all, but, as a zamindar and a capitalist, my interest in the question is somewhat of a personal nature. Your Excellency will, I trust, forgive me if I say that the conditions imposed by the Government of India are not such as to attract any zamindar or private capitalist. The addition of clearance conditions, and the reduction of the period of the lease to 33 years, are especially felt to be insuperable objections. If Your Excellency will permit me to offer a humble and respectful expression of opinion, it would be to urge that as few conditions as possible should be attached to the first grants of land made under Mr. Cotton's scheme. I am aware, my Lord, that I am hazarding a bold suggestion; but I do so on the following grounds. The problem is here the opening out of virgin tracts of country. The difficulty is to induce pioneers to come forward and perform their task. Now, the success of one or two of these experimental grants will be certain to lead to a number of applications. The Government would then be perfectly justified in imposing any conditions they thought fit: for the success of the scheme would be assured. But, as the proverb goes, it is the first step that requires inducement and encouragement. I would offer the early pioneers a free-hold grant. This is exactly the method that was adopted to introduce the cultivation of tea into Assam. Moreover, these pioneers will not succeed in the beginning in attracting any tenants to settle on their grants on any other terms, and there seems no reason why they should be placed on worse terms than their own tenants. The time for clearance conditions, and other conditions favourable to the interests of Government, will follow, as I have said, in due course. I will not deal further with this subject, my Lord, except to say that I am confident when once the ice is broken—and it will not be broken unless some such concession is accorded as I have ventured to indicate—further private capital will seek investment in the Province.

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"My Lord, there is one more subject to which I desire to address myself before I conclude. It has relation to the profit derived from the administration of justice. Now, this is an item which I do not discover in the Budget Statement. The only attempt, as far as I can ascertain, to arrive at an estimate of the net cost of civil justice was in 1890 : and it is published in the Gazette of India for January 11th of that year. This I understand to be the return to which Sir Henry Prinsep referred in 1897 and in 1898 from his place in Your Excellency's Council. But we have had nothing furnished to us in the shape of a yearly statement or even a quinquennial statement since 1890. I would suggest that it would be greatly to the public convenience if the Financial Department would publish a quinquennial return of the receipts and expenditure under this head. Meanwhile, I avail myself of the only sources at my disposal. I will deal only with Bengal. In Bengal, I find a steady annual surplus of a lakh of rupees given in the report on the administration of criminal justice for the year 1897 as the net profit during the last four years under the head of receipts and charges on account of the service of processes in the Criminal Courts. In the corresponding report for 1897 on the administration of civil justice in Bengal, we are informed that, inclusive of the High Court and the Presidency Small Cause Courts, the receipts of the Civil Courts for the year under review amounted to Rs. 1,05,13,724, and the charges to Rs. 54,75,588, including the amount realized on account of duty on probates, etc. There was, therefore, a profit to Government from civil litigation of Rs. 50,38,136, and, exclusive of this important item of Rs. 5,30,548, the surplus amounted to Rs. 45,07,588, or more by Rs. 1,15,666 than the surplus of 1896. My Lord, these are very satisfactory figures. But, as Sir Henry Prinsep pointed out in 1897, the people of Bengal derive very little benefit from the very large tax which they pay.

'This is a matter,' continued the learned Judge, 'upon which we Judges of the High Court feel strongly, and we have always felt that, whereas the revenue in this Department was really supplied by Bengal, it was swallowed up by other Presidencies, and they had considerable difficulty in obtaining what they considered to be necessary for Bengal. It was, however, represented to us that it was an Imperial question, and that it was the aggregate that was to be looked to as representing the revenue and the expenditure.'

"Now, my Lord, without disputing the correctness of the contention of the Government of India or discussing it, I would respectfully ask that some portion of this surplus from the administration of justice may be expended on the High Court itself where the rates of salary and the pension rules pressingly call for attention. And I would beg in addition for the improvement of the prospects of the civil judicial officers in Bengal. It is well known that the duties discharged

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by Munsifs and Subordinate Judges are onerous and responsible; and it is equally well known that they discharge them with honesty and efficiency. But, if they do not complain, it is not because they have no grievances. I would represent that the question of house-accommodation for Munsifs calls for the urgent attention of the authorities. In many places the subordinate judicial officers of Government are compelled by the lack of suitable house-accommodation to live in a manner which is not only injurious to their health and prejudicial to their capacity for work, but which, I submit, is not in consonance with the official positions they have the honour to hold. Again, their salary is low in proportion to the mass of work they have to perform; and it is notorious that they are as over-worked as they are under-paid. To improve the condition and the prospects of those most deserving servants of the State is a task that appeals to me with peculiar appropriateness in connection with the large balance derived from the administration of justice. The ministerial establishments are, moreover, very inadequate and greatly require strengthening both as regards pay and status. I would express the hope that some portion of that surplus may be devoted to the purposes I have indicated.

"My Lord, I have now come to the conclusion of the observations I felt it to be my duty to address to Your Excellency's Government. I have purposely dealt with matters of domestic and internal policy. These are matters which I am aware from the perusal of Your Excellency's utterances that you have deeply at heart. The people of the country have every expectation that Your Excellency's term of office will be identified with large and statesmanlike measures of internal development and expansion. The consideration of the domestic needs of India is urgently demanded. I do not exaggerate when I say that the promotion by Government of such a policy will be hailed with every manifestation of approval and of support. It is because I know that the public mind is much concerned at present with these topics, that I have tried, to the best of my ability, to represent their views, and to indicate some of the directions in which encouragement might be afforded and reform introduced; and I hope and trust my efforts may meet with favour and attention at the hands of the Government of India."

The Hon'ble MR. REES said:—"My Hon'ble friend Sir Griffith Evans lately had occasion in this Council Chamber to refer to the Presidency to which I have the honour to belong, and with his pleasant humour, he called it the blessed Arcadia. It is not a Member from Madras who will deny that such arcadian features as are common to prosperous and well-governed agricultural countries are exhibited in the Southern Presidency, and if my Hon'ble friend considers such characteristics are especially conspicuous in the South I shall

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not quarrel with him, though we have too many lawyers and too much litigation for the parallel to be complete. But I disclaim any responsibility for the faith that is in my Hon'ble friend Mr. Smeaton, who appears to think that Madras is a land so overflowing with milk and honey that any class of its inhabitants privileged, like the Christians of the Coast, in that behalf, should take almost a pleasure in the payment of an additional impost. I have said nothing by way of concurrence in such a creed.

" Admissions, however, partake of the nature of indiscretions, and it would be difficult for me, after what I have said, to enter on any adverse criticism of the Budget. I cheerfully, therefore, leave all that to my Hon'ble friend Mr. Ananda Charlu, who possesses, if I may say so in his presence, the rare gift of being able to treat controversial subjects in an equally forcible and genial manner. I am, however, glad to see that the Hon'ble Finance Minister, with his latest official breath, also makes some admissions regarding our Presidency that are pleasant reading to my Hon'ble friend and myself. It shows 'a very progressive revenue, rapidly increasing up to the famine year, which only temporarily interrupted the advance.' With Bengal, 'it shows the largest increase under assessed taxes due to progressive revision and general improvement in the administration.' Again, 'the revenue in Madras is improving in the manner characteristic of the Province.' To quote more might appear vain-glorious, and enough has been said to show that Sir James Westland shares that appreciation which in his heart every Finance Minister must have of the well-paying Presidency of Madras. In consideration, however, of the strain upon its resources resulting from plague and famine, and by way of free grant, upwards of 15 lakhs in all are contributed by Imperial to Provincial in 1898-99, and a grant of upwards of 6 lakhs is made for next year's direct famine and plague expenditure. Whether or not we are arcadian, we are certainly practical, and no part of the Budget interests Madras more than the Railway chapter.

" Now that the East Coast Railway is completed, and the Bezwada-Madras line is open, a suitable provision of twenty lakhs is made for the Godavari bridge, after the completion of which the railroad will be continuous from Cuttack to Madras.

" Of the large grant of Rs. 1,77,00,000 provided for the Bengal-Nagpur Railway, the lion's share will be expended on completing direct connection between Cuttack and Calcutta. When this is accomplished the question of the agency or agencies to be employed for working the whole length or sections, as the case may be, of the line, and the question of rates, will have to be decided, and the

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legitimate claims of Madras commerce will require careful consideration. In addition to the many and large interests already concerned, it is probable that in future fine salt, fit to compete with that of Cheshire, will be manufactured in large quantities on the Coromandel Coast.

" Ten lakhs are provided for Madura-Paumben, and seven lakhs for the Tinnevely, or British portion of the Tinnevely-Travancore Railway. The Durbar has accepted the proposals of the Government of India, preliminary work is in progress on the British section, and will, no doubt, be commenced on the Durbar's section in the financial year which begins next week.

" The Shoranore-Cochin Railway is entered in Appendix C, and the estimate at ninety lakhs. It has, however, moved up and its circumstances have altered, for the commencement of work has actually been sanctioned on the first thirty miles, and, as the line is to be constructed on the metre gauge, the cost will probably not largely exceed fifty lakhs. His Highness the Raja is prepared to find the funds and nothing is likely therefore to delay action.

" Not much longer will the rich and interesting States of Travancore and Cochin be cut off from the rest of India, and their present enlightened Rulers will long be remembered for the encouragement they have given to great works of all kinds likely to increase the prosperity of their people.

" The Ammayanaikanur-Guruvanuth Tramway is not so long as its name would imply. Though short (7½ miles), it is, however, by no means unimportant, as it will open out two important planting districts and a large tract of plain country. That the Government of India should have approved this line is satisfactory, and, as its construction by a private company is contemplated, there is nothing apparently to prevent its speedy completion if private enterprise proves, as there is every probability of its proving, equal to the occasion.

" For the Calicut-Cannanore extension twenty lakhs are provided. Orders have, it is understood, issued to commence work, and the line will be constructed as a light broad gauge line capable of conversion, if required, into metre gauge.

" All these railways, with the localities to be served with which I am well acquainted, will prove of the utmost advantage to the people, the Government, and to important interests concerned, and by expediting their construction the Government of India will contribute in no small degree to strengthening that conviction of the identity of its aims and interests with those of Local Govern-

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ments, which should always obtain. When in addition the Nilgiri Railway is opened to traffic, and extended to Ootacamund, an extension already approved, and when the various protective light lines recommended by the Madras Government have been constructed, the people of the Presidency will be fairly well provided with railways, though there are others which would no doubt pay, and should, if possible, be constructed. The present Governor of Madras is the first who has travelled by rail from Calcutta to his capital, and I hope, and the inhabitants of Southern India hope, Your Excellency will be the first Viceroy to take the train to Travancore over the hills at the end of the Peninsula, to return by rail from Cochin to British India, and possibly even to travel on by the metre gauge all the way to Bombay.

"Among the more important decreases in revenue noticed in the Revised Estimates, Madras is responsible for one due to the fall in the sales of land benefited by the Peryar Irrigation Scheme. The Government of Madras has been, and is, busily engaged in investigating this matter, and it is earnestly hoped that the scheme will ultimately prove as remunerative as was expected. Careful revenue estimates were made before it was commenced, and it is altogether too early yet to say that they will not be realized. All that caution and circumspection in the extension of irrigation which the Hon'ble Sir Arthur Trevor and His Honour the Lieutenant-Governor declared to be so necessary on the occasion of the Budget debate of 1897 were exercised before this great work was undertaken.

"The completion of the Bangalore water-works is a matter for congratulation, not only to Bangalore and the Mysore State, but to all Southern India, which is interested in the well-being of that favoured city.

"To Madras proper it is most satisfactory that the Budget estimate of land-revenue charges includes an increase of Rs. 3,87,000, for the too long postponed improvement of the position of taluq and village establishments, a very important measure, and the extension of survey and settlement.

"Your Excellency has already stated how important you deem it that European capital should be attracted to this country. I venture to say that if the Government of India can see its way to allowing extradition, or making some arrangement of the like nature, between the Madras Government and the neighbouring Protected States, in regard to breach of contract, a useful step in that direction will have been taken. Since I endeavoured in vain to bring this about when the Extradition Act was under amendment in 1896, the planters have

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been proved by the publication of the report of the South India Planters' Enquiry Committee to be, as down South we all knew them to be, just and generous employers of labour, and they really suffer undeserved, and in some localities not inconsiderable, loss under the existing law. Whether or not the far greater loss they suffer from the appreciation of silver is merely temporary, this loss at least is constant and preventible. The planters are confident that they, like other producers, will receive the sympathetic attention of Your Excellency's Government.

"In like manner any simplification of rules, delegation of authority, and relaxation of restrictions imposed in regard to mining applications, and any action tending to lessen the disheartening delays, which are under the present system unavoidable, would greatly assist Local Governments in encouraging the introduction of foreign capital.

"The remarks made last year by my Hon'ble friend and predecessor Mr. Nicholson, an eminent authority, regarding the development of rural banks, derive additional weight from those made just now on the same subject in the House of Lords by Lord James of Hereford, when introducing the Money Lenders Bill. The Duke of Argyll has also given the movement his support, and in this country, far more than in England, is the adoption of some system similar to the German loan banks, for developing co-operative rural credit, worthy of the attention of Government.

"Finally, I would add my congratulations to those of my Hon'ble friend the Maharaja. I have heard the Finance Minister described as an incurable optimist, but it does not now appear that he has in the past taken too favourable a view of India's finances, and in view of the Budget now presented for the last year of the century, critics of this class must stand confounded."

The Hon'ble MR. SMEATON said:—"My Lord, I am not going to take any excursion into the regions of Imperial finance. My remarks shall be brief and prosaic. But I cannot avoid noticing two salient and encouraging features of the Hon'ble Financial Member's lucid statement. The first is the steady relief being given to the Indian revenues from the burden of debt. The interest now charged against Indian revenues is not very much more than one-half of the amount charged twenty years ago, and this very satisfactory improvement is due to the progressive earnings of the railways and irrigation works which have been constructed from borrowed funds. The remarkable recovery of earnings made by these railways in the year just closing shows how the burden of debt continues to be lightened. The next feature is the satisfactory

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expansion of the salt-tax and the concurrent cheapening of salt to the people of India. The duty is now lower (except in Burma) than it was twenty years ago: the extension of railways has brought down prices to a figure which could hardly have been anticipated; the pressure of the salt-tax is now much lightened. I think, my Lord, that these two features of the situation disclosed in the Financial Statement are most encouraging. The Hon'ble Sir James Westland has announced that, notwithstanding the substantial surplus of the year now closing, Your Excellency's Government does not propose to make any remission of taxation at present. This announcement will probably prove unpalatable, but I cannot help thinking that the decision of Your Excellency's Government is sound and right, not only, although largely, because, as the Finance Minister says, it is necessary to maintain a strong financial position in view of pending currency reform, but also because, I think, it would hardly be safe for a prudent Government to relinquish any important sources of revenue on the faith of a surplus of one single year. The instructive analyses of comparative surpluses of two periods given by the Finance Minister in paragraphs 69 and 70 of the Statement, coupled with the anticipated surplus of 1899-1900 (even at the modest rate of exchange adopted at 15½d.), indicate a hope that perhaps within a measurable period of time Your Excellency's Government may be able to consider favourably the question of abolition or reduction of certain forms of direct taxation.

"It has been a pleasure to me to notice that the Finance Minister has, in Sections II and III of the Statement, given as many as nine good conduct marks to Burma—more, in fact, than he has bestowed on any other province; and I hope that in consideration of this good behaviour of the province—certified by one so hard to please as Sir James Westland—Your Excellency will permit me to make a few observations in the interest of the trade of Burma.

"The majority of the Burmese are agriculturists, but every man and woman is a trader, and a keen trader, notwithstanding that (as the Financial Member will now probably admit) he does not love and won't use currency notes. Agriculture in the province is satisfactory, cultivators' profits are good, sometimes handsome: the Government advances are taken with alacrity and have, I am glad to say, already caused a sensible reduction in the rates of interest charged by money-lenders. The programme of assessment of land in Upper Burma has been, partly at least, satisfactorily settled at last. Railway and road extensions are progressing fairly, but hardly perhaps so well as might be wished for. There are many remote land-locked tracts which need to be

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opened out : and one very costly line—the Mandalay-Kunlon—is not likely to be either commercially or financially a success at least for a long time to come. I am glad to learn that sufficient funds have at last been provided for an adequate construction programme during the coming year. The Provincial Contract with the Supreme Government is liberal, and I hope it may continue so. Now, my Lord, to come to the matter in regard to which I solicit a concession. It is not the rice export-duty that I suggest should be remitted—for the very good reason that it is paid, at present at least, by the consumer—that is to say, the foreign consumer : and I cannot conceive of any more legitimate asset than the tribute paid by foreign consumers of products of our own provinces. The Burma cultivator occupies a strong position and practically commands his own price within the usual limitations imposed by custom and trade : his rice has, I believe a special 'ticket' in the markets of the world ; he is very independent, and long may he remain so. It is not he, therefore, who pays the duty ; he makes the foreign consumer pay it. Germany is a large consumer : thousands of tons of Burma rice are imported into her ports—Bremen, Hamburg and others : and this rice emerges from these places in the form, I believe, of Lager beer, and I am told, good old Scotch whisky made in Germany. It seems to me that the Government of India may well congratulate itself on recovering the duty on the rice from these foreign distillers and other consumers. Of course the tables may be turned and serious competition may arise with the rice of Japan, Siam or French Cochin China, in which case the duty may be shifted on to the shoulders of the Burma producers. When this change takes place it will be justifiable to abolish the duty so as to place the Burmese producer on equal terms with his rivals. But that time is not yet. It is not, then, the rice export-duty in regard to which I have to ask indulgence. It is in regard to the management of the large rice trade. Difficulty is sometimes experienced in Rangoon in financing the enormous rice trade aggregating 10 to 12 crores of rupees. The Government balances in the beginning of the export season amount to about 2½ crores of rupees. These large funds are made over, by arrangement, to the local Presidency Bank—the Bank of Bengal—at a fixed rate of exchange ; and I may say, parenthetically, that so far as I know this arrangement is confined to Rangoon. The Comptroller General refuses to sell transfers of funds on Rangoon to the commercial public, who are thus compelled to make their remittances through the Bank of Bengal at enhanced rates. The Comptroller General does sell transfers on Bombay, Madras, and even Karachi : and it seems a little hard that the Rangoon commercial public cannot have the same advantages and facilities as Bombay, Madras and Karachi—so long, that is to say, as funds are available in Rangoon. The result of the present (I think I may call it without impropriety

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a monopoly) arrangement and of the measures naturally taken by the Bank of Bengal to make profitable disposal of the Government balances—is to create sometimes an artificial stringency in the local money market to the detriment of trade. I would venture to suggest that either a share of the Secretary of State's Council Bills be issued for sale in Rangoon during the busy season when funds are available to meet them, or that the Government balances be thrown open to the commercial public in Rangoon just as they are in Bombay, Madras and Karachi, by sale of transfers. During the latter part of the year, when bankers, chetties and others are remitting their surpluses back to India, the Comptroller General sells transfers on Calcutta and Madras. The mercantile public naturally ask why, when the Comptroller General reverses the operation, they should alone be debarred from getting transfers on Rangoon when funds are available. The result of either of the alternatives which I have suggested would be greater ease and certainty in financing the large rice trade at the most critical season. As I have already said, trade in Burma is universal, and the prosperity of the province is very much bound up with trade. Facilities and conveniences given at the ports will re-act favourably on trade in the interior. Burma occupies a unique position, geographical and political—the bridge between the near East and the far East, and the outpost of the British Empire abutting on the Chinese and Siamese frontiers and on the frontier of a French dependency. In certain eventualities Burma may be of great help and use to the British Government, and if she is to be in a position to be of use and of help she must be as prosperous and as strong as possible. There is no better way of achieving this end than by fostering the trade of the province; and I therefore hope that the suggestions which I have ventured to make will receive the favourable consideration of Your Excellency's Government."

The Hon'ble MR. SPENCE said:—"I did not intend to interpose in this debate, but on behalf of the unfortunate Presidency which I have the honour to represent I should like to make a very few remarks. Anybody who has read the Financial Statement will see that the Presidency of Bombay is in a most parlous condition as regards its finance. We start the year without any balance at all, and we are practically left on the charity of the Government of India. There may be difference of opinion as to the bountifulness of the charity which has been doled out to us, but on the whole perhaps there is no reason to complain. When you have no money to spend and everything has to be cut down as far as possible, no improvements can be carried out and all useful works are likely to deteriorate. I trust that before the Finance Minister leaves the country he will pass on to his successor a good word on our behalf that we shall be treated in the future as generously, or perhaps more so, than we have been in the past."

The Hon'ble NAWAB FAIYAZ ALI KHAN said :—" My Lord, it is naturally gratifying, both to the Government and to the people, to find that the calamities of war and famine, plague and earthquake, which, so to speak, had all conspired together to embarrass the finances of the Government during the two years preceding the year now coming to its close, have happily all taken wing, leaving behind the plague alone ; and I must sincerely congratulate the Hon'ble the Finance Minister that, along with a deficit of Rx. 5,360,000 at the close of 1897-98, he has been enabled to declare a realized surplus of Rx. 4,060,000 only one year afterwards and to estimate a further anticipated surplus of Rx. 3,930,000 in the Budget for 1899-1900, which two items added together more than cover the heavy deficit incurred during the preceding year.

" My Lord, the most encouraging feature of the Financial Statement, the preparation of which is a task of very great difficulty, is that, the financial position of India being good, it will not be necessary for the Government to raise a loan to meet its necessary expenses.

" With so many cheering signs of returning prosperity now before our eyes, it is most discouraging, however, my Lord, to find that the dire epidemic is not only still continuing to make fearful ravages in the Bombay and the Madras Presidencies, but, to our dismay, has also made its appearance in this metropolis of India.

" With peace on the North-West Frontiers and the consequent little provision in the Budget for warlike operations, it would have been unmixed good had the Government had on this occasion the satisfaction of declaring that no provision was to be made for plague operations, as there existed no such thing in the country. Unfortunately, however, my Lord, such is not the case. But I feel sure, and this feeling is, I believe, shared by everyone present here to-day, that no one more sincerely regrets than Your Excellency that with plague still doing havoc in the country it should have been found necessary to provide the large sum of sixty-one lakhs of rupees to prevent its spread.

" In this connection, my Lord, I may be permitted to state that, as far as I have been able to judge, the measures adopted by the Government to prevent the spread of plague to the uninfected parts are the only effective measures that could be adopted with any chance of success.

" My Lord, I feel that I should not conclude this theme here without expressing my gratitude to the Government of India and to our Lieutenant-Governor, Sir Antony MacDonnell, for organising vigorous measures to prevent

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this dire calamity. I find that more than one and-a-half crore of rupees will have been spent on these operations from the date of the arrival of the plague in India to the end of the next year ; and I feel no doubt that the people of the North-Western Provinces and Oudh, who have so far remained almost safe, feel sincerely grateful to the Government not only for the large sum which the Government is spending on this head, but also for the modifications in the rules so wisely made to suit the state and condition of their society. That the people are gradually realizing the importance and value of these preventive and remedial measures and have begun to appreciate the benevolent intentions which induced the Government to adopt them, is sufficiently clear from the non-occurrence of the disastrous riots which unfortunately took place in some parts of the country during the early days of the outbreak.

"I pass on now to famine. That, my Lord, as observed by the Hon'ble Sir James Westland, 'is now little more than a memory, its effects being obliterated by the return of prosperous seasons.' But the Hon'ble the Finance Minister draws one lesson from the fact of the wonderful recovery of the country from the effects of the late famine, a lesson by which I have no doubt the Government have profited :

'I cannot however, pass on from this subject,' says the Hon'ble Sir James Westland, '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.'

"Now, my Lord, in my humble opinion, there are only two means of securing India from the effects of famine, namely, (1) extension of railways, and thus improving the means of import and export, and (2) extension of canals, and thus adding to the facilities of irrigating land which for want of rains might remain uncultivated.

"My Lord, opinions differ as to which of these two things is more useful and serves better purpose in time of need. But I am not inclined to enter into any elaborate discussion as to the merits of the arguments advanced by both sides in support of their respective theories. Speaking entirely for myself, I am free to say that, in my opinion, both are equally useful and both can add materially to the prosperity of this country.

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"As regards railways, I note that on the 31st March, 1899, the total length of open lines of railway will be 22,650 miles; and there is no halt to the march of progress, Rx. 8,820,000 having been provided for the next year.

"The Famine Commission estimated in 1880 that in order to efficiently secure India from the effects of famine there should be 20,000 miles of railways instead of 10,000 which existed at that time. We have now more than 20,000 miles open; and the advantage of the railways has been fully proved in the recent famine. They enabled the Government to save many lives which would otherwise have been lost; and in no part of India was the mortality excessive.

"My Lord, the revenue account of railways and irrigation works is to me a most interesting part of the Budget. The net earnings of these productive works have risen within the last twenty years from Rx. 5 millions to Rx. 14 millions; and, apart from the influence of these works on the prosperity of the country and the incalculable benefit they have conferred on its external and internal trade, they have reduced the burden of debt in spite of large sums borrowed for construction.

"In the North-Western Provinces, the construction of the Fatehpur branch of the Lower Ganges Canal is now practically complete; and important gaps of railway communication have been or are being filled up. The Ganges-Gogra Doab system carried out under the auspices of the Bengal and North-Western Railway Company will open out the districts of Azamgarh, Ballia and Ghazipur; and we shall have also the Rae-Bareilly-Benares line, the Moradabad-Ghaziabad Railway, the railway from Hardwar to Dehra and from Shikohabad to Fatehgarh—all important and useful lines.

"My Lord, before passing on to the consideration of the question of the remission of taxes, I may be allowed to express here the feelings of gratitude of the people of the North-Western Provinces and Oudh to our Lieutenant-Governor, Sir Antony MacDonnell, for the complete and successful organisation of his measures of relief during the late famine. Personally His Honour was indefatigable, and his own earnestness in the cause of the suffering and the high ideal of duty set by his own example infused a new spirit in others who worked under him. The success in combating the famine in the North-Western Provinces was due to his own organization, aided no doubt by the large sum of money which the Government of India placed at his disposal. And the people cannot easily forget his sympathy with them at such a hard time.

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"My Lord, having made my observations in regard to the points that occurred to me, it should now have been my pleasant duty, in view of a fairly large surplus realized and another surplus likely to accrue in the coming year to urge respectfully, on behalf of the people whom I have the honour to represent, upon Your Excellency's Government the desirability of remitting some of the taxes, particularly the special rate of 2 per cent. on the revenue levied on account of famine insurance from the owners of land subject to periodical assessment. But I have refrained from urging any such request upon Your Lordship for the simple reason that it has already been decided—and I think wisely—not to propose to remit any taxes at the present time.

"The country, my Lord, it is true, has recovered from the effects of the late famine wonderfully well, but it is only just recovering and has not recovered completely; for who does not know that the threatened failure, partial though it may be, of the crops in some districts in the Central Provinces, may result in scarcity, if not in actual famine; and the Government may have to undertake measures of relief on an extensive scale.

"With measures of currency reform still expected, with plague still continuing to expand and develop, and with threatened scarcity—if not actual famine—still staring us in the face in some of the districts in the Central Provinces, it is obviously desirable to maintain as strong a financial position as possible; but I hope that when the anticipated surplus is realized, when plague and famine disappear altogether, and when the stability of the exchange value of the rupee has been secured, the Government will find themselves—I hope at no distant time—in a position to remit some of the taxes which press hardest on commercial and landed interests. Indeed, I have no doubt whatever in my mind that nobody would be more earnest than Your Excellency in acknowledging the desirability of proposing these remissions when the time of solid prosperity arrives.

"To sum up, any proposals of this kind should, I think, be entirely left to the Government; for we must know that they would not continue a pice of any of the undesirable and unnecessary taxes as soon as their financial position is placed on a firm and stable basis.

"My Lord, before I conclude, I beg Your Excellency's permission to say a few words which will refer to you personally.

"Your Excellency's assumption of the exalted office of Her Majesty's Representative in India under exceptionally favourable circumstances, is a happy

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augury of the welfare and progress which this portion of Her Majesty's Eastern dominions is likely to achieve during the five years of Your Excellency's *regime*. Your Excellency's personal experience of Indian thought and politics, and your thorough knowledge not only of the constitution of Eastern society but also of Eastern prejudices, will, we feel sure, help Your Lordship in the administration of this country; and guided as you will no doubt always be by your keen sympathy for the people of this land—that sympathy of which we have had ample proof during the short period that has elapsed since Your Excellency took over the charge of the arduous duties of the Viceroy of India—we feel confident that India will continue the march of progress and will continue to enjoy the blessings of peace, prosperity and contentment."

The Hon'ble MR. MEHTA said:—"A surplus, my Lord, like charity, covers a multitude of sins, especially when coming on the top of years of great anxiety, distress and deficit. Any attempt to moralize on the uncertain and deceptive character of the present smiling appearance of Indian finance—like unto Dead Sea apples, goodly to look at but not quite sound at the core—would be drowned in the general chorus of congratulations. But to do my Hon'ble friend justice, he has himself sounded the right note of warning, lest we forget, and pointed out that while the present prosperous Statement sets out a very favourable condition of finance, some of the favourable elements are temporary only, and the extremely rapid recovery of the financial position is in itself a warning that the possibility of sudden reversal of the tide of prosperity (which the failure of a single month of seasonal rainfall has proved sufficient to effect) can never be left out of account in the financial administration of India. These are words of wise warning from one with whom it is possible to differ on many points, but whose ability and intimate knowledge and experience of Indian finance are beyond question. It is possible to emphasize this warning still further. If a *diabolus advocatus* were asked to pick holes in the character of this surplus, as it is said he is called upon to appear and pick holes in the character of a saint before his canonization, a verdict altogether in its favour might not be quite easily won. Of the improvements on the estimates for the year now expiring, amounting to Rx. 3,870,000, gain in exchange accounts for Rx. 1,070,200. Now, though I know that the idea that this gain is only a very indirect form of taxation is scouted as utterly unfounded and untenable, still it is very difficult to believe that it is a golden shower from the skies and that it does not ultimately come in some way from the pockets of the people, perhaps of the agricultural classes, or, at least, that they are not better off by that amount as they otherwise might have been. Another important item of increase is that of the collection of land-revenue. It is a remarkable fact

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that suspensions of land-revenue owing to famine have been realized very nearly to the full extent in the very next year after it ceased, with the advent of the first good season. This phenomenon has been read as testifying to the astonishing recuperative power of the agricultural population. But signs have not been wanting to show that a portion of this phenomenon at least is probably occasioned by the rigidity with which revenue assessments are collected under a rigid land-revenue code which has completely done away with the interference of the Civil Courts even to the small extent to which it formerly existed. I know that my Hon'ble friend asserts that this rigidity, which was incautiously admitted by Sir Theodore Hope in this Council, was only a condition of things which existed eighteen years ago, and that the Government of India had since applied effectual remedies. I should like to know what those effectual remedies are, so far as the Bombay Presidency is concerned. Speaking in 1891—which is not eighteen years ago—the Commission appointed to enquire into the working of the Dekkhan Agriculturists' Relief Act reported that 'there could be no question that the rigidity of the revenue assessment system is one of the main causes which lead the raiyats of the Dekkhan into fresh debt.'

"When the amendment of the Dekkhan Agriculturists' Relief Act was undertaken in this Council in 1894-95, it was found that the Bombay Government, or rather the Revenue-officers, resented this part of the report as the ignorant meddlesomeness of strangers from other Provinces who were incompetent to appreciate the beauties of the Bombay revenue system. Though it is open to Revenue-officers to grant remissions and suspensions, and though the Government of Lord Ripon impressed upon the Local Government the propriety of active well-judged moderation in this behalf, the rigidity and inelasticity of the Bombay system continue unmodified. I do not think it right to abuse the latitude which the President of the Council allows on the occasion of the discussion of the Budget by enlarging further upon an incidental topic. I have referred to it for the purpose of showing that, under these circumstances, it is not a matter of unalloyed congratulation that suspensions of land assessment have been so largely recovered within the very next year of the cessation of famine and scarcity, and have contributed to swell the surplus of the running year.

"Large as this surplus is, it is a matter of surprise that the Financial Member has not adverted to a circumstance in which it would probably have been much larger. It was so far back as May, 1895, that the Royal Commission on Indian Expenditure was appointed. It finished the work of taking evidence in July, 1897; and there has been a sanguine feeling throughout the country that

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a strong case for an adjustment of burdens favourable to the Indian Exchequer had been established. But, after weary waiting for close upon two years, the end seems to be as far off as ever, and nobody can say when the consideration of the report will be taken in hand. It is impossible not to deplore this extraordinary delay, fraught as it is with possibilities of mischief in stimulating imaginary suspicions and suggestions as to its real cause.

"The surplus would have again been larger if the action of the Government of India had not lost to the country a contribution from the British Exchequer on account of the late war on the Frontier. Such contribution was due to India, not as a matter of charity, but as a matter of just and equitable right in the distribution, to put it at the lowest, of joint Imperial burdens, exactly as they had been recognized on previous occasions. The financial independence of India does not require that it should not claim and receive its share of partnership burdens from the predominant partner, just as that partner, for example, claims and receives every farthing, and perhaps more, of the cost of the army while doing duty in India.

"It is too late, however, to cry over spilt milk; and, in dealing with the surplus such as it is, the proposal to devote a small portion of it to the necessities of the famished Provincial Exchequers cannot but meet with unanimous approval. But, my Lord, I trust I will not be charged with the meanness with which Oliver Twist was always asking for more, if I urge that the Presidency from which I come is not treated with that full justice which it deserves. I do not for a moment grudge the thick slice which Bengal has managed to obtain of the pudding, though I admit we are somewhat jealous of its opportunities to whisper in the ears of His Excellency the Viceroy in Council and his Finance Minister from one side and the other. I am sure I wish it joy of all that it has known to extract from the clutches of the jealous guardian of the Imperial Exchequer. But it cannot be denied that the Bombay Presidency has been far more sorely and grievously tried by plague and famine combined than the Presidency of Bengal. But while Bengal gets the same grant of 15 lakhs of rupees as Bombay, it is in addition to the assistance undertaken to be given towards the European General Hospital at Calcutta, which, I believe, means a further grant of 10 lakhs of rupees, and also in addition to a further sum of 2 lakhs as mentioned in paragraphs 51 and 60 of the Budget. It therefore comes to this, that the more stricken and more distant province gets only 15 lakhs, while her more fortunate sister secures 27 lakhs. My Lord, the Bombay Presidency deserves better and more liberal treatment than this. I will very briefly and rapidly state a few facts which will show that this is not an unjustifiable claim. As the

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Council are aware, the system of Provincial contracts was instituted by the Government of Lord Mayo in 1870. The arrangement then made was a very tentative one and limited in its scope ; but it achieved such a measure of success that in 1877 the present system of quinquennial contracts was designed and the limits of the arrangement were considerably enlarged. It so happened, however, that the commencement of the second Provincial contract (1877-1882) was contemporaneous with the great famine of 1877, which exhausted the resources of the Provincial Government at the very outset so completely as to compel the Government of India not only to bear the greater part of the burden of relief, but even to find money for the Provincial Government to go on with—a situation very similar to the one which the Province has had recently to pass through. I beg the attention of the Council to the way in which it was thought right, under such circumstances, to deal with the Presidency when the time came in 1882 to make a fresh contract. Though by that time the Provincial Exchequer had recovered itself to a considerable extent, the Imperial Government thought that it was a proper and fitting occasion to grant it more than usually favourable terms. This liberal policy had its own reward. At the close of the third contract in 1887, the Presidency had built up a surplus balance of 32 lakhs of rupees beyond the irreducible minimum of 20 lakhs for working balance which it was required to maintain. This was a little too tempting for the Imperial Government, and when the fourth contract was revised in 1887-88, the shears were pretty closely applied, and it cut from the Provincial assignment a sum of 22 lakhs a year—a sum which, as the Hon'ble Mr. James pointed out the other day in the Local Council, represented one-third of the entire grant resumed from the whole country altogether. The result was that Bombay contributed 110 lakhs during the five years of that contract. This was followed in 1890-91 by the levy of a special benevolence of 17½ lakhs. When the contract was next revised in 1892, Bombay had to yield 13 lakhs a year out of 47 lakhs resumed from all the Provinces, or nearly one-third of all India's contributions, that is to say, 65 lakhs during the period of the fifth contract. As it is the most loyal and patriotic who are most expected to bleed for their country, I think it will be admitted that Bombay was made to bleed pretty freely to maintain its high reputation for those admirable qualities. The least that it could have expected under these circumstances was that, when it was overtaken by dire distress and misfortune, it should have something better than what Job got from his comforters. The close of the fifth contract found Bombay plunged in an unprecedented combination of calamities. Famine and plague joined their forces. No wonder that its treasury was soon depleted.

The sixth or current contract has been now settled on the same terms as the last, though the Government of India delayed its settlement till the second year in the hope that they might be able to screw out, as on previous occasions, a further annual contribution of at least 10 lakhs. It is true that the bulk of the famine expenditure has come from the Imperial treasury, as it was bound to do on the exhaustion of the Provincial resources. But, even so, the new contract leaves the Presidency in a situation of great gravity. I will not trust myself to describe this situation, but will rely only on official sources. In presenting the Financial Statement last August, the Hon'ble the Revenue Member said :—

'For the first time since the famine of 1877, the year opens with a balance of *nil*. Negotiations have been in progress with the Imperial Government regarding the final assessment of plague and famine charges; and the present position is that the Imperial Government have undertaken the whole cost of the famine operations and have granted this Government special contributions of Rs. 9,91,000 in 1897-98 and Rs. 7,00,000 in the current year in recognition of plague expenditure; they have, however, refused to place at the credit of this Government any sum for the reconstitution of the Provincial balance, and have directed that, with the assistance of such recoveries as are due from local funds on account of famine charges borne by general revenues, this Government must build up its balance to the prescribed minimum of 20 lakhs by savings from current income—a laborious and thankless task not easy of accomplishment.

'The process of exacting recoveries from local funds is likely to be slow, and in the current year the sum expected to be derived from such recoveries amounts to Rs. 79,000 only. It has been necessary to enforce economy upon all departments with what cannot fail to be regarded as ruthless severity, and in particular to reduce the grant for Civil Works to a point which forbids the entertainment of new projects and barely suffices for the prosecution of works in hand. It is obvious that the Budget herewith presented to the Legislative Council can only be an object of melancholy contemplation.

'The Local Government is financially, to use a nautical phrase, on its beam ends. Its own resources are exhausted and it has to subsist for the present on the charity of the Government of India. The outlook is unpromising, and it is to be feared that for years to come attempts to improve the administration, to provide the additional staff and establishment so urgently needed in more departments than one, and to promote the progress—material, educational and other—of this Presidency will be most seriously crippled, if not rendered impossible, by the lack of the requisite funds.'

"In the debate that took place on this Financial Statement, the Hon'ble Mr. James, then temporary Member of Council, gave a humorous instance of the straits to which Government were reduced.

'I am not sure,' he said, 'that my Hon'ble friend the Legal Remembrancer would not hold that we have really laid ourselves open to the criminal misappropriation clauses of

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the Indian Penal Code. It is a fact that a subscription of Rs. 17,000, which Government promised to double, has been credited in our revenues and swallowed up, and if we were asked to produce it, much less the corresponding grants promised, we could not do so, at any rate at the present moment.'

" But it is more serious to contemplate that the Civil Works grants were reduced from by no means the high average of 36 lakhs to less than 27 lakhs (actuals) in 1897-98 and to 29 lakhs in the budget for 1898-99, but which was to be further reduced. The above forecast was made in August of last year, when there was some lingering hope that we had seen the last of plague. But unfortunately we have been visited with another outbreak as, if not more, severe than the last. In view of the whole situation, I do not think it can be said that, in the negotiations for the new contract, the Bombay Government were asking anything excessive when they asked the Government of India to increase their assignment by 13 lakhs a year, *i.e.*, to say 65 lakhs for the period of the contract. But the Government of India were inexorable, and they thought they had done quite enough when they reluctantly refrained from shearing off the 10 lakhs a year they had set their hearts on. Now, while the Government of India were supposed to be in dire straits themselves, it was possible to extenuate their hard-heartedness to the Provincial sheep, though it made their refusal of a contribution from the British Exchequer less excusable. But with a surplus of 4 crores and 76 lakhs for the closing year and an estimated surplus of close upon 4 crores for the Budget year, I submit that the Presidency is entitled to be placed in a normal position throughout the whole of the contract period. Instead of that, what we find is that, as stated in paragraph 57 of the Budget, even after receiving a further grant-in-aid of about 22½ lakhs, the Province will be left, on 1st April, 1899, with an opening balance of *nil*. The only further relief that is given is a grant of 15 lakhs in the accounts of the year 1898-99, that is to say, out of a surplus of close on 4½ crores, and the same amount (less the excess expenditure already provided for in the Provincial estimates), an uncertain sum, in the Estimates of 1899-1900, out of a surplus of close upon four crores which is likely to be much more as the rate of exchange has been taken a farthing less than might be reasonably anticipated. I have pointed out above how this relief is considerably less than that granted to Bengal under less afflicting circumstances. But, independently of such a consideration, I venture to submit respectfully that wisdom and justice and liberality all require that the overflowing Imperial Exchequer should set up the Province on its legs again, firstly, by taking up all direct plague expenditure; secondly, by making grants sufficient to restore to their normal health the departments that have been starved so long and have grown so lean; and, thirdly, to start the Province with the minimum working balance

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of 20 lakhs. To treat plague expenditure as anything but Imperial would be both a hardship and an injustice. It has been regulated by Imperial considerations has been incurred under Imperial directions, and has been disbursed under Imperial agency. In the case of the smaller municipalities living from hand to mouth, their income is absolutely inadequate to meet the burden, and they can discharge it, even gradually, only by sacrificing all sanitary progress for years to come. Even in the case of a city like Bombay, supposed to be wealthy, the large surplus balance, it had carefully built up is swallowed up; it has had to undertake the liability of paying 5 lakhs a year in addition to large revenues from many valuable properties for the improved reconstruction of the city, and it is now levying the maximum rates which it is entitled by law to levy. I may add that Bombay is the only city in all India which is compelled to pay three-fourths of the cost of the city police, amounting to over 5 lakhs of rupees, which was first imposed on it on the understanding that a uniform system would be introduced over the whole country, under which every town would pay for its own police, but which was continued even when the introduction of a uniform system was abandoned. Neither Calcutta nor Madras bears a similar burden. The only just course under such circumstances is to treat the calamity as a visitation of Providence, for which no part of the country should be made to suffer by itself, and to regard all plague expenditure as a joint liability on the general revenues. With regard to the restoration of Civil grants to their just requirements and the provision of a minimum working balance, it has to be remembered that the mischief done in the last two years has to be repaired. To take one instance only, the expenditure on Civil Works had to be curtailed to 26 lakhs, when, as I have pointed out above, it should have been something like 36 lakhs. Such curtailment does not only mean multiplication of future liability, but it also involves the necessity of making good the deterioration caused by delay. It seems to me that, when the Bombay Government asked for an increased annual assignment of 13 lakhs, they were asking for nothing more than what was essential for the welfare and progress of the administration under their charge. If it was not possible to accede to their demand in a time of trouble and deficit, surely now that there is a large surplus it is but fair that the Presidency should be now placed in a position in which it would have been if the necessary increase had been allowed in the settlement of the current contract. Nothing is more ultimately paying to the Imperial Exchequer than investments in the growing welfare and progress of the different Provinces. I may assure my Hon'ble friend that no congratulations on the prosperity Budget which he has presented to the Council will be more fervent or sincere than those of a Province grateful for being called upon to

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share that prosperity and for being furnished with the means of recovering its lost health and vigour after having suffered so long and so grievously as the Bombay Presidency has done."

The Hon'ble MR. ALLAN ARTHUR said:—"My Lord, I would congratulate Your Excellency's Government and the Hon'ble Sir James Westland on the prosperous condition of the finances of India, as disclosed by the Budget. That he can hand over to his successor the portfolio of the finances of India in what may be termed a 'record' condition after the peculiarly troublous times of the last few years must be a matter of intense satisfaction to the Hon'ble Member, whose constant readiness and uniform courtesy in listening and agreeing to all reasonable demands, brought forward in the interests of commerce, I should like to take this opportunity of acknowledging on behalf of the mercantile community of Bengal.

"My Lord, when an individual becomes possessed of a large sum of money either by his own exertions, by the prosperity of his business or otherwise, the fact is generally brought home to him by the receipt of subscription books and requests to give of his wealth to others. In like manner the Government of India will probably have laid before them, sooner or later, schemes of various kinds having for their object the dissipation of part of the splendid surplus which the Budget reveals. The mercantile community of India are unanimous in pressing for a reform which has been too long delayed, and which might possibly trench to a small extent on the surplus. I am not going to ask the Hon'ble Member to abolish the income-tax. I do not forget that, when I suggested to him a few weeks ago that it was a hardship that holders of Indian securities in England should be charged with double income-tax, I received from him less satisfaction than I have had on many other questions, and I fear to touch on the subject again. But I agree with much that has fallen on this subject from the Hon'ble the Maharaja of Darbhanga, and would hope that during the next few years it will be found possible to remit this unpopular and unfair tax—unpopular, because it is entirely unsuited to the conditions of the country and of the people; and unfair, on account of the inequality of its incidence. The point I wish to press on Your Lordship's attention is a grievance of long duration. In these days of fierce competition, the prices of all commodities have very materially declined. Values of nearly all articles of consumption are very low, railway rates have been reduced, ocean freights are half of what they once were, letters are carried between Great Britain and India for a penny, and the profits of the merchant have very much decreased. Progress and competition are responsible to a great extent for these reductions. The one charge that remains constant and

has been so for nearly quarter of a century is the cost of Indo-European telegrams. The Cable Companies are the enemies of progress in this matter. They block the way, and I think it is a reproach to them that foreign telegrams should remain almost as expensive luxuries as Champagne and Havana cigars. The cost of telegraphing between Europe and India is Rs. 3 or 4s. per word. The charge is so exorbitant that, notwithstanding the increased trade now doing and the increase in the number of telegraphic negotiations necessary to do that trade, traffic does not increase to any appreciable degree. The cause of this is not far to seek. In order to avoid being swamped altogether by telegraphic charges, the merchant at immense expense to himself has to go on improving his codes, which are becoming more nearly perfect and more ingenious every year, resulting in fewer words being used to express a great deal more than they formerly did. Private individuals, instead of telegraphing in ordinary words, have to take the trouble of preparing small private codes for the purpose of telegraphing to their friends abroad. Your Lordship will have observed how badly India is served by Press messages, how the high telegraph charges are strangling Press enterprise, with the result that this great Empire is most meagrely informed of what is going on in other countries of the world. Given a substantial reduction in the cost of telegrams, the necessity for perfecting codes will become less urgent and the traffic in mercantile cables will increase, private telegrams will become more frequent, and Press telegrams fuller and more intelligible. To induce an increase in the traffic a small reduction will be useless. The reduction in the first instance must be substantial, at least 50 per cent. This would make the cost of telegraphing Rs. 1-8 homewards and 2 shillings outwards per word. It is estimated that a reduction of 6d. per word would involve a loss of revenue to the Cable Companies of £50,000 per annum, and it follows that a reduction of 2s. would mean a loss of revenue of £200,000. The Cable Companies, not being sufficiently enterprising to lower the rate themselves, would no doubt be willing to make the reduction provided they were given a guarantee that they will not be losers thereby. The Bombay Chamber of Commerce have pointed out that the principle of State aid to communication between parts of the Empire has received definite sanction from the institution of an Imperial penny postage. In the interests of this Empire and of the merchants who have helped to build it, it is surely not unreasonable to expect the Home Government to join the Government of India in giving the necessary guarantee to the Cable Companies. But let us suppose that the Home Government refuse and that the full £200,000 may have to be paid away under the guarantee, the question arises, can the public reasonably ask the Government of India to undertake the guarantee?

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I observe that the Hon'ble Member budgets for a net profit in the Telegraph Department of Rs. 2,71,200, which surplus at present goes to swell the general revenues of the country, and which would no doubt be reduced to some extent by a reduction in foreign telegram rates. The amount, however, is very nearly the amount of the guarantee required, and it can be very well argued that this net profit might for the present be set aside to carry out this much-needed reform. Again, a saving can be reckoned in the cost of foreign telegrams on Government account, which must be a heavy item, while the small balance required to make up the full guarantee might very well come out of the general revenues of the country, as I maintain that the traders of India, not only European but also Native, will benefit directly and indirectly from the introduction of cheap telegraphy. I do not think the most timid of men would suggest that a reduction in telegraph rates by 50 per cent. would not lead to a great increase in traffic, and it should be borne in mind that while there may be a little to pay in the first instance there is every probability that in a very few years the guarantee will become merely a paper guarantee.

"The Government have a precedent for giving such a guarantee in the action taken by the Australian colonies in 1891, when the Australian-English tariff was reduced from 9s. 4d. to 4s., subsequently raised to 4s. 9d., the Colonial Governments guaranteeing the Cable Companies against loss. It would be interesting to have a return showing the increase in traffic between Australia and England consequent upon the reduction in rates.

"Some of the Indian Chambers go so far as to advocate an all-British cable between Great Britain and India, with a charge of one shilling or even six pence per word; but such a proposal, though eminently desirable, would take time to accomplish, while the suggestion I advocate could be carried out by a stroke of the pen.

"I have to apologise to the Council for the length of my remarks on this subject, but my excuse is that I hold in my hand telegrams from every Chamber of Commerce in India pressing the Bengal Chamber to urge the importance of this question on the notice of Your Excellency. I have further to say that so far back as 1893 the Government of India declared that 'the reduction of the tariff to India is a measure of Imperial importance.' That was six years ago and nothing has since been done. The merchants of India now ask respectfully that this measure of Imperial importance be carried out, and I can assure Your Excellency that, in any action Your Excellency's Government may take to accomplish this desired reform, you will have the unanimous and ardent support of the entire mercantile community of India.

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" My Lord, I take this opportunity of referring to the question of the insufficiency of rolling stock on Indian railways, not only in the interests of producers but also in the interests of the State. That the supply of rolling stock on Indian railways generally is wholly inadequate for the requirements of the rapidly increasing trade of the country admits of no discussion whatever. The coal trade of Bengal has suffered incalculable loss by the inadequacy of traffic facilities which has been the subject of constant representations from the Bengal Chamber of Commerce. It is not my intention to go into this point in detail, but I think it is sufficient to point out that the question should be made the subject of most searching enquiry, and an immediate remedy applied; otherwise the interests of individual producers, of the railways themselves, and of the country generally will be jeopardised.

" My Lord, I am not sure if it is permissible for a Member of Your Excellency's Council to make any remarks on the Exchange question, while the question is as it were *subjudice*; but I take it that the object of the publication of the Blue Book was to invite criticism, and I think, if I may be allowed to make a few remarks, they will be found to contain no impropriety. The announcement that the Hon'ble Member, departing from the usual custom of taking the average rate of the previous year, had taken the rupee at 1s. 3½d. for the coming financial year had an unsettling effect on people's minds, and the result was a feeling of weakness in exchange. This, however, was caused very much by sentiment and has proved only temporary. There is no indication at the present time that the balance of indebtedness is going against India, and under the Barbour scheme the rupee cannot fail to creep up to gold point or nearly gold point, unless the balance of indebtedness goes permanently against India. While the Barbour scheme has been slowly but surely attaining the object which its author claimed that it would, the trade of India has been hampered by periods of excessive monetary stringency. The cause of this is to be found in the fact that, while the scheme provides for a maximum rate of exchange, there is no provision to ensure that the rupee will not decline to an indefinite point.

" All who are interested in fixity of sterling exchange will be pleased to see from the Financial Statement that the Secretary of State has not only succeeded in selling £3 millions more Council bills and transfers than anticipated in the Budget Estimate, but these bills and transfers have been placed at an exchange of 1s. 4d., the rate aimed at in the legislation of June, 1893. In addition to placing these Council bills, aggregating £19,000,000, the Government of India have succeeded in obtaining about £1¼ millions of gold in exchange for rupees at a cor-

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responding rate, and including that secured last year the gold in the Paper Currency Reserve must now amount to nearly £2,000,000. It is also satisfactory to observe that this improvement in exchange is attributable solely to a favourable balance of indebtedness, not to additional State borrowing in sterling ; for, if I read the figures aright, the addition to India's sterling debt this year is £412,800 only (see paragraph 35). At the same time I would venture to point out that it would be a fatal mistake to think that the favourable balance of indebtedness now experienced is bound to continue and that the present prosperous condition of the export trade and curtailed import trade are factors on which to rely for fixity of exchange in the future. We are told in the Financial Statement (paragraph 11) that the rise in exchange in the early part of the year was due to unusually large exports of rice, wheat and seeds. The exports of wheat in particular were exceptionally large owing to exceptional circumstances : and by way of explanation of the present improvement in the balance of indebtedness I may say that it is only natural after a widespread famine and at a time of plague that exports should greatly exceed imports. Impoverished producers must sell produce before they can buy clothing and other imports, and at a time of plague the holders of both exports and imports are inclined to keep their stocks at a minimum. Hitherto the balance of indebtedness has been as a rule favourable to India, helped occasionally by heavy borrowing in sterling : but it is probable that this favourable balance has been maintained to some extent by the constant decline in sterling exchange : and it would be highly imprudent in attempting to fix exchange to rely for fixity upon this uncertain factor. If we are to have confidence in exchange, we must have in operation that influence which fixes exchange and adjusts the balance of indebtedness in all great commercial countries, *vis.*, immediate and permanent convertibility of the currency into gold, the international standard of value. I think it is now generally admitted that, in order to fix exchange and secure a gold standard, conversion need only be applied to that portion of the currency which can be spared for export, or rather to that portion that is tendered for remittance at the fixed minimum rate of exchange : and I hold that the figures I submitted to this Council last year prove that a Government with heavy sterling liabilities as compared with the extent of their currency will find it less expensive to undertake convertibility in this restricted form than to allow exchange to drop. If this be the case,—and I hold that it is,—it is to be hoped that the contemplated reform of the currency will include measures for ensuring immediate and permanent convertibility in some form or other : and, in order that these measures may inspire complete confidence not only here but in Europe, it is desirable that convertibility be guaranteed by the Home Govern-

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ment. Confidence exerts a powerful influence both over exchange and demand for conversion, and the mere verbal guarantee of the British Government would be of great assistance to the Government of India. This guarantee might be given with perfect freedom from risk; because it has been proved that the Government of India will find it more profitable to undertake convertibility at 1s. 4d. than to allow sterling exchange to drop below that rate, so that all the Home Government are called on to do is to guarantee that India will adopt the course most profitable to her. It seems to me, then, that in the decision that will shortly have to be made the Government will have to choose between convertibility with profit and certainty on the one hand, and inconvertibility with loss and want of confidence on the other.

" My Lord, I have just one other remark to make. On the 12th February last in answer to a deputation Your Lordship stated that 'British capital is a *sine qua non* to the national advancement' and that it would be sound policy to attract such capital to the dependency. Further, Lord George Hamilton from his place in the House of Commons has repeatedly dwelt on the benefits that would accrue to India from an influx of British capital. If British capital is to be attracted to rupee investments, it seems to me the first step is to grant facilities so that investors can get shares transferred in England, and I would suggest that it is desirable to arrange that Indian companies with rupee capital should be able to have share registers in England, in much the same way as sterling companies, such as the Exchange Banks under the English Companies Act, have what I believe are called Colonial registers, to enable transfers in their shares to be effected in India."

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS said :—" My Lord, I desire to make a few brief observations on the Budget which was submitted for our consideration last week. In the first place I am glad to be able to offer my felicitations to Your Excellency's Government and the Hon'ble the Finance Member for the very hopeful and encouraging report he has put before us. The year under review must, in comparison with its immediate predecessors, be said to have been a propitious one. Yet I am not quite sure that it has brought us anything of positive good. But, situated as we are, a diminution of evil is itself no small mercy. The Hon'ble the Finance Member has very clearly shown that the surplus of the current and coming years will have more than covered the aggregate deficit of the two famine years 1896-97 and 1897-98, that is to say, over seven crores of rupees. Yet the Government do not see their way to reduce taxation. It is not for me to challenge the wisdom of this policy, but in view of the facts that prospects are what they are represented to

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be and the coffers of the State are being replenished every day, small taxes like the pandhri-tax in the Central Provinces might be done away with altogether without any sensible diminution of revenue. I submit this only as a humble suggestion, because I know that this pandhri-tax is felt by the people of my province as an inequitable and oppressive one, owing to the facts that no such tax exists in any other part of the country, and that the income assessable to the said tax is as low as Rs250 per annum. I have recently had occasion to draw Your Excellency's attention to high assessments in certain parts of my province, where malguzars are required to contribute as much as 70 or 75 per cent., sometimes so much as 80 or 85, of their receipts towards revenue and cesses. My Lord, these high cesses are pressing heavily upon malguzars in my province, and Your Excellency will have earned their lasting gratitude if, under Your Lordship's order after consultation with the Chief Commissioner, the cesses, together with revenue, were fixed by law at 60 per cent. of the collections, or, in other words, the Government revenue were limited to 50 per cent. of the collections, as it is in the North-West Provinces.

" My Lord, it is evident from a mere cursory glance at the Budget that the Central Provinces have been very slow to recover from the depression of the famine. Under the circumstances we cannot but feel grateful to Your Excellency's Government for the proposal of making a grant of five lakhs of rupees to the province from Imperial Revenue. I am aware, my Lord, that Imperial finances have of late years been subjected to great stress. Yet I think that, in view of the extreme calamity in the province, the grant might have been somewhat larger. It would not be out of place here if I draw Your Excellency's attention to the fact that there has been a recurrence of famine in some districts of the Jubbulpur Division, and the rabi crops, in other districts, have more or less failed. I trust Your Excellency's Government has already been informed of the fact by the Chief Commissioner of the province, and that due provision will be made to combat the evil. I earnestly hope that in this emergency the Imperial Government will, to the best of its power, help the Provincial Government to meet their administrative necessities. This claim of my province, I may add, does not arise from the very small balance it now possesses, but from special misfortunes pressing on it.

" The Hon'ble the Finance Minister has referred to the increase in the unit of weight for inland postage from one tola to one and half tola, and I congratulate the Government upon the reform. At the same time I beg to invite the attention of the Government to the necessity that there is for further reform in this direction. The masses would benefit far more greatly if the maximum weight for half anna

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postage were raised to one tola. When heavy letters can be sent all over the world for an anna postage, it is only reasonable that the maximum of weight for half an anna postage should be raised within the country in the near future when Government finds it convenient. The reform might prove prejudicial to the postal revenue for a time, but it is sure to bring in larger incomes in future than the Government derives at present from the Postal Department.

"I also beg leave to point out that the reduction of the rates of fees for inland telegrams has been delayed a considerable time. Sir James Mackay moved the Government of Lord Lansdowne so long ago as 1892 for the reform, but the Government was far too embarrassed at the time to attempt it. In view of the prosperous times upon which we have entered this subject will, I hope, receive early consideration.

"I note, my Lord, that the Government has been stocking large quantities of gold during the whole of the official year about to close. The imports of the metal on Government account have been valued at Rx. 2,616,400. I also note that, of the two reasons which have induced the Government to hold the large surplus budgeted as a reserve, 'the second and weightier reason is that the Government have in contemplation, as is well known, certain extremely important measures of currency reform.' I conclude from these two facts that the Government intends to launch out upon some such expensive schemes of currency reform as the introduction of a gold standard or a gold currency. I feel it my bounden duty to inform Your Excellency's Government that the people of this country are likely to look with diffidence upon any such introduction of a gold currency, especially at a heavy initial outlay. Further, a gold currency is, in the opinion of many, unsuited to the economic conditions of a poor country like India, where the traditional cowrie still plays an important part in the commercial transactions of the people.

"I find, my Lord, that the Secretary of State suffered considerable loss upon the $2\frac{1}{2}$ per cent. Government loan of £6,000,000, the loan having been taken up at a heavy discount. This was indeed a heavy loss to incur, and in contemplating it I cannot ignore the fact that the results would probably have been otherwise and advantageous if the loan had the high recommendation of being guaranteed by the Home Government. India sterling stocks are first class stocks and would be eagerly sought for by British investors if they had the British guarantee. The Chinese loan has been raised on far more advantageous terms, and that because it was guaranteed by the British Government. My Lord, I do not see why we, the people of this country, which

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forms an integral part of the British Empire, should incur any loss upon our sterling loans, while countries with which Britain has only a diplomatic or commercial relation can raise money in London on the easiest possible terms. To my mind the only difference in the two cases is that, while our loans are not guaranteed by the British Government, loans of alien countries, like China, are. My Lord, this difference in the treatment might well strike an impartial observer.

"The next subject of importance I have to refer to is the Army charges. I observe with sincere pleasure that on the expenditure side there have been considerable savings. The result no doubt would have been still more satisfactory for India could the Government see its way, after due consideration, to still further reduce Army expenditure. I think some at least of the Hon'ble Members present here will agree with me when I say that the Army expenditure in India is a heavy drain on its finance, and is generally the principal item which upsets the Budget equilibrium. I therefore think that some considerable reduction is necessary in the military expenditure. It has been suggested that one way of bringing about this result would be to reduce the number of British soldiers in India. During the time of the East India Company one British soldier landed in India used to cost India £27. Now, with greater facilities of travelling, etc., he costs, if I mistake not, as much as four native soldiers of the same rank. It would thus be a great relief to our Exchequer if native soldiers could be largely employed in our army. It was the Indian troops of the East India Company who won the British Empire in the East, and I see no reason why, if we are to pursue a policy of confidence and trust, they, of course with British officers and a smaller number of European soldiers to guide them, should not be able to defend it against all attacks of the enemy. In this connection I beg to invite the attention of the Government to the observations made by the Hon'ble the Finance Member in paragraph 74 of the Budget :

'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.'

"Such being the case, my Lord, justice requires that a portion of the expenditure should be borne by England. If Imperial policy demands the extension of defensive works, the expenditure should be met out of the British revenues, and not the Indian, specially when rich Britain can so much more easily bear the burden than poor India.

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"The raising of the assessable limit as regards income-tax, and the reduction of the salt-tax, have been so often brought to the notice of the Government that I will not say anything with regard to them. This much I will say, that if at some future time Government sees it convenient to grant this concession, it would give relief to many poor people.

"My Lord, I have nothing more to add to the able Statement made by the Hon'ble the Finance Member, which I think has been received with satisfaction by all who have heard it. I cannot, however, conclude these remarks without availing myself of the opportunity to express my sincere regret at the approaching departure of the Hon'ble Sir James Westland, who during the many years he has been connected with the Government of India, has not only manfully done his duties towards the Government, but has been a courteous and sincere friend to all Native and European gentlemen who have had the good fortune to meet him in this Council Hall."

The Hon'ble PANDIT SURAJ KAUL said:—"My Lord, the Budget under consideration prepared by the Hon'ble Sir James Westland, whose financial experience is well-known all over India, is, I venture to say, extremely satisfactory. It is gratifying to notice that instead of a deficit the Budget shows a considerable surplus. The Government is to be congratulated upon this result, and if unforeseen calamities, which are beyond human control, do not occur in any part of the country, the Government of India will be under no necessity of borrowing money. Indeed, there will be a large saving. In my remarks on the Budget laid before the Council last year I expressed a hope that there would be decreased expenditure under the heads of war and famine, and it is matter for rejoicing that by the effective measures and policy adopted by the Government both the calamities of frontier war and famine have been averted, resulting in a considerable saving in the expenditure provided for under these heads in the Budget.

"My Lord, I wish to take this opportunity of bringing to Your Excellency's notice the necessity of encouraging and furthering the cultivation of waste-lands in this country, in times of peace and prosperity. During the last Simla season Sir James Lyall, then President of the Famine Commission, asked me what methods would be effective in averting famine, and I stated in reply that the most effective method was the improvement of the means of irrigation. My Lord, it has been proved by the experience gained during the past famine

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that scarcity was not at all a feature of the tracts irrigated by canals. Indeed, the grain produced went a good way towards supplying the needs of the famine-stricken districts. In the Punjab, the construction of the Chenab Canal has done an immense amount of good. Extensive waste areas and lands where it was impossible even to grow grass are now, owing to canal irrigation, as fertile as any other land in the Province; cattle-thieves who had their abode in what was before a vast forest and were safe inside it have completely lost their rendezvous. It is hoped that the Jhelum Canal, which is about to be constructed, will prove similarly useful, and that when, later on, Government is able to devote its attention to the excavation of the Indus Canal, it will be possible to hold up the Punjab as an example in the matter of the development of sources of irrigation. My Lord, the outlay required on these works is no doubt very large, but it may confidently be expected that they will repay the original outlay, with interest, in the course of a few years. At the same time the extensive tracts of waste-land which are now lying unproductive will be brought under cultivation, and cultivators who have to move from place to place for want of land and are either by habit or in consequence of poverty induced to commit theft and similar crimes will settle down peacefully on getting canal-irrigated land to cultivate. And, above all, the abundant produce of canal-irrigated land will provide what is necessary both for consumption within India and for export to foreign countries.

“My Lord, I also consider it my duty to observe that the provision made in the Budget for expenses connected with the prevention, etc., of plague is necessary and prudent. This terrible epidemic has been the cause of deep anxiety to the Government and sore trouble to the people, but the excellent measures adopted by the Government in places where the scourge has prevailed and for preventing its taking hold of other parts of the country have been of much benefit. The excellent arrangements made by the Punjab Government in the plague-stricken villages of the Jullundur and the Hoshiarpur Districts have been very successful. People are now beginning to understand that the rules framed by Government are intended for the benefit of the people themselves and that the disease spreads by contagion. They are beginning to realize the wisdom of segregation of the plague-stricken individuals and of people who might possibly have caught the contagion. The order of Government that no patient shall be compelled to take medicine in the plague-hospital, that the relatives and friends of a patient can be permitted to look after him, and that if he dies they shall not be obstructed in the performance of the after-death ceremonies, has greatly relieved the minds of the people, and they are now becoming alive to their duty in carrying out the orders of Government and assisting it in its efforts. Hindus and Muhammadans, who according to their respective religions regard the ruler of the time as a representative of God,

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are thus in a better position now to fulfil the noble desires of their ruler. It may be thought that the measures adopted in places like Jullundur and Hoshiarpur may not prove so effective in large towns of the Punjab without the hearty co-operation of the people; but there is now, I think, no reason to fear that in the case of a visitation in any large towns—which God forbid—the assistance of the people may not be fully relied on."

The Hon'ble Mr. LATOUCHE said :—" I do not propose to add anything to the general remarks on the Financial Statement which have been made by the Hon'ble Members who have already spoken, especially by my Hon'ble friend Nawab Faiyaz Ali Khan, my colleague in the representation of the North-Western Provinces. Nor in my opinion is the time opportune for any effective discussion of principles of taxation. Your Excellency's Government has decided to keep the existing realized surplus in reserve, and not at present to undertake any measures for the reduction or re-adjustment of taxation.

" But as the question of the income-tax has been raised, I shall say this much, that while I cannot agree with the Hon'ble Mr. Arthur that the income-tax should be abolished, I yet would gladly see the lower limit of liability to the tax raised above Rs. 500, its present limit. I would gladly see the lowest grades of Rs. 10 and Rs. 15 removed from the schedule, and that not only on the grounds urged by the Hon'ble the Maharaja of Darbhanga, but also on official grounds. In these grades the tax is collected from a number of petty traders who as a rule keep no regular accounts, whose income is extremely difficult—almost impossible—to ascertain, regarding whom an assessing officer is hardly ever able to satisfy himself as to the justice and fairness of his assessment.

" There is only one other matter on which I desire to say a few words. It is the question of the future financial position of the Government of the North-Western Provinces and Oudh, and I refer particularly to paragraph 52 of the Financial Statement, where the Hon'ble the Finance Member says :

' In the coming year, 1899-1900, the Government of the 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.'

" I trust this does not mean that the scale of expenditure adopted in 1892 is now considered suitable and sufficient for the needs of the Provinces.

" It can be satisfactorily proved that the provision for the public services made in past contracts was inadequate; that the Provinces have suffered from

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an unduly restricted expenditure ; and that in future, apart from the question of any temporary increase, a permanent increase in the scale of expenditure is necessary and essential to the welfare of the Provinces. "

The Hon'ble SIR GRIFFITH EVANS said :—" My Lord, India may well be called a land of surprises : it has been visited with war, pestilence and famine all at once, but the marvellous recuperative power of the country when the harvest is good is well illustrated by the revised estimates for the present year. The estimated surplus, Rx. 890,000, which was thought by many to be too sanguine, has been converted into one of nearly Rx. 5,000,000, reduced to Rx. 4,000,000 by fresh grants to the Provincial Governments.

" Of this large surplus only Rx. 1,000,000 is due to the improvement in exchange. The rest is due to increased revenue, although the plague is still with us. For the coming year a surplus of nearly Rx. 4,000,000 is estimated, and if the exchange keeps at its present level it should be Rx. 400,000 more. The first tendency of everyone on seeing these figures would be to ask for remission of taxation, which is no doubt very heavy, and some of it very harassing. The Government has, however, resolved not to take this course, having regard to the deficit of Rx. 7,000,000 in the last two years, and the probability of being put to extra expense in connection with any scheme that may be decided on for fixing the currency. The estimated surplus for the coming year of nearly Rx. 4,000,000, together with the surplus drawn by the Secretary of State beyond his requirements for the year, amounting to one million sterling, and Rx. 392,000 from the cash balances, goes to supply the sum of Rx. 6,000,000 to be spent for railway construction on capital account, thus rendering a loan unnecessary for the present year.

" There is much to be said for this course as a temporary measure—not only on the grounds stated in the Financial Statement, but because there are elements of uncertainty about the expected surplus of next year. The plague is still here, and is threatening Calcutta and its trade. No one can guarantee peace on the frontier, though we may reasonably hope for it. Opium, too, is uncertain, though I am glad to see that the reduction of duty on Malwa opium has had the effect of increasing the production, and giving India a chance of maintaining its hold on the China market, which it was fast losing. Besides all this, I think it is but fair that Your Excellency should have time to consider the needs of the country, and consider the various claims that will be put forward for the remission of taxation on the one hand, and for increased expenditure on the other.

"A recently fractured rib forbids me making any long 'excursus' into that very wide field ; but there are one or two observations I would wish to make.

"The salaries and furloughs of the Judges of the High Court and the Presidency Small Cause Court will have to be considered.

"The claims of Bengal to have the surplus income derived from the administration of civil justice in Bengal applied to much-needed improvements in the machinery of justice in the province will have to be considered. The Hon'ble the Maharaja of Darbhanga has dealt with this matter to a considerable extent. In the last Budget debate there will be found a passage-at-arms between the Hon'ble Sir Henry Prinsep and the Hon'ble Financial Member in which the latter had the last word. I regret that for the physical reason I have mentioned I am not able to go at length into this matter. But I am satisfied that the Judges of the High Court are right in saying that the Subordinate Judges and Munsifs are over-worked and underpaid, and that my Hon'ble friend is wrong in his denial of the fact. Again, the condition of the lower ministerial establishment is a scandal. They will continue to supplement their inadequate pay by illicit perquisites unless some change is made. The principle should be that enunciated by Warren Hastings when propounding his scheme for Civil Courts in Benares :

'I have endeavoured to proportion the salaries of the officers to their responsibilities, and have thus removed the necessity for, and I trust the temptation to, corruption.'

"As to the Hon'ble Financial Member's remarks in that debate, that cases which last months are proofs of the incapacity of the Judges who try them, the answer is plain. There is a class of cases, long cases, common in India, which have no parallel in England, except in very rare instances, such as the Tichborne case. They cannot be made into short cases except by a denial of justice. If my Hon'ble friend could only be placed on special duty to try one of these cases, he would need no argument to convince him of his error.

"In the note of the Hon'ble Member for the Military Department there is mention of the Cantonment Bill. I wish to draw the attention of the Government to a memorandum by the Judges of the Calcutta High Court upon that Bill. It is there pointed out that in the older cantonments legal rights have grown up which have been judicially recognised by the Courts and that those rights will be virtually confiscated by the Bill without compensation. This cannot be allowed according to English principles of justice. Some provision will have to be made by which persons claiming such rights should be able to prove them (if they can) before a judicial tribunal. When so proved the State can only acquire them on terms of giving compensation.

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"I am glad to see that steps are being taken for the improvement of transport although it will cause some expense; that an army is no use without adequate transport is as apparent to a civilian as to a soldier. I shall never forget the way money was uselessly squandered in the attempt to improvise transport at the time of the Penjdeh scare. Great as has been the improvement since that time, the Tirah expedition showed there was much to be done.

"There is another matter connected with the Army on which I am sorry to see nothing is said. It is the inadequate number of European officers attached to each native regiment. I have drawn attention to this in former years, and in doing so have, I believe, expressed the views of Lord Roberts and most of the many friends I have had in the Indian army. I will not go into the details now, but will only say that the soundness of these views and the necessity for a change were amply demonstrated in the recent expedition. I hope the military authorities will not wait till a great war exhibits our splendid native army paralysed for want of British officers whom they know and trust to lead them.

"One word more. Very recently, in the debate on the Court-fees Act, I explained the injustice which the Native Christians suffer under in the matter of administration and death duties and I pointed out a simple and easy remedy. I got something very like a point-blank refusal from the Hon'ble Financial Member on that occasion. But I return to the charge. It will cost very little, probably not a lakh of rupees, to relieve them. I do not ask for any pledges. In small matters he is very stony-hearted. He reminds me of the character of Naaman the Syrian, as drawn by his servant—'Had the prophet bidden thee do some great thing would'st thou not have done it?' In any great emergency of war or famine he is cheerfully ready with his millions. But if you ask him in his financial capacity for sixpence, you will find it is very difficult to get it. Besides, he is leaving India. No one regrets his loss more than I do—as a friend as well as a financier. But I must place this modest claim upon the surplus on record in plain and brief terms.

"If a native becomes a Christian, his widow and children are, on his death (to use the quaint but expressive words of the old ecclesiastical canons), 'much distracted and diversely called and summoned to take administrations, and are thereby grieved with many causeless and unnecessary troubles, molestations, and expenses;' and besides, they are afflicted with a two per cent. duty on the whole estate.

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"All these troubles for those he loves this native might have avoided by resisting the allurements of Christianity during his life, or by relapsing into what is called 'heathenism' before his death.

"I cannot doubt that this grievance will be redressed ; for I have no reason to doubt the fairness and justice of the Government of India, or to suspect any of its members of any especially Pagan or anti-Christian proclivities. Nor do I anticipate that the Secretary of State for India will say from his place in Parliament 'The way of Muhammad is open ; the way of Buddha is open, and the way of the ancient Rishis ; but I will maintain a special duty on the lands and goods of those who seek the way of Christ.' What makes me so insistent is the fear that so small a matter may be overlooked amidst the larger concerns of this great Empire.

"To the Financier I would address one more observation on this point. Though sugar may be financially more important, Christianity is still regarded by the majority of Englishmen as having at least an equally good claim with sugar to be protected from unfair competition. Wherefore my counsel to the Financial Department is not to further harden their hearts but to let this people go."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said :—"Despite the very flattering terms in which my Hon'ble friend Mr. Rees has foretold and almost invited me to launch into a criticism of the Budget before us, a multiplicity of reasons make it inexpedient that any adverse criticism should find expression at the present juncture. To begin with, this is Your Lordship's first year of office ; and it is only fair that Your Lordship should command a wider and more intimate knowledge of the many problems which you are confronted with. It is indeed true that you are not a perfect stranger to the affairs of this country. Both by choice as a traveller and by office as an Under Secretary, Your Lordship had indeed made a vast amount of acquaintance with interests involved in the stewardship of this part of the British Empire. But it is no disparagement to say—and I say it in all humility and in all diffidence—that the extent of knowledge acquired as an outsider to actual responsibility or as the advocate holding a defence-brief on behalf of a past Government of India is not quite equal—in essence and degree—to what is necessary to enter upon a confident solution of the problems connected with the abiding interests of this country. That Your Lordship is already on the right track, and that you have displayed and declared your firm resolve to identify yourself with the interests of this country in preference to all other extraneous considerations, is proved to the public by your bold

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deviation from the policy of the past, as instanced by the Sugar Duties Act, which you have placed on record just the other day—a deviation of policy for which I am amply authorised to assure Your Lordship of the deep gratitude of my countrymen—a deviation, too, which to me, at the second sitting of this Council before I leave it, was of peculiar pleasure as in some way contrasting favourably with a tariff legislation which was brought in at the second sitting of this Council from the commencement of my taking my seat on it, and which I never shall cease to regard as free trade run mad.

“Having regard to the significance in the fact that you were called upon to defend the late Frontier war just before your acceptance of the Viceroyalty of India, when perhaps you yourself had not dreamt of taking up that office, the impression is irresistible—at least on my mind—that in taking up the reins of the Government of India your foremost idea was to solve, on the firm basis of permanence of peace, our trans-Himalayan problem. I regard this as having been uppermost in your thoughts these three brief months that have now elapsed between your arrival here and your forthcoming departure to almost the next door of the scene, with reference to which that particular problem has to be set at rest. In common with nearly all my countrymen who are capable of thought, I hold that our Frontier is the greediest cormorant of the Indian revenues. It is therefore meet that my first set of remarks should relate to this topic and should be addressed to Your Lordship at the earliest available opportunity, and—let me add—on the eve of your proceeding to enter upon the task in right earnest. If you will succeed in enchaining that fell monster, or at least making him permanently dyspeptic towards Indian blood or towards blood paid by Indian money, you will have achieved a work for which you will be eternally blessed. Besides resoluteness, Your Lordship must perhaps advise that some new order of honours might be forthwith instituted, open for competition for our military men alone, but capable of being won, not by martial victors but by heroes of peace, not for successfully conducting, but for effectually preventing, wars and battles on our Himalayan frontier. I fervently hope that, should it come to pass that I shall be Your Lordship's humble colleague this time next year, I might have it in my power to acknowledge your success in this respect and to convey to you my country's lasting sense of signal service done.

“A second consideration which disarms criticism is the delay in the publication of the reports of the Welby Commission and the Currency Commission. Some measure of relief is looked for from the former, if its conclusions should be of a nature to meet cherished expectations. As for the latter, it is generally regarded, not without just cause, as a veritable

Pandora's box, and few can tell—when our astute financier himself professes not to—whether there is to be any hope at bottom and whether it would be one which would have any good shape and bulk. In the face of these discouragements, it will be hard lines to nourish other than the kindest sentiments towards Sir James, of whose services this is his last year of office, but his year of overflowing surpluses, and the one, too, which has come after a year of his untiring effort to hold out an unstinting hand to our famished millions at a time when our exchequer seemed to afford but little scope. While these circumstances must awaken an unruffled goodwill, may they likewise sooth those feelings of irritation which he had often caused by both the manner and matter of his utterances. One ground, however, which tells the strongest in favour of Sir James Westland has yet to be mentioned. It is his recognition of the general indigence of the people of this country—perhaps for the first time in his official career, certainly the first time in my—not very retentive—memory. Fully conscious—let me add, painfully conscious too—that in noting the return of prosperous seasons on the very heels of a dire and widespread famine, he was but judging by the standard of paid up Government revenue, Sir James has placed on record, in black and white and in no faltering or uncertain tones, the important lesson, 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.' Though honestly meant to be an explicit statement, this extract has about it what may be called a diplomatic leaven. It therefore requires to be annotated here and there. When in the face of a flush of revenues Sir James speaks of the margin between prosperity and adversity in India to be a narrow one, it is quite clear that what is left in the pockets of the tax-payer, after he has paid his taxes, is not enough to feed him—much less to float him in a succeeding year of failure of monsoons. When, with the above admission, he talks of a bountiful harvest as sufficing to restore the country, he can mean little more than this, that so far as the Government dues are concerned, they could be fully extracted. I would lastly substitute for his word 'possibility' the words 'extreme probability.' Thus elucidated it is indeed a profound lesson, full of grave import, and it is well that it has been placed before Your Lordship so early and so impressively in the forefront. There can be no doubt that the problem suggested by this state of things will be the first cis-Himalayan problem which Your Lordship will attack, with the eminent talent and the active earnestness which distinguish you.

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"As for the remission of taxation, few can deny the wisdom of the reservation stated in the Budget. While the grounds assigned are sound enough in the immediate juncture, one cannot but regret that the admitted onerousness of the salt-tax on the bulk of the people has to continue without some measure of relief. I sincerely wish that it may not be long before it is within Your Lordship's power to afford this already plighted but long delayed relief, which, I feel sure, will be gratefully remembered at every meal which the middle and the poorer classes in this country take.

"The income-tax is, again, one in which help is needed. But that help should take the shape of raising, by a good deal, the minimum for taxation. There are two reasons why I regard this species of succour urgent. In the first place, the tax now touches incomes far too low to afford the payment; for, as it has been neatly put, 'it makes indeed little difference to the life of a family whether its yearly income is £1,000 or £5,000. But it makes a very great difference whether the income is £30 or £150; for with £150 a family has, with £30 it has not, the material conditions of a complete life.' The words 'the material conditions of a complete life' in the above passage have, *mutatis mutandis*, an important bearing on the altered modes of life, almost forced *even* on the simple raiyat who—to deserve to be noticed—could once appear, but no longer can, in his semi-paradisiacal dress, in suing for remission, asking for takkavi or craving for water.

"My second reason for raising the taxable minimum is the preposterous system on which the tax is assessed. The well-to-do and those that have adopted or have found occasion to adopt the modern system of regular book-keeping are all safe, and they are men who, in the language of my Hon'ble friend Sir Griffith Evans, are strong enough and loud enough in their voice to compel relief if they have any complaint. But the classes of men and merchants I allude to are either such as adhere to their old ways of keeping accounts, or such as find no need to keep any, except to help their memory, being the masters of their incomes and accountable to none. The way these now suffer is easily told. That honourable body of men who go by the name of secret informers, furnish the assessing officers with some information to go upon in the first instance. The assessee produces his loose sheets of account and swears to the items in them and to their accuracy. These are too often discredited as unsatisfactory, and no clue is given to the assessee of what data the informer, by some occult methods, has supplied. No onus of proof is laid upon him or is accepted by the assessing officer as regards such data, and they are acted upon as if they were gospel truths. The amount and extent of hardship and injustice

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which this system is calculated to inflict can well be imagined, and they are entitled to be taken into account in deciding the question as to how far and to what extent each source of income may be pronounced to be on a solid and not on a shifting basis.

"I have considered these remarks as relevant, as we have met to-day, not in our legislative capacity, but, as I take it, in order to express our views, so far as they bear on the financial aspects of the Administration. If I have erred in acting upon that faith, I beg most humbly to apologise."

The Hon'ble MR. RIVAZ said :—"My Lord, I will confine my remarks, which shall be of the briefest, to one or two points connected with the departments under my charge, which have been noticed by some of the Hon'ble Members to-day. The Maharaja of Darbhanga referred to certain proposals which have been submitted by the Chief Commissioner of Assam for the colonization of the vast tracts of waste-land in that Province. The correspondence which has taken place with the Chief Commissioner of Assam has been published for general information. That correspondence shows that, although the Government of India have not been in complete accord with Mr. Cotton's proposals, they have agreed to consider any scheme that he may submit on the general lines which he advocated for the colonization by capitalists of a considerable tract—I think, speaking from memory, of 100,000 acres. While the Government of India expressed their willingness to accept the Chief Commissioner's rates of assessment, which were exceedingly favourable, they demurred at the length of the term of lease which he had proposed, and they thought that clearance conditions ought to be attached in giving such leases. However, we shall be quite prepared to consider any representation which the Chief Commissioner in answering our letter may make on these points.

"The Hon'ble Mr. Rees touched on the question of prospecting concessions and mining leases. These questions, of course, are quite different from the subject-matter of the Mining Bill which I introduced into this Council last week, and which deals with quite another matter—the matter of regulation of labour in mines. However, the revision of the present rules which apply to prospecting concessions and mining licenses is at present under the consideration of the Government of India. I hope that the revised rules will shortly be published, and that they will be in the direction of extending the present powers of Local Governments in dealing with these matters.

"My Hon'ble friend Mr. Mehta made some remark about the surplus of the present year having been swelled by realizations of suspended land-revenue,

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and he criticised chiefly the land-revenue system of Bombay. I will not venture to make any remark as to whether the land-revenue system of Bombay may or may not be too rigid, as I am not personally acquainted with the Province. The Bombay Government will, no doubt, when it has the opportunity and if it is necessary, defend its own system. I will only remind my Hon'ble friend that if land-revenue is suspended in years of adversity it is only natural and reasonable that it should be collected in favourable years, and that in several Provinces large amounts of land-revenue have been altogether remitted in addition to what was suspended.

"The only other point which I need refer to is as to the remarks of the Hon'ble Sir Griffith Evans about the exemption of Native Christians from payment of probate-duty. When we lately dealt with the amendment of the Court-fees Act, I, as being in charge of that Bill, said that we had expressly excluded this question from consideration, as we were then only dealing with the amendment of the procedure for the recovery of duties, but as regards the general question we could not take it up then. If, however, it is represented to the Government of India—for instance by the Madras Government, which I believe is the Government chiefly interested in the Native Christians—it will, I am sure, receive the fullest consideration. What may be the decision I am unable to say, but I can only say that it will receive the very fullest consideration."

The Hon'ble SIR ARTHUR TREVOR said :—"My Hon'ble friend the Maharaja of Darbhanga has lodged a somewhat sweeping indictment against the management of railways in India, and complains generally of overcrowding, unpunctuality, want of latrine accommodation in third-class carriages, want of separate accommodation for all classes of Europeans and Natives, insufficient number of trains, slow speed, third-class fares which, if not high as compared with other countries, are too high for the poorest classes in this country, and so on. I gather that he is disposed to attribute these defects in part to State management and control, and to make an exception, in some respects at any rate, in favour of the Bengal and North-Western line, which is our standing example of successful private enterprise. I find in this exception some encouragement. It is only very recently that we were vehemently called upon to enquire into a serious indictment brought by the local authorities against the Bengal and North-Western line, as compared with other lines in India resting on very similar grounds. The conclusion we arrived at was that things were not so very bad on that line after all, and I am glad to have the testimony of my Hon'ble friend in support of that conclusion. I am

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inclined to think that a similar enquiry into the working of other lines would justify a similar conclusion. We all, I am sure, must heartily sympathise in his desire for improvement. But it is impossible to do everything at once regardless of expense, and some of the matters he has referred to are, I am afraid, beyond the range of practical politics. There are obvious objections, for instance, to the provision of latrine accommodation in all third-class carriages. We are providing it in the carriages reserved for females, and we are doing what we can to make increased provision at stations. There are also, I think, obvious objections to the provision of separate accommodation for different castes and classes. It would at any rate be a reversal of the policy which has hitherto been adopted. For the rest, I think that unpunctuality (considering the long distances run) and overcrowding are the exceptions, not the rule. That they should take place occasionally (even on the best managed lines) is inevitable. I have even known such things in England! We are doing our best to lessen the number of such cases in India, and to improve the signalling arrangements to remedy unpunctuality. We are steadily improving the carriages. It is quite possible that it might pay to reduce third-class fares. But the point is one which I think must be left to the Management of individual lines. It does not follow that because it would pay in one locality or on one line, that it would answer generally. The Madras line is now trying the experiment, as my Hon'ble friend has observed. The third-class fares were reduced some 18 months ago from 3 to 2½ pies, but though the number of passengers has increased, the loss of revenue has not yet been recovered, and as long as trains are filled, and as many trains as possible are run, a reduction in fares must result in a loss of revenue which a commercially managed undertaking cannot be expected to accept with a light heart. Railways do not pay their cost on the direct account, and we must necessarily proceed with caution. With regard to the remarks which he has made as to the insufficiency of the East Indian Railway to cope with the traffic of Calcutta, I may observe that here again everything cannot be done at once. We are only allowed to spend a certain annual sum, and with the assistance of the Conference we do our best to apportion the amount as fairly and with as much consideration of the most pressing needs as possible, and I welcome the evidence given by the Hon'ble Mr. Rees and the Hon'ble Nawab Faiyaz Ali Khan that so far at least as the provinces they represent are affected our apportionment is regarded as fairly satisfactory. The complaints against the East Indian Railway are due mainly, I think, to the cause to which my Hon'ble friend Mr. Allan Arthur has also referred, namely, the want of sufficient rolling stock. With reference to that point I may mention that both the Management of the line and Government are fully alive to the

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- deficiency. About 1,120 open and 1,800 covered wagons are now under supply, and they would have probably been here some time ago but for difficulties in getting orders placed and executed with sufficient rapidity. Apart from this, we are making progress towards the attainment of the desired independent line to Calcutta. A line from Jerriah *via* Midnapur to Calcutta forming part of the Bengal-Nagpur Railway has been approved by the Government of India. When this and the line from Mogulsarai to Daltonganj now under construction have been completed, there will be but a short link to be filled in, and provision has already been made for the exercise by the Oudh and Rohilkhand and Bengal-Nagpur Railways of running power over any section of this line which may belong to the East Indian Railway. Meantime the approaching completion of the Bengal-Nagpur Railway connection with Calcutta *via* Midnapur will help to relieve the congestion between Asansol and Howrah, and other schemes for still further relieving it are under reconnaissance and survey."

The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN said :—" My Lord, before I deal with the army estimates I should wish, with Your Excellency's permission, to pay a tribute to the memory of a distinguished officer who sat with us in this Council this time last year. I know that my colleagues join with me in deeply deploring the untimely death of General Sir Charles Nairne just as he was selected to fill a responsible office in England.

" In the memorandum which I laid upon the table last Monday I have given the details of the estimates with which I am specially concerned. The chief point to be noticed is that, taking the four estimates for next year together—the Indian military estimates, the Home India military estimates, the Military Works and the Marine estimates—and translating the rupee into sterling at an exchange of 1s. 4d., they show a saving of £644,000.

" We have postponed certain expenditure that we did not consider very pressing, and in the course of the year have had to reject or postpone a good many proposals involving expenditure after a careful consideration of their merits. To take one example out of many, we felt obliged to postpone a proposal to have two additional companies of garrison artillery in India. On the other hand, we have added a mountain battery to the Indian establishment. We have provided in next year's estimates for improvements in the arrangements for the mobilisation of the field army and the defences of the North-West Frontier; we have provided for an increase in the reserve of the Native Army, for larger expenditure on camps of exercise, and for increased capitulation to artillery volunteers. We provided in this year's estimate for an increased capita-

tion to mounted volunteers. We also propose to increase the wound pensions of the Native Army. In the Medical Department we have provided for bettering the position of Assistant Surgeons, and have also dealt with the question of improving the condition of the Native hospital assistants. We have taken up the question of field medical equipment and ambulance transport. Improved army equipments have been provided for and an increase in ordnance manufactures in India. It may interest my Hon'ble colleagues to know that in 1897-98 the saving in ordnance manufacture alone, as compared with the cost of imported manufactures, was 30 lakhs of rupees or £200,000 at 1s. 4d

"We are prepared to spend more money on the sanitary requirements of the army. We cannot, of course, provide for everything in the estimates of one year; you will see from the memorandum how enormously the demands exceed the possibility of complying with them all, but besides the actual works of water-supply, drainage, and the like, we have included in next year's military estimates a considerable sum for sanitary purposes, and in my memorandum I have detailed the principal items. The best energies of our sanitary and medical officers of the army are directed to search out the causes of enteric disease. We have often been reproached with the small results of these investigations. I do not say we have succeeded in absolute results, but I hope we may be on the right track in the investigations and in the precautions taken. The idea that the germs of the disease may be air-borne and conveyed in dust, as well as in water or by food, seems to be increasing in strength, but there is some compensation; experiments in England appear to show that the typhoid bacillus quickly dies out in grass-covered areas, and we may hope therefore that the grass cultivation we desire to extend in Indian cantonments may be a helpful factor in our efforts to protect them. I specially mention this matter because of its enormous importance in connection with the health and efficiency of the army and because the losses in life and money exert a sinister influence on the estimates. The Commander-in-Chief has proposed, and the expense has been provided for, that at certain stations the troops shall be moved into camp at the proper season under field service conditions, so as to give these stations a period of non-occupation. We hope—and I have the full permission of His Excellency the Commander-in-Chief to say this—to increase the efficiency of the army by more extended training, by imparting increased flexibility to the plan of mobilisation, by the decentralisation of military business, and by the reduction of paper work and returns.

"It will be seen, therefore, that while—thanks mainly to the cessation of field operations and the improvement in exchange—we anticipate a saving of

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£644,000, we have provided for many essentials of efficiency. But we have a good deal of expenditure looming before us. The re-organisation of the transport service, to which allusion has been made by the Hon'ble Sir Griffith Evans, is a most pressing matter, and my Hon'ble colleagues will note the large increase to the transport at home. The re-armament of the Native army and volunteers must be dealt with before very long. The carriages of horse and field artillery in England are being altered to enable the gun to be fired more quickly, but this is a temporary measure until the best quick-firing gun is decided on. It costs, I believe, a considerable sum per gun, and I hope we shall not need to adopt this expedient, although eventually we shall have to follow the home army when a quick-firing gun is introduced.

"The Hon'ble Mr. Chitnavis makes a proposal for the reduction of Army expenditure. He proposes to reduce the expenditure by reducing the number of British soldiers in India. That is a matter which has before now been mentioned in this Council; but I would ask him, does he really think that with a great empire like that of India to guard, with its thousands of miles of frontier and its enormous area and vast population, the British Army is more than a very moderate garrison for this great country? I gather, too, that he is in favour of calling upon the Imperial Exchequer to bear a portion of our military burdens. That, too, is a subject which has more than once been discussed in this Council. If he will be at the pains to read those large volumes, which now have some of the flavour of antiquity on them, containing the evidence given before Lord Welby's Commission, he will find a great deal said on that subject, and if he refers to the Despatch from the Government of India of 1896 and to the reply of the Secretary of State, dated the 21st February, 1897, on the Suakin charges, he will find the views of the Government of India and of Her Majesty's Government fully set forth.

"My Lord, the Hon'ble Sir Griffith Evans has drawn attention to the inadequate number of British officers with Native regiments. That is a matter which has been before the Government of India for many years. In his last speech in this Council Sir Henry Brackenbury laid great stress on the wants of the Army in this respect, and it was one of the first subjects which I took up when I succeeded to my present office. Certain representations were made, but as to the later history of the subject, I can only refer my Hon'ble friend to the statement made by the Secretary of State in the House of Commons a few weeks ago. Sir Griffith Evans has also referred to the Cantonments (House-Accommodation) Bill. This question, my Lord, has been considered for at least a quarter of a century, and I confess I was in hopes that we were approaching to some conclusion in the

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matter. My Hon'ble friend will forgive me if I do not follow him into the legal aspects of the question. I can assure him that the representations of the Judges of the High Court of Calcutta will receive that respectful consideration which their position and authority demand.

"The question of military expenditure has been dealt with before in this Council by my predecessor Sir Henry Brackenbury and by myself. I do not think defence of military expenditure is needed, but, if it is, the best defence will be found in the Financial Statement of my Hon'ble friend Sir James Westland, where he shows that the increase of military expenditure has been only 29 per cent. in India against 59 per cent. in the United Kingdom in a period of fifteen years. The cost of the Army in this country is, as I have shown on a previous occasion, but a small percentage of insurance on the great trade of the Indian Empire. We may practise the strictest economy, but there is no means of reducing expenditure in any extraordinary way. I have shown what we have done, and what is still before us. The efficiency of the Army in India is of Imperial importance; to maintain and improve that efficiency is our task, and I trust that we shall never shrink from it."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, I have two remarks to make, and they shall be short ones. The first one is naturally about the allotment to Bengal. When it was evident that there would be a large surplus, I suggested to my Hon'ble friend the Finance Minister that opportunity should now be taken to adjust our financial affairs on the principles that were laid down in 1881. It was settled in that year that in the event of famine a Local Government was to meet the cost from its own balances as far as possible, but that if these did not suffice, and the Imperial Government had to assist, then the contribution of the Local Government was to be two-thirds of the funds in excess of its minimum balance. When famine came in 1896, the balances at the credit of the Local Government in Bengal were 58 lakhs, the savings of several years, carefully husbanded for various important works of public utility, notably the supply of feeder roads to our railways. Its minimum balance is 20 lakhs. Under the rules of 1881 the Bengal Government should not have been required to pay more than two-thirds of the difference between 58 and 20 lakhs towards the cost of any necessary famine works within its area. The provincial contribution should have been 25½ lakhs. But the famine in 1896 was a famine which struck not Bengal alone but every province in India, and under this unparalleled pressure all rules had to give way: every Government had to give up its all to meet this calamity, and it did so without a murmur, for it knew the exigencies of the Imperial Government.

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There was no alternative. The famine expenditure actually charged to the Bengal Government was 49 lakhs, 23½ lakhs more than it would have paid had it been possible at the moment to apply the rules of 1881. The actual balance at the credit of the Local Government sank to 10 lakhs, 10 lakhs below its normal minimum. Our actual balance now with every conceivable and practicable economy is 14 lakhs, and when it became certain that the Imperial coffers would be full to overflowing, I pressed upon my Hon'ble friend the restoration to Bengal of the 23½ lakhs, the excess of its actual over its proper contribution under the normal rules. The Hon'ble Member has given us 17. He will allege that grants-in-aid of the European General Hospital meet the difference. The hospital is one in which the Europeans of Assam and Upper India are quite as much interested as those of Bengal, and I regret that I cannot admit the sufficiency of the argument. But I regret even more that the Budget Statement contains no reference to a principle, which I consider of the highest importance, whether you look at it from the point of view of the Local or the Imperial Government. The idea of 1881 was to leave to the Local Government some of its savings even when it was overtaken by heavy and unforeseen calamity. Unless you do that, you leave it with no encouragement whatever to thrift and circumspection. Every Local Government will spend its balances every year in hot haste lest the Imperial Government sweep all away in resistless rigidity. Money will be spent hurriedly on any local improvements that suggest themselves, and when famine does come the Imperial Government will find in the local treasury nothing but the prescribed minimum balance. In the interests, therefore, alike of the Local and the Imperial Governments, I think the rules of 1881 were eminently sound and wise, and should be most carefully maintained and reiterated.

"Then we have all heard from time to time of strained financial relations between the Imperial Government and its subordinates. These relations would be very much improved, I venture to think, if opportunity were taken to frankly recognize and reciprocate local help. It is true that all the Local Governments, except Burma, have this year received gifts—sometimes very precious gifts. But it is not easy for the uninstructed layman to discern the principles which have guided the distribution; and it is obvious that the more clear these principles, the less will be the jealousies with which these provinces meanwhile regard each other and the Imperial Government.

"I trust therefore that my Hon'ble friend will be able to renew the adhesion of his Government to those principles of 1881, which I regard as of far-reaching importance to our financial administration.

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"I have just one thing more to say, my Lord. When the famine of which I have spoken burst upon India, I was the Member in charge of the Revenue Department of the Government of India. In that capacity I knew more than any other man what was the share of the Hon'ble Sir James Westland in the duties of the time. From the moment the terrible calamity became certain, his purse-strings were at once unloosed. For seventeen years, he said, the Government of India had been preparing for and insuring against this very event, and every expenditure which the Local Government and myself considered necessary for the saving of life should be met without a moment's grudge or hesitation. And it was so met. It is not possible that a disaster of the kind can overtake a nation without grievous suffering and loss of life; but if, as I believe, the sufferings of the people were mitigated as they never were before, it is in the first instance due to the prompt and open generosity with which the Finance Minister placed the entire resources of his exchequer at the disposal of the Local Government. I know this as no other man can, and I should not have done my duty to the Hon'ble Sir James Westland, if I had not taken this opportunity, before he leaves us, of giving my public testimony to the debt all India owes him for his attitude and his conduct in her greatest famine."

The Hon'ble SIR JAMES WESTLAND said :—"It is not possible for me to hear these last remarks of my Hon'ble friend Sir John Woodburn without acknowledging my gratitude to him for his recognition of my work at the time of the famine. What I did then I did as a matter of duty, and since, as His Honour has explained, we had been preparing year after year for the calamity which came upon us in the year 1896, if at that time we had declared that we were unfit to meet that calamity after preparation of seventeen years, I should have said that the financial administration of India had something wrong in it. I thank him very heartily for the recognition which His Honour has thus given me in public of the events of that time, and it will be for a long time a great encouragement to me to think that when Sir John Woodburn and I took in hand two or three years ago the question of financing a famine we worked thoroughly together, and worked together for the good of the Empire. And now, my Lord, having acknowledged these too generous terms in which Sir John Woodburn has referred to one incident of my administration, I come back to the Financial Statement and the financial discussion. I was quite prepared to learn, as I have from the course of the debate to-day learned, that the principal subject of attack upon the Financial Statement would be this: that we have not provided for any remission of taxation. Per-

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sonally I do not see any very great necessity for my defending the action of the Government in this respect. I hold that we are right, on the face of it, under present circumstances, in refraining from dissipating, by remitting the existing taxes, the surplus of our present position, and if anything were necessary to justify my opinion in that respect I would refer to the commendation which has been bestowed in more than one quarter upon those words of warning which I thought it advisable to enter in the Statement, that until our surplus is assured not merely for the present, but for the future, I do not think we can afford to take up the critical question of remission of taxation. When last year I had to announce a prospective deficit, and when that deficit during the course of the year was increased by our having to undertake military operations on the frontier, I did not bring forward then any proposals to adjust matters by adding to existing taxation, and it seems to me that if we adopt the policy of putting off any proposals of taxation in a time of deficit, we are justified in so doing only because we intend to meet that deficit afterwards by the accumulation of a surplus. As I have pointed out in my Statement, if you take the whole of the four past years together—the two years of famine and war and pestilence, the one year which has just passed when pestilence still remained with us while famine and war had ceased, and the remaining year which is to come to us in the future, and whose events we know not yet—the whole of the four years would produce a very small surplus. You must, therefore, if you wish to judge of the general financial position in India, take the whole four years together, and it is only upon the establishment of a general position of surplus that you are entitled to take into consideration the question of remitting taxes. I have no intention of going into the question of what particular item of our taxation is the proper one to be first taken up for purposes of remission. Of course I have my ideas on the subject, and my opinions on the subject are on record, and are at the disposal of the Government of India when they come to consider the question; but under present circumstances I have no intention whatever of embarrassing the Government of His Excellency Lord Curzon by stating personal opinions on a matter in which they may possibly differ from me. The question must remain open, to be taken up and solved by those who will have the responsibility not only of solving it but of meeting the possible consequences of the remission. There are only two minor questions in connection with this subject on which I will offer some remarks to the Council: the one is with reference to the proposal made by the Hon'ble Mr. Chitnavis that part of our surplus should be dissipated by reducing the rates of postage; the other, the grievance which the Hon'ble Sir Griffith Evans has brought forward in respect of the Native Christians of the

Madras Presidency. As regards the first of these, I would remind the Hon'ble Mr. Chitnavis that in India we have the cheapest postal service in the world. There is no other postal system which pretends to carry a letter outside extremely limited areas, for anything approaching to our half anna rate.* The English postage is a penny, that is, an anna. We in this country have a half-an na rate, and that half-anna rate will carry a communication from one end of India to the other. There are two ways of cheapening postage, that is to say, two directions in which it is possible to administer a post office cheaply. You may carry a big weight at a small rate. That is what has been done in England latterly; they have increased, if I remember rightly, the penny rate so that it covers four ounces of a postal letter. That is extremely well adapted to a country where business is carried on on a very active scale, where large business documents have to be sent from one end of the country to the other; and in England these large documents have to be sent in thousands from place to place. The cheapening of postage in a place like England therefore is in the direction of carrying large weights for what is considered to be the unit of postage, *vis.*, a penny. In this country the direction of cheapening postage is different. We have a large and comparatively poor population whom we want to serve. We do not want to serve them at a loss. We only ask them to pay the actual carriage of their letters. We institute therefore a cheap rate of postage, that is, a specially cheap rate, lower than the ordinary unit rate, for light letters which are sufficient for their wants, but which, if charged at the penny, or unit, rate, would cause to them a considerable expense. It seems to me that the claim to the reduction of postage is founded upon a false analogy. The cost of carrying a letter consists of the maintenance of the office at the place of reception, the carriage, and the subsequent maintenance of the office of delivery. These three items are practically exactly the same whether the letter is a letter of a half tola or a letter of two tolas. Therefore, so far as the matter of calculation goes, the attempt to show that because we carry a package, a newspaper or a letter at so many tolas per anna we ought to be prepared to carry a letter at one tola per anna, is an argument which leaves out of consideration the fact that the actual cost of carrying a letter is very much the same, however big it is. I admit you can carry that argument further, and argue that if you can carry a letter of half a tola for half an anna, you ought to do the same with a letter of four or five tolas; but an arrangement of the kind would too much diminish the postal revenue; and therefore we regard the half anna rate as a cheap postal rate existing outside the unit scale, and adapted in a special way to the correspondence of a poor but extensive population, but not required for what may be called business purposes. Taking the whole of the letters which

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are posted in India, about 85 per cent. of them are letters of the half anna rate, and that 85 per cent., as I have pointed out, we carry at the cheaper rate; so that practically the bulk of the correspondence in India is carried at the cheaper rate for the people than any other post office in the world attempts.

“As regards the Hon'ble Sir Griffith Evans' remarks regarding probate and administration affecting Native Christians, the only remark I have to make is that it is not a financial question at all—that is, the difficulties in the way are not financial ones. They come into the mesh of the probate and administration duties, like a great many other people do. They may be particularly unfortunate in being caught in the words of the law, whereas other people in similar circumstances, who do not profess the Christian religion, are not caught; but that is not a financial question. As the Hon'ble Mr. Rivaz, to whose department this particular subject naturally belongs, has said, if the Government of India receives representations—definite proposals from a responsible authority and not merely vague statements that something requires remedy—they will obtain favourable consideration in his Department and they will not meet with opposition in the Financial Department.

“The Hon'ble the Maharaja of Darbhanga has made various proposals for diminishing the surplus in the direction of admitting expenditure, and I have no doubt there are a very large number of objects which can be stated as extremely desirable objects of expenditure. I shall not enter upon the question of railways and the reduction of railway fares and the increase of railway conveniences. That is a matter for my Hon'ble colleague Sir Arthur Trevor. Railways in this country do not as a whole pay their way. We lose on the whole; I am talking of the financial results only and leaving collateral advantages out of account. The net earnings of the railways fall short ordinarily by about two crores of the interest we have to pay upon the capital which has been raised for their construction. If we run them at a loss, that loss must be borne in mind before we reduce rates or introduce new conveniences at a cost to the revenue. The Hon'ble Member is not quite right in saying that we ought to regard railways purely from the point of view of public convenience. If we launch out into extravagance in railway management and cease to make our railways pay, we shall be obliged to curtail construction. We cannot go on increasing a losing business.

“Then among the proposals for expenditure, one thing has been urged upon us both by the Hon'ble the Maharaja of Darbhanga and also by the Hon'ble Sir Griffith Evans, namely, the necessity of supplementing the salaries of the High

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Court Judges. I do not wish to say anything about this subject. With certain parts of the Hon'ble Member's statements I agree, with certain others I do not. But the question of the High Court Judges' salaries has got to be approached from the same point of view as that of the salaries of other high officials, that is to say, if you can get a good enough man for Rs. 5,000 a year, you need not pay him Rs. 6,000. I am not prepared to say whether to judge by this standard the High Court Judge is properly paid or not, but I apprehend that this is the kind of standard by which the question has to be judged. I would rather drop the question of High Court Judges, because it is a ticklish question; and, as the Hon'ble Sir Griffith Evans has said, it is a matter about which last year I had a passage-of-arms with Sir Henry Prinsep. But I certainly do not agree in the claims that are made on behalf of Sub-Judges and ministerial officers. I have often heard the expressions 'hard-worked and under-paid,' but, whatever may be said as to under-payment, I cannot possibly agree that any officer is over-worked who as a matter of fact works only between 220 and 230 days in a year. That is actually the reckoning of the Subordinate Courts in Bengal. That they work hard during that limited time I do not deny, but, as they work at an average of only four days out of the seven in each week, I do not think it can be called hard work. As regards ministerial officers, I know this question has been raised and has been long argued in Bengal. The ministerial officers can no doubt get all the native newspapers in the place to represent their grievances, and they say it is very hard lines that they should be expected to do their work on Rs. 30 a month; but I would ask the Hon'ble Mr. Allan Arthur, who is one of the leading merchants in Calcutta, whether as a matter of fact he or other merchants pay their newly joined clerks Rs. 30 a month. One thing is extraordinarily irrelevant, and that is the argument put forward by the Hon'ble the Maharaja of Darbhanga, that we ought to pay these men more because they have big families. I think they ought to restrain their procreative proclivities. We want to get men to do our work, and it is notorious that a proffered salary of Rs. 30 a month in Government service would bring forward any number of candidates; and so long as we can get any number of men on Rs. 30 a month I cannot see that we are justified in paying out of the public purse Rs. 40 or Rs. 50, merely because the men who accept service have large families and because they would like to live in greater luxury or comfort. It is a serious business to give the whole of the Government servants an increase from Rs. 30 to Rs. 50 per mensem. I do not know how many thousand clerks there are in Bengal, but it appears to me it would make a big hole in the estimates of His Honour the Lieutenant-Governor if that general scale of pay were to be introduced into

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Bengal. There were lengthy investigations into the subject when the subject was brought before the Legislative Council of His Honour the Lieutenant-Governor. At that time the Hon'ble Mr. Risley gave a complete answer to the calculations which were made by the committee which recommended an increase. They went through the cost of living in a most extraordinary manner, and made up an estimate as follows: rice had increased by 10 per cent., something else—a principal article of consumption—had increased by 20 per cent., condiments had increased by 230 per cent., total 260 per cent.—average increase 83 per cent. That calculation is preposterous. Every person knows that condiments are only a small part of a man's food, and the fact of this charge having increased to a large extent does not prove that the general cost of living has largely risen. Then the Hon'ble the Maharaja of Darbhanga tells us that the cost of clothes has increased. It may have increased in one sense, that is to say, officers of that class are accustomed to appear now in more comfortable raiment and better clothes than they used to wear. So far as the actual price of clothing is concerned, there is no doubt that the cost of cotton clothing in this country has decreased. I mention these things merely to point out that these matters have really received very complete investigation, and that complete investigation has not fortified the claims which have been put forward by the Hon'ble Maharaja.

“In my estimates of revenue I observe that one or two objections have been made, partly by the Hon'ble Mr. Mehta and partly by the Hon'ble Mr. Chitnavis. They tell us that we are coming down upon the raiyat and malguzar with demands which they are not able to sustain. I am told by the Hon'ble Mr. Mehta that it is due to the extreme rigid system of revenue. I want to ask him one question. If this revenue system is rigid, how does it come that there are such things as arrears to collect at all? The Hon'ble Mr. Mehta admits that the revenue-officers have been allowed a discretion as to making remissions and suspensions, but he says the rigidity of the system lies in the fact that the revenue-officer does not exercise these powers. He could certainly allege that the system was rigid if the revenue-officer had no powers of the kind, but if the revenue-officers are allowed to exercise powers of suspension and remission and do not exercise them, then I think the argument is that they have not found occasion to do so, and that they have found in each case brought before them that the revenue can be paid, and ought to be paid. There have, as a matter of fact, been large remissions and suspensions of revenue made during the famine, and the Hon'ble Mr. Chitnavis is not correct in thinking that the whole amount of these suspensions have been called in at once. It has been called in in instalments, precisely because our main revenue system is not rigid, and has been adapted in each case to the ability of the revenue-payers.

"Now I come to the subject of Provincial Contracts, a very thorny subject, because it is a subject in which the Government of India has got to meet the claims of eight several bodies, each of whom considers that it has the first right to attention in the matter. The Hon'ble Mr. Mehta has stated the case forcibly for the Government of Bombay. The Hon'ble Mr. LaTouche has told us that it is ridiculous to expect the North-Western Provinces to get on without a very considerable increase. His Honour the Lieutenant-Governor of Bengal has told us of the dreadful jealousies which spring up between various Governments because they are differently treated, and wants to have fully explained to them why one Government gets fifteen lakhs and another Government only gets ten lakhs. I could give some explanation of that. The Hon'ble Mr. Rees, I am glad to say, admits that his Government has been very fairly treated, both in the matter of grants, and specially in the matter of railway construction ; but I do not know whether Mr. Rees is acquainted with the complaints we have got from the Government of Madras on the same subject. They do not appear to be at all satisfied. They put forward exactly the same claims as the others, namely, that they are left behind in the race and that they do not get half enough money as compared with other Governments."

The Hon'ble MR. REES: "I regret, My Lord, to have to interpose, but I expressly abstain from any reference whatsoever to the Provincial assignment and the Provincial Balance. My remarks referred to railways, and I purposely left all controversial matters to my friend the Hon'ble Mr. Ananda Charlu to deal with."

The Hon'ble SIR JAMES WESTLAND: "I am glad the Hon'ble Mr. Rees did, for the subject of Provincial assignments is a thorny one. It is very hard lines upon a Finance Minister that he cannot concentrate all these Governments into one pen and tell them to fight it out, but has to explain to each of them that it ought to be satisfied with the funds it has got. I cannot help remarking that a good deal of this controversy, which I admit is very unsatisfactory, arises out of a departure which has recently taken place from the principles upon which the provincial system of contracts were originally established. I have here the Financial Statement of Sir John Strachey of 1877-78 in which he quotes from a minute written by himself at the time of the Provincial Contracts being instituted. It is well known that Sir John Strachey had a very ample share in the institution and revision of the system. I will read two sentences which will lead me to the precise points I now want to bring forward. He says :

'The Government of India had totally failed to check the constant demands for increased expenditure : there was only one remedy to prevent the demands being made, •

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and this could only be done by imposing on the Local Governments a real and effectual responsibility for maintaining equilibrium in their local finances; there could be no standard of economy until apparent requirements were made absolutely dependent upon known available means. It was impossible for either the Supreme or Local Governments to say what portion of the Provincial revenues was properly applicable to local wants; the revenues of the whole of India went into a common Fund, and to determine how much one owed to another was impracticable.

'To Lord Mayo belongs the honour of applying the only effectual remedy for these serious evils; he resolved to give to the Local Governments the economical standard which they required; to make over to them a certain income by which they must regulate their local expenditure, and to leave to them, subject to certain general rules and conditions, the responsibility of managing their own local affairs.'

"But the Local Governments now claim to work on a principle exactly the reverse of this; namely, that when they have desirable expenditure, for which they do not possess adequate funds, it is obligatory on the Imperial Government to assign to them additional revenues, in order to enable them to meet the demands.

"Now let me go back a bit to theory. No Government can conduct its financial affairs if it permits its expenditure to increase at a faster ratio than its revenue. I take that as a fundamental principle. Well, it is necessary to separate off, as it were, various branches of expenditure and various branches of revenue in order to relieve the Government of India of the strain of applying this limitation to the whole revenue of India and the whole expenditure of India taken together. What it did was this, it assigned certain increasing revenues on the one side and certain increasing expenditure on the other, and it laid upon Local Governments this obligation of limitation in respect of the portion of revenue and the portion of expenditure which was assigned to it. The argument was that you—the Provincial Government—must take care that the portion of the expenditure which is assigned to you does not increase at a greater ratio than the portion of the assignment of revenue. The revenue and expenditure assigned being on the whole equal, it was calculated that this limitation, if properly applied would, as it were, take that portion of the provincial expenditure on the one side and provincial revenue on the other side out of the general limitation, because, obviously, if every Provincial Government kept its provincial expenditure within an increase of its provincial revenue, it would have carried out the necessary general limitation so far as regarded the particular portion of provincial expenditure assigned to it. Take the case of Bombay. A grievance has been made by the Hon'ble Mr. Mehta. The

revenues which were assigned to Bombay under the contract of 1892 were so exactly equal to the demands made upon them that for the first four years of the currency of that contract out of some crores of expenditure the total excess of expenditure came to only Rs. 6,000. The finances were then under the management of the Hon'ble Sir Arthur Trevor. That was proof positive, if anything could be proof positive, that the expenditure if properly limited could be limited within the rate of the increase of the revenue. After that we came to settle the contract again in 1897. The Government of Bombay, as the Hon'ble Mr. Mehta tells us, wanted 13 lakhs extra per annum. It had managed to get on under its existing assignment, and, as I pointed out, the existing assignment was sufficient to meet for the first four years of the contract the whole of the expenditure. We said we could not possibly give the additional 13 lakhs asked for, because that would be going beyond the fundamental limitation in the finances of India taken as a whole; we would be allowing an increase of expenditure larger than the available increase of revenue. Therefore the 13 lakhs was refused, and we told the Government of Bombay that it must go on with the same assignment that it had before. The Hon'ble Mr. Mehta, in talking of the negotiations which went on there, referred to a delay which took place in those negotiations, and he considers that delay was made for the purpose of screwing 10 lakhs extra out of Bombay. He did not go on to tell you that we did not get that 10 lakhs, nor did we ask for it. Moreover, the delay was not made at our instance, but at the instance of the Government of Bombay entirely. I think it a little dangerous to depart from the usual rule of public criticism, that is, to refrain from attributing motives, and I make this remark not only with reference to the allegation made in this particular case, but also the further statement by the Hon'ble Mr. Mehta regarding the delay in the pronouncement of the Welby Commission. I think we must take it for granted that, although we cannot account for that delay, the delay at least is not attributable to any intention on the part of Lord Welby or any person in England to do something iniquitous. I do not think one is entitled to call in question the motives of public men who are not here to defend themselves. I have no doubt that the Provincial Governments found themselves straitened in means owing to the calamity of the famine. It is part of the provincial system in India that the savings which occur from year to year from good administration should be piled up in order to meet a possible calamity such as came two years ago. It is a necessary consequence that when that calamity occurs their balances should be dissipated, and the Provincial Governments should find themselves with an empty exchequer. There is a mistake also about this question of balance—a mistake which I tried to correct when Mr. Mehta was delivering his speech. He is quite right in quoting from the

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Financial Statement, that I said in one paragraph there that the Provincial Government would finish on 31st March, 1899, with a balance of *nil*; but that statement is made in working off a calculation, and, if the Hon'ble Member had read further on, he would have found that, starting from that point, we make a credit of 15 lakhs, so that we convert a balance of *nil* into a balance of 15 lakhs to the good. One thing I want to point out also—the Provincial Governments do not require a working balance. We undertake to meet the claims of the Provincial Governments upon our Treasuries so long as these claims are within the limit of the estimates which have been passed by us. The consequence is that if a Provincial Government starts with a balance of *nil* it is nevertheless perfectly in a position to carry out the whole of its financial operations during the year. The Hon'ble Sir Edwin Collen, for example, spends, I suppose, 15 or 16 crores of rupees a year. He has not got a single rupee to his credit; all that he has to his credit are Budget grants. It is exactly the same with Provincial Governments. They do not require a working balance. His Honour the Lieutenant-Governor has referred to a paper of 1881 which regulates the issues of these balances in meeting the demands of special calamities. He founds upon that a calculation that we ought to give him, in order to carry out our own principles of contribution, 23½ lakhs. I put against that demand first our contribution of 15 lakhs. I have given further a free grant of two lakhs for distribution at His Honour's discretion, 2½ lakhs which I gave and which are referred to in the third paragraph of the Financial Statement, and a further grant of 10 lakhs which was made last year to the General Hospital. That comes altogether to 29½ lakhs; so that if His Honour returns to me the six lakhs which I have given him extra, our accounts will, so far as this reckoning goes be exactly square. But I make no such demand: the truth is that that order of 1881 broke down in its operation. The order is that when a calamity comes we call upon Provincial Governments to spend upon it two-thirds of their balances; and the remaining one-third we say we will not touch. But the fact is that with the famine of 1895 came not only a demand for expenditure but a failure of revenue, and this failure in the case of most of the provinces ate up much of the balance which should have, according to the system prescribed by rule, been available for expenditure. However, I quite acknowledge one thing, namely, that the Bengal Government, when famine and plague came upon the land, spent very freely out of its balances. But then the other Governments have done the same so far as their balances were not eaten up by failure of revenue. To make good a great deal of plague expenditure we have had to make large grants to Bombay on account of this very heavy expenditure. We have made grants for the

same purpose to Bengal, and we have also made grants to Madras. I am accused of being ungenerous to Madras, but these three lakhs which the Government of India gave to them the other day will show that we have some feelings of generosity even towards the Southern Presidency, although I quite admit the money is given in the ordinary way of business. The rule is that when a Provincial Government's resources are exhausted the Government of India steps in and takes over the expenditure, but we cannot undertake to take over the expenditure *ab initio* and place Local Governments in the same position as they would have been had there been no calamity. That is a claim which has been put forward by more than one of those Governments. But the principles adopted by the Government of India are based on the following views of the Famine Commissioners of 1881 :—

'The extent to which the Provincial revenues at the disposal of the Local Governments will enable them to meet famine expenditure is a subject on which we need not enter at length. In a time of exceptional financial pressure such as every period of famine must be, there can be no question that any outlay which is not obligatory should be postponed, and so far as the ordinary and necessary expenditure on public works can be directed to the relief of persons in distress, this also will be advisable. The extent to which aid from the resources of the Central Government should be given will have to be determined as each case arises, and there can be no doubt that in all cases of severe drought this liability will occur.'

"We cannot therefore undertake to relieve Provincial Governments of all anxiety on the subject of famine and plague. When calamities of that sort are abroad we must restrict our expenditure in other directions. It is impossible for us to undertake the expenditure of plague and famine as an Imperial expenditure, and tell Provincial Governments that they can go on with their ordinary expenditure in exactly the same way as if they were not restricted by considerations of current calamity. No doubt figures and statistics can be produced, and are produced, by every Local Government to show that that particular Local Government is the one which requires more generous treatment and has received less generous treatment than any of the others at the hands of the Government of India. I say it is very difficult for a Finance Minister to stand with his back to the wall and argue matters out for each Local Government separately. The only suggestion I can make is that these matters should be considered not by one Local Government disputing with the Supreme Government, but by the Local Governments combining and informing each other of their respective needs and trying to convince each other of their respective claims.

"The Hon'ble Mr. Smeaton made reference to the question of financing the rice-trade in Burma, and he makes a complaint that we give in this respect

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a monopoly to the Bank of Bengal. The Bank of Bengal maintains a monopoly, I admit, but it is a necessity of its position. Two or three years ago I was down at Rangoon and had a conference with several merchants of Rangoon upon this very subject. They told me that they objected to the monopoly of the Bank of Bengal, and they would be very glad if, instead of giving these transfers solely to the Bank of Bengal, I would give these transfers also to the Exchange Banks or to merchants direct. I told them I was perfectly willing to do so, but I was convinced they would not take advantage of the offer. The fact is that no merchant can afford to quarrel with this Bank or compete with it. The Exchange Banks in this country have not got spare funds. They will not lay down funds in Rangoon to finance trade, because they have not got spare funds with which to carry out the operation. They prefer therefore to make arrangements with the Bank of Bengal, by which the Bank of Bengal will hold money at their disposal whenever they want it. As a matter of fact, in consequence of my talking over the matter with the merchants in Rangoon, I published a notification in Calcutta at the usual time when we arrange for these transfers, saying that the Exchange Banks and others might tender in competition with the Bank of Bengal for the transfers we had to offer. Not one of them made a tender. It pays them to get their money from the Bank of Bengal in Burma better than to come to me for it in Calcutta.

“ The Hon'ble Mr. Allan Arthur has referred to the cost of telegrams. I do not like to say anything more than this, that the matter has engaged the attention of the Secretary of State. How far he has gone is more than I can say, but the obstacle has been the claims of the Companies. Whether we will be able to get round these claims of the Company by giving a guarantee is more than I can say. I have no doubt that after the remarks of such an authority as the President of the Chamber of Commerce of Calcutta, the subject will be taken up again. I dare not follow him on the question of currency, although the remarks he has made will be useful and no doubt will have their weight ; still it is not proper for me to deal with the matter otherwise than as one which is under the judgment of a committee sitting at home. I have long refrained from expressing opinions myself regarding currency. It is a difficult subject, and I always find that it is something like a theological question which tends to produce the greatest bitterness of controversy. No person, it would appear, can hold a definite opinion without believing that he is the only person who is right and those that differ from him are wickedly and criminally and intentionally wrong.

"And now, my Lord, it may be permissible to one who is in my position, and who is about to give up charge of the office which he has held for so many years, to utter a word relating to himself personally; and I would be very unwilling to give up my office without expressing the great obligation under which I have been placed during the whole of my service by the officers and subordinates of the Financial Department. I would not mention any names. There are too many whom I personally know and of whom I have an extremely high opinion. There are too many of them to bring their names before the Council, but there is one name I would mention. It is a matter of great grief to me that my last year of office should be signalised by the death of one officer who during part of my tenure of office was my right hand man, who was distinguished above all officers by his knowledge of the work of the department, and who was eminently suited to be the head of it—I refer to Mr. Stephen Jacob, over whose grave I stood last December—a man whom I had known for twenty years, outside the department as well as in it, and for whom every member of the department had the profoundest respect. And now, my Lord, I wish to thank the Hon'ble Members for their goodness in referring to me personally and to the circumstances under which I hand over charge of my department to my successor. I am pleased to be able to do so at a time when everything looks prosperous. It depends neither upon me nor upon him, nor does it depend on Your Excellency's Government, to make sure that that state of things should be maintained. I hope there are good times in store, that this season of prosperity will last sufficiently long to enable Your Excellency's Government to take up the questions which have been pressed upon us to-day, namely, that of the remission of part of the existing taxation. It would have given me great pleasure, after having had something to do with increasing the people's burdens in this land, had I had the opportunity of taking part in the remission of them. I believe it, for the reasons I have stated, premature to do so, and therefore that task I hand over to my successor. In this country changes of *personnel* are very frequent. One's name remains for a short time, but I think one's work remains longer; and although perhaps my name and its connection with the Financial Department of the Government of India—a connection lasting now 29 years—may shortly be forgotten, yet I am convinced that part of my work will remain behind me, and that I shall have done something by that work to make some return to India for all that I have received from her."

His Excellency THE PRESIDENT said :—"I am glad to think that I need not detain my Hon'ble colleagues by remarks of any great length. The discussion to

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which we have listened has been far from devoid of interest ; but although it has elicited differences of opinion, such as may legitimately be expected, it has, on the whole, been marked by an unusual unanimity of sentiment, due, no doubt, in the main to the prosperous circumstances in which we find ourselves, but nevertheless gratifying both to the Government and to the Financial Member, with whose last Indian Budget we are dealing. The official life of Sir James Westland, to whose affecting farewell we have none of us listened without emotion, has been, as he has just told us, indissolubly bound up with the finances of India. This is the seventh Budget that he has introduced into the Legislative Council of Government. Few Chancellors of the Exchequer in England, where the conditions of public employment are more permanent, have introduced a greater number. I doubt if any Indian Chancellor of the Exchequer has introduced so many.

"In neither country, I imagine, has any guardian of the public purse been confronted in the course of his official career with more marked vicissitudes of fortune than has Sir James Westland. He is happy, I think, in this—that his fat years have followed upon his lean years, instead of preceding them ; and I can well believe that the anxieties and worries which have distracted him in times past are now forgotten in the glow of honourable satisfaction with which he can regard the termination of his labours, and can congratulate India, not less than himself, that he leaves her upon an ascending plane of material and economic progress.

"If the Finance Member in India is chided and reproached for his misfortunes in bad times, at least he should not be robbed of his share of the credit for better days ; and I am sure that Council will cordially join me in assuring Sir James Westland of our grateful appreciation of his long and arduous labours, and in wishing him equal success in whatever work he may set his hand to in the future.

"With regard to his speech, to which we have just listened, I would also say this—and I would say it from personal knowledge—that he has represented himself as a much less charitable individual than he really is. To myself it is, I confess, a source of no slight pleasure that the first Financial Statement to which I should have listened in this Council has been one of so gratifying a description. My belief, more than once expressed on previous occasions, in the economic vitality of this country, in the solidity and range of its resources, and in its capacity for an industrial expansion far beyond what has hitherto been deemed possible, is

confirmed by the experience of the past year. I recognise that the circumstances have been exceptionally favourable. War has fortunately ceased upon the frontier. There has been a high and an almost uniform rate of exchange. There has been a notable expansion in certain industries. The harvests have been abundant. On the other hand, there have been corresponding sources of depression and alarm in the recurrence of plague, which neither the resources of science nor the utmost administrative vigilance have so far succeeded in defeating, and which has made heavy inroads upon the Imperial as well as upon the Provincial exchequers. That the net result of these contending influences should yet be a balance of 4½ crores is indicative to my mind not merely of uncommon powers of recuperation, but of a marvellous latent reserve of strength.

" We have been criticised in these circumstances for not having proposed a remission of taxation ; and that criticism has found capable expression in more than one quarter at this table to-day. I quite understand, and I do not in any degree deprecate, such criticism. It is the natural and legitimate desire of taxpayers all over the world to obtain relief from what they regard, or at least represent, as their burdens, and to feel the passion for relief swelling in their bosoms in proportion to the apparent existence of the means for satisfying it. I doubt not that the payers of income-tax would have welcomed an extension of the scale of exemption. The Hon'ble the Maharaja of Darbhanga pleaded their cause with great ability, and was anxious for the extension of that scale from Rs. 500 to Rs. 1,500 ; the Hon'ble Mr. Charlu took much the same view ; and the Hon'ble Mr. LaTouche pleaded for some relaxation of the same system. I may add also that it is equally the desire of Governments not merely to earn the popularity that may result from a remission of taxation—although my experience is that popularity so won is a very ephemeral asset—but also in the interests of good government itself to reduce the burdens upon the people. But there are considerations in this case, both normal and exceptional, which decided us to take the opposite course.

" The normal consideration of which I speak was that of ordinary caution. Though I have spoken of the astonishing recovery of the past year, though I believe it to represent a much more than transient improvement in the resources of the country, and though Sir James Westland budgets for a surplus of nearly 4 crores in the coming year, I am yet too conscious of the part played by what I may describe as the swing of the pendulum in the economic world to be willing to sacrifice any portion of a hardly won advantage by being in too great a hurry. The Hon'ble Sir Griffith Evans has reminded us that India is a land of surprises, and these surprises are liable to start into existence equally in the spheres of politics

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and finance. Even in the more sober atmosphere of England we have had during the past year a startling instance of this phenomenon; for whereas, in the plenitude of our wealth and substance, the Government of which I was a member a year ago agreed to a remission of taxation by which we forfeited in the case of one duty alone a sum of nearly 1½ million sterling without, so far as I remember, exciting any gratitude from anybody, within the space of a year the balance has so completely swung round owing to unexpected calls that, if what I read in the papers be correct, there will be no cause for surprise should the forthcoming Budget contain proposals for the recovery of considerably more than was then remitted. To reduce taxation in one year and to re-impose it in the next is a condition to which Governments have frequently been driven by unforeseen events. But it is one which it is better to avoid by an excess of prudence at the time than to meet with whatever ingenuity at a later period.

“ The special circumstances which more even than these general considerations decided us against any remission of taxation in the forthcoming year are known to all. It is not unlikely that we may be invited before long to inaugurate momentous changes in the financial system of the Indian Empire. What these changes may be none of us as yet know, and we reserve our entire liberty to examine and consider them when they are submitted to us by Her Majesty's Government as the result of the expert enquiry now proceeding in London. But it must be obvious to the least informed that the prospects of any such change as we may decide to undertake must depend very largely upon the position and the credit that we enjoy at the time in the eyes of the world; that they will be enhanced by the evidences of financial strength to which a large balance and expanding resources are the best testimony; and that they might be correspondingly imperilled by any stringency or insecurity here. We may be called upon to take steps that will affect the entire future of Indian trade and finance. We cannot afford, therefore, to slacken our hold upon any implement that may conduce to their success.

“ There is another respect in which we may be thought to have carried caution to excessive lengths. The Hon'ble Member has framed his estimates for next year upon the basis of a 15½d. rupee. This has been variously explained as typical of the prudence of one whom I may perhaps without offence describe as 'an old financial hand,' or as prompted by a chivalrous desire to present a larger surplus than is apparent on the surface to his

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successor. I understand that both interpretations have been repudiated by the Hon'ble Member to-day. May I however add—and I do not think that I shall err on the opposite side of optimism in so doing—that this under-estimation, for so I think it may be called, must not be taken to indicate the least want of confidence on the part of the Indian Government. For my part I have every belief that the rupee will retain throughout the ensuing year the same position that it has done during the past ; and I may even go further and say that I shall be disappointed if we are not able to invest the 16d. rupee with a greater durability than any which it has hitherto attained.

"I am glad to have heard in the speeches of those Hon'ble Members who have special knowledge of the circumstances and needs of outlying Provinces, notably in the speech of the Hon'ble Mr. Rees speaking for Madras, and I think, if we will allow me to say so, speaking for interests rather more wide than the railways of Madras, and in the speech of the Hon'ble Mr. Spence speaking for Bombay, a generous recognition of the assistance that has been rendered by the Government of India to those of the subordinate Governments who have been in distress. For a few months before the Budget is finally made up, and while the lips of the Finance Member are still sealed, he is the object either of passionate objurgations or of piteous appeals from those who think that they are going to get less than their due share of the Imperial superabundance, and who in the agony of their apprehension not infrequently appeal to the large-hearted impartiality of the Viceroy to rescue them from the niggardly prepossessions of the Finance Member. Such at least has been the experience of Sir James Westland and myself during the past few weeks. Meanwhile the Finance Member holds his counsel, and behind a front of iron conceals a melting heart. The result is that, now that the figures have transpired, it is I believe generally admitted that we have dealt liberally with our suffering brethren.

"The Hon'ble Mr. Mehta indeed argued that inadequate treatment had been given to his Province of Bombay. Now let me assure him that I have specially interested myself in the fate and fortunes of Bombay. I have been in frequent correspondence with its Governor on the subject, and I have been most anxious that financial justice should be tempered with some financial mercy. I believe that the Government of Bombay are themselves on the whole content with the treatment meted out to them ; and I was glad to find that the Hon'ble Member, although he commenced his remarks in a tone of criticism, ended them in a spirit of generous, and I might almost say of wholesale, congratulation. The ordinary grants, as I may call them, that we have made to the

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Provincial Governments, in relief of the heavy burdens which have been laid upon them by the direct charges of plague and famine, amount to 42 lakhs. We have given to them in addition an extraordinary sum of 70 lakhs, a gift which, while it is no criterion of ordinary opportunities or deserts, and while it must not be interpreted by them as a precedent upon which they can rely, is yet, I hope, fairly proportionate on the present occasion both to our abundance and to their needs. The Provincial Contract System is one for the successful working of which a good deal of consideration is required at both ends of the scale; and I hope that the Provincial Governments, while they press upon us the obligations of munificence, will not lose sight of the corresponding obligation of economy.

"I am entirely in agreement with some of the remarks that fell from the Hon'ble Mr. Arthur with respect to the present high rate of telegraphic charges. I regard that rate as inimical to trade, as being a barrier to the ever-growing intercourse between India and the mother country, and as being obsolete and anomalous in itself. I have already considered the question, and I may say that I have placed it in a category of twelve important questions, all of them waiting to be taken up, all of them questions which ought to have been taken up long ago, and to which, as soon as I have the time, I propose to address myself. What these questions are I do not propose to relieve the curiosity of Hon'ble Members by now informing them. It is conceivable that I may have to add a thirteenth to their number in respect of the appeal of the Hon'ble Sir Griffith Evans with regard to the Small Cause Court Judges in the Mufassal. That is a question with which I am necessarily not myself familiar, but, while I understand the Finance Minister to have answered him on the point of finance, the impression left on me by Sir Griffith Evans' remarks was this, that he was arguing the case not from the point of view of pay but from that of character. It is from that point of view that the question is deserving of the attention of the Indian Government, which attention I shall be glad to give to it. But another question has been raised by an Hon'ble Member sitting at this table which I am unable to add to the dozen already alluded to. I am unable to add to it the suggestion of the Hon'ble Mr. Chitnavis that I should acquiesce in the reduction of the British soldiers in India. I can assure him that no such proposal will form part of the programme of the Government of India during my time.

"As regards Railways, Sir James Westland has indicated in his Budget Statement that for the moment our motto is *festina lente*, although this must

not be taken to mark any policy of revulsion from that which has lately been pursued. There are times, however, at which it is desirable to go a little slower than the maximum pace. I am, however, rather in sympathy with what fell from the Maharaja of Darbhanga concerning the encouragement of light gauge feeder railways; and since I came here I have authorized the construction of some hundreds of miles of such lines. I should say in this context that one of the subjects to which I propose to turn my attention while at Simla is the whole question of the policy of Government in respect of railways in India, and our attitude towards private enterprise in particular. I am not satisfied with a condition of affairs which lays the Indian Government open to the charge—whether it be true or false I have not as yet the knowledge that enables me to pronounce—of indifference to the offers of assistance that are made to it, and of hostility to the investment of British capital in the country. We may hope much from fixity of exchange if we can succeed in establishing it. I should be glad if the Government could at the same time by its own attitude encourage what I hope may before long be a pronounced inclination towards India of the financial currents in the mercantile world.

“The subject of Irrigation is one that appeals very closely to my concern. We are all familiar with the aphorism about the service of the statesman who can make two blades of grass to grow where only one grew before; and in India we do not need to be reminded of the direct and almost immediate benefit to the agrarian class that results from an increase in the area of cultivation. I shall not embark upon any discussion of the rival advantages of irrigation and railways, because such a discussion would not be germane to this debate, and is in reality futile. The Government of India has never been inclined to balance its duties in these respects one against the other, and would, I think, be unwise to do so. Nevertheless the annual allotment of 75 lakhs which has for some time been made to irrigation might, I think, with advantage be extended; and I have persuaded Sir James Westland in his estimate for the forthcoming year to give me another 10 lakhs for that purpose. I had asked for more, and he would have been willing to give me more. But a scheme of irrigation is not a project upon which you can start quite as expeditiously or as easily as you can upon a railroad. In the first place, the best areas for the purpose have already been utilised. Fresh schemes are likely to be less profitable, and therefore require more consideration, than their predecessors. In the next place, very careful surveys require to be made, levels have to be taken, a staff must be got together, an investigation of existing rights has in all probability to be undertaken. It is not the case therefore, as is sometimes imagined, that as soon as the cheque is

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drawn, it can at once, so to speak, be cashed in terms of tanks and canals. For these reasons it has been found that we are not in a position in the forthcoming year to spend more than an additional 10 lakhs upon irrigation ; although in succeeding years, if our finances continue to flourish, I hope that we may present to you a more extended programme. I am about, in the course of a visit to the Punjab, to inspect the great irrigation works that have been taken from the Chenab River, and which were favourably alluded to in the speech of the Hon'ble Pandit Suraj Kaul, and I shall hope to learn a good deal there both concerning the present system and as to future requirements.

"It only remains for me to thank you for your co-operation in the labours of the session which is now about to conclude, to terminate this discussion and to announce that this Council is adjourned *sine die*."

CALCUTTA ;

The 30th March, 1899. }

H. W. C. CARNDUFF,

Offg. Secy. to the Govt. of India,

Legislative Department.