

*Monday,  
28th March, 1898*

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

**Vol. XXXVII**

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

1898

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The Council met at Government House, Calcutta, on Monday, the 28th March, 1898.

PRESENT :

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

His Honour Sir Alexander Mackenzie, K.C.S.I., Lieutenant-Governor of Bengal.

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

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

The Hon'ble M. D. Chalmers.

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

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

The Hon'ble Rahimtula Muhammad Sayani, M.A., LL.B.

The Hon'ble Pandit Bishambar Nath.

The Hon'ble Joy Gobind Law.

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

The Hon'ble Sir H. T. Prinsep, Kt.

The Hon'ble H. E. M. James, C.S.I.

The Hon'ble M. R. Ry. Pannappakkam 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 J. J. D. LaTouche, C.S.I.

The Hon'ble F. A. Nicholson.

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

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

The Hon'ble Allan Arthur.

FINANCIAL STATEMENT FOR 1898-99.

The Hon'ble SIR JAMES WESTLAND moved that the Financial Statement for 1898-99 be taken into consideration. He said:—"My Lord, in making this motion I have only one or two remarks to make before Hon'ble Members submit their observations to the Council, and these remarks have for their object the

explanation of two matters which were to some extent left open last Monday. I provided in the Estimates 20 lakhs on account towards the benefits which the new system of recruitment for the army is intended to give to the British soldier. I also provided about a crore and a half for war expenditure to be incurred on the frontier, and I said, with reference to this provision of a crore and a half, that we were in hopes that peace would be ensured within a short time, and that the whole of the amount would not require to be spent. The means of making a sufficient estimate under these two heads were not available at the time that the Statement went to press. It went to press four days before it was laid before the Council, because our object was to meet the demand of the Presidency of Madras, who hitherto have considered that they have been grievously left out in the cold. This year we have been able to give them a copy of the Statement at the same time that we gave it to Bombay and Calcutta, and I hope that the residents of the Southern Presidency will feel sufficiently grateful to my right hand man, the able and indefatigable Financial Secretary, through whose exertions we have been able for the first time to attain this result. But the two subjects to which I have been alluding were both at that time still under consideration. As regards the concessions to the British soldier we were awaiting a reply from the Secretary of State which would give us the information necessary to enable us to decide upon the applicability of the new concessions to the British soldier in India. Our telegram to the Secretary of State, indicating how far we were prepared to go, was issued after the Statement was presented to this Council. The expenditure that the new scheme will involve if it is immediately brought into force will be more than the 20 lakhs which I have provided in the Estimates. We do not, however, as yet know whether the new concession is to come into force from the beginning of the year, or whether it will only operate from a date two or three months hence. The total net cost of the concessions which it is intended to make to the British soldier will be 27 lakhs of rupees a year, but for the next three or four years the amount will be somewhat more than this. At the beginning, indeed, the cost will be as high as about 45 lakhs, the reason being that the concession takes the form of substituting an immediate pay of 2*d.* a day for the deferred pay of the same amount which is at present given to the British soldier at the time of his discharge. When the new system first comes into operation we have to meet the cost of the current pay of 2*d.* a day without practically getting any reduction in respect of the deferred pay of 2*d.* a day, because the deferred pay of 2*d.* a day is the amount which we already owe to the British soldier who is now serving us, and to whom we shall have to pay it at the time when he is discharged. These



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payments are always made through the War Office at home, and the payment of 2*d.* a day deferred pay will only gradually diminish as the number of soldiers going home for discharge after service rendered under the old conditions of recruitment, becomes less and less. Therefore, the ultimate saving at home, which comes to 16 or 17 or 18 lakhs—it depends, of course, upon the rate of exchange—will accrue to us only about five years hence, and meantime we shall have to bear the new cost of 2*d.* a day, which is now to be given as part of the soldier's pay. Therefore, if the new concessions are to come into force from the beginning of April, we shall have to bear during 1898-99 a total cost of about 45 lakhs of rupees, as against the 20 lakhs which I provided in the Estimates. Gradually, the annual amount will diminish, and it will finally come about five years hence, to about 27 lakhs of rupees. I would have provided a larger amount for this if it had not been that I was aware at the same time that, by the progress of negotiations on the frontier, it was becoming every day more and more likely that there would be savings upon the Estimate of one and a half crores—I think it was 149 lakhs—which we made for the frontier war. Even at the best, the savings upon that Estimate will not be very large, for we shall not be able to reduce the forces the moment that peace is made with the tribes on our border; but if I were making an estimate now, upon the basis of the information which is at present available to the Government of India, the estimate of the whole of the expenditure on the frontier and the maintenance of the forces which we will be obliged to keep for some time on the frontier, would be about 20 lakhs, perhaps less or perhaps more, but say about 20 lakhs less than we entered in the Estimates. These two corrections therefore of the Estimates, which arise from negotiations which have been carried out and information which has become available since the Estimates were laid upon the table of the Council, about counterbalance each other, and they do not practically affect the final result of the Estimate, which gives a total surplus, at the exchange which we have taken, of about 89 lakhs of rupees.

“There is one other small point on which I desire to take this opportunity of giving information to the Council. They will remember that last year a Bill was passed having for its object to enable Government to take steps for introducing the British Indian coinage into the State of Bhopal. It did not suit the Durbar of Bhopal to undertake the commencement of these measures, as we expected they might do, from the beginning of April last year, but they had everything ready by the beginning of October, and the first advance made under the Act was made in the beginning of October. The whole of the business, so far as it is carried on from advances out of the currency reserve, will be wound up before the 31st of March. I have not yet seen the official report which the Political Agent has sent with regard to the success of the measures taken, but he has

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written to me to let me know that they have been quite successful. The success has been even more complete than was expected, and now the coinage current in the Bhopal State is the same coinage which is current in British India. We hope that this very excellent example given by one of the most enlightened Native Sovereigns will be followed in other States. It has already borne fruit in one State, namely, that of Kashmir, and we have entered into arrangements with the Kashmir Durbar to carry out the same measure within the Kashmir territories. It is not, so far as we can estimate it, so difficult or so large a business in Kashmir as we anticipated it would be in Bhopal. We have not found it necessary to come before the Legislative Council to ask them for special facilities to carry it out ; we hope, in fact, to be able to carry it out altogether from Treasury Balances. I have no particular information as yet of the extent to which the reform of coinage has been carried out in Kashmir. Such information as I have leads me to think that after a short time I shall be able to report the same success there which the Political Agent at Bhopal reports to me as having been achieved in Bhopal."

The Hon'ble MR. ALLAN ARTHUR said :—" My Lord, as junior Member of Your Lordship's Council I would not presume, in an ordinary year, to take up the valuable time of the Council by making any lengthy remarks on the Financial Statement. But the currency difficulty, which is of such vast importance to the commerce and the welfare of India, remains unsettled, and while I do not wish to embarrass the Government by my importunity on this question, or weary the Council by indulging in vain repetitions of my personal views, I would ask the Council to bear with me if I speak at some length. I cannot allow the occasion to pass without offering my congratulations to the Hon'ble the Financial Member on what has been rightly called 'a prosperity budget'. The recuperative powers of the country are marvellous, and it must be most gratifying to Your Lordship's Government to find yourselves, after a lengthened period of great anxiety and immense difficulties, face to face with what would appear to be an era of returning prosperity. In the interests of the people of India it is to be hoped that the recuperative power of the country will prove to be as vast as our financial authorities anticipate, and that the estimates of next year's revenue and expenditure will be found as reliable as usual. The Hon'ble the Financial Member closes his Statement with a most interesting review of twenty years of Indian finance, *viz.*, 1878 to 1898, and points with pardonable pride to the fact that the revenue account of the country shows during this period an excess of Rs. 50,988,000 over ordinary expenditure. Of this excess

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revenue there has been spent Rx. 21,223,000 on war ; Rx. 4,589,000 on special defence work, Rx. 8,138,000 on famine relief, and Rx. 13,659,000 on railway construction, leaving a balance to the good on the whole account of Rx. 3,376,000. It is clear from these figures that India is a solvent concern, and will be able to pay its way, but, as the Hon'ble the Financial Member is careful to point out, these figures give no indication how far India has progressed in an economic aspect. Any one who possesses a large and fertile estate unencumbered by excessive debt can usually make both ends meet though his personal expenditure may be lavish and his expenditure on his estate and improvements niggardly and ill-directed, and it is our duty to enquire whether the fiscal policy of the Government during these twenty years has been of a character calculated to promote the prosperity of the people. It is doubtful if an increase in revenue resulting from enhancement of taxation is a sign of prosperity, and if money is misspent in one direction the budget can easily be balanced by curtailing expenditure in other directions ; and it is to other tests we must turn if we wish to arrive at a true estimate of the financial policy of the State. One of the best tests that may be taken in these days of free international intercourse is the foreign trade of the country, and it is interesting to follow the trade of India through the period selected for a review of its finance. With Your Lordship's permission I will read a few figures showing the total value of the merchandise, excluding treasure, exported from, and imported into, India in quadrennial periods beginning with 1873—

		Rupees, crores.	Increase.
1878-81	. . . . .	434	.....
1882-85	. . . . .	540	24 %
1886-89	. . . . .	599	11 %
1890-93	. . . . .	682	14 %
1894-97	. . . . .	719	5½ %

“ My Lord, these figures show that the trade of India has increased with each period of four years, but it is noticeable that in the latter periods the increase has been less marked than in the earlier. When one considers that the developement of Railways in India, which should give an impetus to trade, has been very considerable during the past decade, and when one is told that a falling exchange has an immensely stimulating effect on the export trade of a country, and when one looks to the strides that have been made, notwithstanding the fall in gold prices, by many gold standard countries, one is inclined to doubt whether the progress of Indian trade is so satisfactory as at first sight it appears

to be, and it behoves one to consider whether the fiscal policy of the great dependency is all it should be, and whether the vast sums that have disappeared in loss by exchange would not have been better spent in reducing taxation and in giving India complete and absolute and permanent fixity of exchange with the other great commercial countries of the world, thereby attracting capital for the development of the great natural resources of this fertile land.

"It is gratifying to be told that there is to be no further taxation, but I can imagine no greater tax or burden on the trade and industries of a country than a high, and prolongedly high, bank rate. My Hon'ble friend Sir James Westland points out in his Budget Statement that the bank rate in India in 1897 remained at the unusually high rate of 10 per cent. for  $5\frac{1}{2}$  months. It is now at 12 per cent., and has been at 9 per cent. or over since December, and at present there is no sign of relief; in fact, everything points in entirely the opposite direction. It is said that there are enormous crops of wheat and other cereals to be moved, and on the top of that there is the announcement that the Government intend to issue a rupee loan of three crores. Unless relief comes from some quarter at present undisclosed, I fear from the experience of last year's loan that Government will be offered a rate which no strong Government dare, for the sake of their own credit, accept, or if they are offered a fair rate, due to temporarily cheap money, the reaction will inevitably set in and the withdrawal by Government of three crores of rupees from the money market will lead to renewed stringency with all its disastrous and strangling effects on the trade and the industries of the country. While it is readily understood that it is difficult for the Government to take the country into their confidence with regard to the exact proposals which the Secretary of State has stated will form the subject of an immediate enquiry, I regret, for the reasons I have pointed out, that the Hon'ble the Financial Member has not seen his way to make an announcement in regard to the general policy of the Government in connection with the currency before the Government leave for Simla for the relief of the minds of bankers and traders, whose operations cannot fail to be terribly hampered by the uncertainty that prevails in regard to the future. A country which has a record of twenty years' financial equilibrium, notwithstanding grievous famines and costly wars, and is able to borrow on better terms than almost any nation, except the United Kingdom, is surely in a position to dictate to the rest of the world what her standard of value is to be, and it is to be hoped that Her Majesty's Ministers in deciding the momentous question now before them will be guided solely by the interests of India, and

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not allow their action to be influenced, either by the wishes of France and America or by the demands of the selfish few at home, who desire to flood India with a depreciating metal in the vain hope that bimetallism will be established or exchange with the Far East slightly raised, or with the other few who fear that the withdrawal of gold to India may affect their interests adversely. There are certain sections of our community who benefit to some extent by a falling exchange. There are some, notably those who are interested in tea and indigo, who while desiring fixity of exchange consider a rate of 1s. 4d. too high, and there are others who doubt the feasibility of establishing a gold standard; but anyone who has followed the discussions in the Indian Press during the last three months must admit that the great body of the commercial community join the Government of India in their desire to have the currency of India linked with that of the mother country. What one section of the community gains from a fall in exchange, another section must lose, although this is of only temporary effect, whereas all will benefit by the free flow of capital which fixity of exchange will give; and I maintain that in a question of this kind it is the interests and wishes of those concerned that should be considered, and not those of any small party at home however powerful.

"My Lord, I see that the bimetallists propose to raise a discussion to-morrow in the House of Commons on the monetary position of India, and the two points of their attack will doubtless be the Government of India's Despatch of 16th September, and the proposals for establishing a gold standard that have of late found favour with the Indian Press. As regards the despatch of 16th September I have to say that the commercial community of India, however much they may differ on other points, are united in their approval of the emphatic rejection by the Government of India of the bimetallic proposals of France and America; and we all hope that Her Majesty's Ministers will lay aside any private predilection they may have for bimetallism, and support the policy adopted by the Government and approved by many among the commercial and banking communities of India. As regards the proposals for the establishment of an effective gold standard, it has been noticeable that the bimetallic Press of England has so far refrained from expressing any opinion of their own as to the feasibility of a gold standard, and are taking the unusual step of quoting the views held on the subject by their opponents the monometallists. The *Bimetallist* of 15th February finds a difficulty in condemning the gold standard scheme itself, but devotes three columns to an article from its opponent the *Statist* denouncing

all attempts to place the rupee currency on a gold basis. The same course is followed by the *Manchester Guardian* and the *Financial News*, only in their case the views quoted are those of the Chairman of the Bank of Calcutta, Mr. Yule, who is a staunch opponent of a 1-11 rupee, which these papers desire to see restored. In these circumstances it will be curious to see the line taken by the bimetallist leaders in the House of Commons, and our hope is that now again, as in August and September last, the opposition of the bimetallists to the adoption of a gold standard for India will strengthen the cause of the gold standard by rallying to its support the influential interests in the city of London, who disapprove of any attempt to re-establish bimetalism.

“My Lord, I understand a manifesto of the Bimetallic League will be received by to-day's mail and it may contain some fresh proposals, but up to the present time if the bimetallists were asked what ratio between silver and gold they favour, their reply was ‘agree to the principle and the ratio will soon arrange itself’; but there seems to be little doubt that up to the present time the ultimate object of bimetallism has been to secure a ratio of  $15\frac{1}{2}$  to 1, which would mean a rupee of 1s. 11d. As I have pointed out on two recent occasions, there can be no doubt that the result of such a change in the value of the rupee would mean, at all events in the first instance, a colossal and cyclonic disturbance to Indian trade and widespread insolvency to traders and agriculturists of all classes throughout the country. It is for our own preservation and very existence that we appeal to Her Majesty's Ministers to consider and come to a decision on this important question in the interests of India and in the interests of no one else.

“My Lord, we are informed by telegram that the Secretary of State intends to have an immediate inquiry in regard to the Indian currency question, but we are not told what form this enquiry will take. Presumably it will be confined to the consideration of the best method of giving India an effective gold standard. When a man is sick and has decided to try a homœopathic cure, he does not call in for consultation several allopathic and homœopathic doctors, because he knows that he would probably be in his grave before they came to a unanimous decision as to the cure to be applied. The Government of India have decided to try the gold standard cure for their currency troubles, and it is to be presumed that the Secretary of State will place the Government of India's proposals before the very best expert opinion available, *i.e.*, of men who are not strong partisans on any particular side. If the enquiry which is to be made

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is referred to a Committee of gold monometallists, silver monometallists and bimetallicists, the result can only be absolute confusion and much lamentable delay.

"I would point out to Your Lordship's Government that a continued policy of inaction and prolonged delay cannot fail to end in disaster, a word which it is to be hoped will never be applied to Her Majesty's Government in India."

The Hon'ble MR. CHITNAVIS said :—"My Lord, when I congratulate the Hon'ble the Finance Minister on the excellent financial prospect that he has been able to place before us for the coming year, I follow no mere customary rule. In congratulating the Hon'ble Member I congratulate the people, for a bad year is only too likely to mean fresh taxation. I do not know how many years there have been in the history of India like the one just closing in which the resources of the Government have been so badly taxed by so many immediate demands. To come out of such a year without a heavy deficit is equally fortunate for the people and creditable to the Hon'ble Member in charge of the Finance Department.

"It has been pointed out in the Financial Statement that the Famine expenditure alone was Rs. 5,390,000 and that the deficit of the year was Rs. 5,280,000; it is therefore clear that had there been no famine the ordinary revenue would have been sufficient to cover all necessary expenditure and to leave a small surplus. With famine in the land, however, the demands on the Imperial coffers were pressing and immediate, and the position was further complicated by troubles on the frontier, plague in the Bombay Presidency, and other difficulties. In fact, the year we have passed was one of the gloomiest in the annals of India. If we except the Jubilee and some other pleasing incidents that are like solitary gleams of light in the midst of prevailing darkness, it were well if the annals of the year 1897 could be forgotten and the year blotted out from the cycle of years.

"In the midst of so much distress it is gratifying to remember and acknowledge the sympathy which the famine excited amongst the British public and the almost unparalleled generosity with which they gave practical expression to it. Never have the people of India realised more vividly the generosity of the race under whom Providence has been pleased to place their destinies. Never was India drawn closer to England and her people; and this I would most emphatically assert in spite of all that has been

said within the last few months both in and outside this Council as regards the feelings of the Indian races towards England and her Government in this country.

"My Lord, in the course of the debate on the Criminal Procedure Bill the Hon'ble Sir John Woodburn, on referring to the help rendered by England and her dependencies, said that it was a pity that when the English race had been drawn to the Indians with cords of the strongest sympathy and regard—that at a time when England had expended herself in such an effort of sorrowful and open-handed charity as she had never made for her suffering poor—that at such a time a dark resentment should have been roused in the minds of the people of England by the attitude and doings of some of the people of India. My Lord, the danger is that the foolish doings of a few, the indiscreet utterances of a handful of misguided men, are taken to be a measure of the feelings of a whole nation. Along with the disloyal the motives of the loyal are misunderstood and aspersions cast upon the character of a whole people. But whatever may be the views of the English people, as one coming from the province where the great bulk of the money so liberally subscribed has been spent, I cannot but express the utmost gratefulness, on behalf of my people, for the great assistance that was rendered to them in their distress, and cannot but express a hope that the remembrance of the great good that the Relief Fund has done will remain graven deep in their hearts and memories.

"My Lord, if charity is one of the greatest of Christian virtues, I can also assure Your Lordship that there is no other land where it is more valued than in this land of the Hindus.

"It would be ungrateful for me to conclude this topic without a word of tribute to the memory of those who cheerfully offered themselves as martyrs to their duty.

"Not a few officers, my Lord, died in my province fighting the famine. The deaths of Messrs. Duff, Priest, Arthur and Leete will for long remain to us a most painful remembrance and their names as glorious examples of martyrs to the cause of duty and humanity. Then come to my mind the names of those who have suffered in health by constant anxiety and ceaseless toil. Foremost amongst these stands that of our Chief Commissioner, who has been unwearied in his labours for the good of his people. My Lord, the following



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figures of the Budget would give us an idea of the vast proportions of the extra work entailed on the officers of my province during the recent famine :—

“ The total number of persons relieved from January, 1897, to December 1897, were 159,535 thousands of units (a unit being one person relieved for one day), and the expenditure for famine relief during this period were Rs. 1,702,700—formidable figures to say the least of them.

“ That these gigantic operations in a province where most of the officers were new to this kind of work have cost the responsible head of the Administration many an anxious thought there can be no manner of doubt. I must therefore take this opportunity of expressing my most grateful thanks and the thanks of the people I represent to the Chief Commissioner for the efficient manner in which, under his guidance, the relief operations were carried out. It is no ordinary luck, my Lord, that in these times of scarcity and want the Central Provinces had at the head of Government a ruler of Sir Charles' abilities and experience. His sympathy with the distressed people, his untiring zeal to ameliorate their condition, are now matters of history in my province. It is therefore only just that the people of Nagpur and other places should convene public meetings to respectfully place on record their sense of heart-felt gratitude for the self-sacrificing devotion which the Chief Commissioner has shown in relieving the distress of the people committed to his care.

“ Then, again, there are others like Messrs. Fraser and Anderson who have been compelled to leave their posts through illness brought on by work and worry. The least we can do is to congratulate these noble officers upon their pious labours.

“ My Lord, the famine will soon be a matter of the past. The calamitous days that India has undergone in consequence of this dire visitation will soon be forgotten. But the generosity of the English and other donors, the readiness with which Your Lordship and the Government of India sanctioned all proposals of the Local Governments in connection with famine, the heroic and unswerving devotion with which the Famine officers and others worked to bring relief to the distressed, and the active sympathy shown by Christian missionaries of all denominations in helping the needy, the poor, and above all the orphans, will, I feel confident, never fade out of the memories of India's grateful people.

“ My Lord, we are all glad that the famine has passed away, and let us hope that a cycle of prosperous years has commenced. But the question that must

necessarily agitate and is agitating all minds is how to find means for the prevention of famines. There could not be a more serious question for the consideration of the Government, as the principal source of income by which this Empire is maintained is the land. Various means have been suggested and adopted, such as extension of railways, irrigation, emigration and so forth; and from all these no doubt good results have been obtained. But it appears to me that if we are to look out for a permanent and a natural remedy we must have recourse to improved methods of cultivation. Our margin of waste or jungle land must sooner or later be exhausted, and to expect an increasing produce from a limited area means that we must have recourse to some natural and permanent remedy. The poverty of the agricultural classes and their consequent indebtedness are no doubt the principal causes why they cannot put into force those methods of improving the productiveness of the soil which are already at their disposal. They are forced to cultivate every inch of their holdings from year to year, and thus they cannot even afford to manure the lands properly and let them have a salutary rest. One crop is sown before the outstanding one has been harvested, and this goes on all through the twelve months until the productive power of the land is so exhausted that it hardly pays to cultivate it. Still the poor raiyat clings to it, labouring on it day after day with all the members of his family, knowing no rest, no recreation, no pleasures of life, and a year's failure of rain or some other calamity to his crops sweeps him away from the face of the earth.

"My Lord, the question of the improvement of the agricultural prospects of the country and the prevention of famines has been before the Government for many years, and I quite recognise the fact that this is not a question which can be disposed of by the Government by conferences and resolutions merely, and that it must take time to thoroughly solve the problem, if it is at all capable of being satisfactorily solved. All that I would earnestly wish for at the present moment is that some practical benefit should accrue to the agricultural population from the results of the inquiries made by the Famine Commission.

"My Lord, it has been often said that the Indian landlords are the natural guardians of the agricultural classes, and in times of distress the latter look up to their landlords for help and protection. This is an opinion which I heartily endorse. During the last famine the help which was rendered by

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the landowners to their starving raiyats in all parts of the country, and especially by the malguzars in the Central Provinces, deserves, I think, at least a passing notice. The Government, I would humbly submit, could hardly realise the strain which was put upon the middle-class landlords in the late calamity. And yet the aid they gave to their tenantry was considerable. 'No account,' says the Secretary to the Charitable Relief Fund, 'of what the people did to help their distressed neighbours would be complete without a few words about the conduct of the malguzars of the Central Provinces towards their tenants under the trial of adversity of the past few years. Although village-communities with the malguzar or patel as the keystone of the system have undergone many changes during recent years, and although the old bonds which held the villages together have of late lost much of their vitality, yet the tenants still look to their malguzar for help or protection, and when any common danger threatens the village he is expected to pull the villagers through the crisis. The following extract from paragraph 16 of the Chief Commissioner's Resolution on the Revenue Administration for 1895-96 will show what help the tenants received at the hands of their malguzar. The Commissioner of Jabalpur writes :—

"There can be no doubt that many well-to-do malguzars have expended large sums in supporting their tenantry and keeping their villages together."

"The Commissioner of Nagpur writes :—

'They (*i.e.*, landlords and tenants) realise that the one cannot do without the other. When times are hard it is not likely the malguzar, speaking generally, will be inconsiderate.'

"Talking of malguzars, I cannot but draw Your Excellency's attention to the fact that what with periodical settlements, and what with the well known tendency of the Revenue-officers to whittle away the rights of the malguzar, the malguzar in my province shows no signs of improving his status. My Lord, I have in this Council often appealed to the Government for the extension of permanent settlement to my province. I am not going to-day to reiterate the arguments in favour of it. They are well known although it has been supposed (and I should say supposed erroneously) that the permanent settlement of Bengal was a blunder of statesmanship. Never I think was the advantage of the permanent settlement so well seen as during the famine of the last year. The Budget shows that the great bulk of the Famine Relief Fund was spent in the Central Provinces, because the people

were found to be in a poorer condition than even the Government anticipated. 'When the time came,' says the Hon'ble the Finance Minister, 'at which in other provinces the beginning of recovery was apparent, the people of the Central Provinces were as poor and as hardly pressed as ever.' This is a condition of things, my Lord, which deserves the most careful attention of the Council. In my humble opinion the cause of this poverty of the Central Provinces is to be found in the periodical settlements, in heavy assessments, and in the absence of a direct and permanent interest on the part of the cultivator in the land he tills ; and the remedy for this poverty, I would humbly suggest, lies in giving the landlord and the cultivator this permanent interest, or, in other words, in the extension of the permanent settlement of Bengal to the Central Provinces. My Lord, Bengal during this famine paid its uttermost quota of revenue and rent to Government, whereas large remissions had to be made in provinces where no permanent settlement exists. Even the meanest raiyat in Bengal contributed to the Famine Insurance Fund, and a pice for every rupee of rent as the public works cess. Many of them had not to resort to the relief centres at all. Many were supported by their own zamindars. Bengal thus came out practically scatheless from the terrible disaster that befel the country, simply because permanent settlement exists in the province. I have no doubt that much light will be thrown on this point by the labours of the Famine Commission, and let us hope that they will recommend the extension of the permanent settlement to those parts of India where it has not yet been extended, as an effectual mode of putting a stop to periodical famines.

"My Lord, it is a matter of congratulation that the Chief Commissioner of the Central Provinces in his Resolution on the Court of Wards' Report, dated 20th February, 1898, remarks that :—

'Several remissions are being granted in those districts where arrears are heaviest.'

"It may be within Your Excellency's recollection that it was on the 18th February, 1898, that I asked a question in this Council, regarding remissions to distressed land-owners and raiyats. I do not mean to say that the Resolution or the decision to make these liberal remissions on the part of the Chief Commissioner was the result of my drawing the attention of the Government to the urgent necessity of such a step, but this much I can fairly claim for myself that my question was not an unnecessary one and that the necessity of remission was seen simultaneously by the responsible administrator of the province and by the people

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through their representative in the Council. In connexion with this, I would like to add a word or two parenthetically on a minor point, and that is the awkward position I occupy in Your Excellency's Council. Mine, my Lord, is one of the two provinces where the people have no Legislative Council, and it is on this account that I am obliged, perhaps a little too often, to trouble Your Excellency and the Council with questions which would have been more appropriately put to a Local Council. My request therefore is that Your Excellency may be pleased to accord me some indulgence should at times my interpellations appear numerous and vexatious. My Lord, it may also be within Your Excellency's recollection that on the 19th of March I asked questions in this Council inquiring whether the Government was prepared to institute a non-official inquiry into the condition of the Central Provinces during the recent famine, and how far they have been able to withstand it, and also whether the high percentage of 65 to 74 inclusive of cesses assessed in many places in the recent re-settlement of land-revenue had not to a great extent crippled the resources of the malguzar to bear up against famine and other calamities and to render that aid to his tenants which the latter expect. Now that the Budget is before us and the Hon'ble the Finance Minister has drawn the special attention of the Council to the terrible state of poverty in which the Central Provinces lie, I trust the Council will recognize that my questions were most important and pertinent to the occasion and deserved a little more consideration at the hands of the Hon'ble Home Member, than he was pleased to accord to them.

"My Lord, coming back to the question of suspensions and remissions in my province, I have gathered that Rs. 6,58,000 were remitted in Saugor and Damoh in 1895-96, and Rs. 4,07,000 in 1896-97. In 1896-97 suspensions were granted, amounting to Rs. 26,32,000; of this amount Rs. 13,20,000 have since been remitted and further remissions are expected to amount to about Rs. 1,50,000. Thus the total remissions of revenue since the troubles began will probably amount to 25 lakhs or over, and the collection of the unremitted balance is to be spread over two, three or four years. I have also learnt that further measures of relief are being considered for certain limited tracts which have suffered deterioration that may be expected to last for a few years to come. My Lord, the people of my province are most grateful for what has been done in this direction, and I feel sure that more would have been done by the authorities if people could have come forward to represent their real condition in districts where they have suffered as much as in districts where this consideration has been shown. But, unfortunately for the people, an idea

has taken hold of them (most wrongly I must say) that complaints in matters like assessments, remissions, etc., are seldom listened to, and are therefore of no avail. Then again the formalities which simple peasants and malguzars (and they are peculiarly simple in my province) have got to go through in asking for such remissions are too elaborate and complicated for the uneducated mind to grasp and appreciate. When no complaints are made the Revenue-officers, on their part, cannot be expected to go out of their way and offer to make such remissions. Thus there still remain many districts where people require help and remissions as badly as in places where the Government has shown such kind and merciful consideration.

"My Lord, I may take this opportunity of observing that there are some tracts which have permanently declined, and I am sure those also will receive attention at the hands of the Local Government and the Government of India.

"One word more on this subject. The Hon'ble the Finance Minister has said that on account of the bumper harvest a portion of the revenue suspended during the famine will be realised this year. I am by no means persuaded that the harvest this year has been a bumper one—at any rate not so bountiful as to make the tenant 'flush' of money all at once. The rabi crop in my province, for instance, has been a very poor one. My Lord, the malguzar has not yet recovered from the blow of the last two years. It would be years before he is on his legs again. I therefore think that the collections of the suspended revenue should spread over as many years as the Government can conveniently allow.

"My Lord, whilst on the subject of land-revenue and the general condition of landlords and tenants in my province, I would crave Your Excellency's permission to say a word or two on agricultural indebtedness in some provinces of India. It is believed, my Lord, that one way of rescuing the peasantry, from whom the bulk of the revenue is derived, from the terrible condition of indebtedness in which they lie would be the collection of land-revenue in kind and not in cash. I think it is an experiment well worth trying. Sir James Caird, an authority second to none, advocated the same principle, and in my humble opinion it would be true statesmanship to make a trial of it whenever the raiyats are hopelessly in debt. My Lord, it is a common remark that a bumper harvest is the despair of the cultivator. And it is a true remark, for the price of grain falls to nothing at such occasions, and the raiyat is compelled to let his crop go to the money-lender who has advanced him seed and kept him

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going while the crops were growing by advancing him money. I am thus persuaded that payment of revenue in kind would to some extent remove this state of things.

"My Lord, the Hon'ble the Finance Minister has said that under Railways we have received Rx. 482,900 more than was estimated, and of this sum the largest portion is due to movements of grain towards the famine districts. I do not quite know whether I should congratulate the Hon'ble Finance Member upon this increase in railway receipts from the movements of grain. It is no small matter, my Lord, to wring out so large a sum of money from the pockets of poor men even in ordinary times. But when it means that this sum has been taken from them at a time when the famine was desolating the land and the people terribly pressed for funds, it becomes a matter of the gravest moment. At all events I think the scale of railway freight should have been reduced in these times of famine; a reduction of this kind would, I feel sure, have been a most welcome relief to all sufferers, more especially to those who, though not seeking relief in relief centres, were on the verge of starvation."

The Hon'ble SIR JAMES WESTLAND :—"I am sorry to have to interrupt the Hon'ble Member. We are discussing the Financial Statement, but the Hon'ble Member is running over the whole question of agricultural indebtedness and raising the question of payments in kind, and a great many other things which are exploded theories of forty, fifty or sixty years ago. I do not wish to interrupt the Hon'ble Member if Your Excellency thinks these matters are relevant; but I think the time of the Council is being unnecessarily taken up in discussing them."

His Excellency THE PRESIDENT :—"I hope the Hon'ble Member will consider how far he can restrict his remarks. I quite understand that his only opportunity for discussing these matters is in this Council. Still, although a very large scope is given to this discussion, I do think that some of the matters he is now referring to are scarcely within the scope of the Financial Statement."

The Hon'ble MR. CHITNAVIS resumed :—"I will now pass on to another topic, *viz.*, the frontier war. My Lord, I do not feel equal to the task of discussing a policy almost wholly military, nor do I think will I be within my right to discuss it here according to the verdict Your Lordship has just passed in deference to the Hon'ble the Finance Minister's remarks.

"I have thus nothing further to say on the general policy of the war, but the consideration most vital to the question is that of paying the

bill, and this aspect of the question, my Lord, I believe is one which pre-eminently falls within the purview of the present discussion. India we know is taxed to the last anna and cannot afford to pay for the perpetual maintenance of garrisons in the passes. All that the frontier wars bring us is a heavy addition to our public debt, and that too at a time when the resources of the Government are already strained to the utmost. I therefore think that this is a case in which a subsidy from England might be very reasonably asked for. Moreover, it must be borne in mind that Her Majesty's Government at Home had sanctioned the war which was undertaken for Imperial purposes. Any expenditure beyond the frontier of India, I hold, comes within the category of Imperial expenditure, and it is but right and proper that England should pay her adequate share of it.

"My Lord, I am aware that the Hon'ble the Finance Minister hopes to make both ends meet without any help from England, and that the Secretary of State for India thinks that it is not desirable to encourage the Indian Government to rely to any extent upon British assistance. But India has had such an exceptional and unhappy year that no reasonable being, I think, would have objected to a voluntary contribution from England at this crisis—a contribution which would have been just on abstract principles but would have produced the happiest of results politically. Great Britain is as conspicuously rich as India is notoriously poor, and a grant from England would have been a graceful mark of sympathy at this time of acute strain and distress.

"My Lord, the Hon'ble Finance Member has closed the Financial Report of the year with a review of the last twenty years' finance. The Hon'ble Member says that one of his objects in setting out this review is to point out 'how little occasion there is for our seeking assistance from Her Majesty's Government in aid of our revenue account.' But, unfortunately, it keeps out of view the important fact that if India has during the last twenty years paid its way—an assumption that has been vigorously contested in certain quarters—this has been done only by additions to the area of taxation, which are as open to objection upon practical as upon scientific grounds. We are told that in the last twenty years our revenue has exceeded our ordinary expenditure by over fifty crores. This statement, however, has a very limited significance; for our financial position, says the *Times of India*, 'is determined not by our ordinary expenditure but by our extraordinary.' It is from this that arise deficits, the curtailment of needed outlay, the piling up of burdens upon a heavily taxed and



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poverty-stricken population. The question is whether the natural growth in expenditure has been met by a natural growth in the revenue? I think the Hon'ble Member will admit that this has not been the case, for, 'these twenty years, besides being years of steady increase in the revenue-yielding capacity of all sources of taxation except opium, have been marked also by frequent additions to taxation.' Thus, for instance, 'an income-tax and the augmentation of the salt-duty came in prompt succession to the increase of the army in 1885; a tax on petroleum, though its incidence is light, has brought another of the necessities of life upon the tariff. The more recently revised duties on cotton-goods are a burden distinctly felt by the people. Then, again, we should like to think that the increase of five crores in the land-revenue during the last twenty years was entirely natural, that it invariably corresponded to a rise in the productive capacity of the land and in the market-value of its products, of which Government was getting only its fair share. But who that has carefully followed so much of the operations of the Settlement Department as may have come within his reach can be confident that this is the case?' However this may be, the last twenty years have seen large additions to the revenue which have been entirely independent of its ordinary increment. It is thus dangerously delusive to flatter ourselves with the belief that India's financial record of the last twenty years is a better one than can be shown by almost any country in the world. In every step which India has lately taken to increase her revenue she has had to subject to taxation the necessities of life—a policy strenuously avoided in every country in the world.

"My Lord, there is another aspect of the fighting on our frontier to which I would like to advert for a moment. Throughout this year the loyalty of our Native Princes has been most conspicuous, and I feel no doubt that the deeds of desperate valour and personal heroism exhibited by Her Majesty's soldiers, both European and Native, during the progress of this war, will remain indelibly impressed on the minds of all civilised people. They will recall with gratification incidents of devoted bravery, gallant resistance unto the death where death only could be reaped, and heroic struggles of the Gordons, the Sikhs and the Gurkhas for their country and their Queen as if to prove to us once more what incentive to high deeds lives in that hallowed name.

"Just a word or two about Currency. My Lord, the great fall in exchange—the future of the rupee—has been exercising all minds in this country for many a year. No remedy has yet been found to arrest the fall in the value of the rupee. Government servants are still crying out at the shrinkage of their

incomes and importers at the loss of their goods. But since after mature deliberation the Government decided on closing the Mints as a partial solution of the problem, there are some who hold that in the interests of all the Government ought to declare that no change will be made in the policy of 1893, and that the Mints will not again be opened to the free coinage of silver. I know that in the opinion of some very clever men the closing of the Indian Mints has been a blunder. They say that it has aggravated to such a fearful degree the sufferings caused by the recent famine as to constitute it almost a crime on the part of the Government. I feel obliged to say that such a statement seems to be wholly groundless. What the Government should do at present is to be firm in the attitude it takes up. If this be done and confidence restored, I feel sure that it will not be long before the present situation of mistrust and dear money passes away. At present the uncertainty as to what the Government will do is doing much to paralyse trade and to drive capital out of the country. A firm, definite and fixed policy would, I am inclined to believe, remedy this and remove the great stringency in the money market. Confidence once gained is sure to bring about a revival of trade, and with the entire disappearance of the famine, the hoped-for termination of the frontier war and the passing away of the plague, let us hope that a future of prosperity awaits India and that it will not be long before it comes.

"My Lord, I feel it to be my duty before I conclude to echo, however feebly, the sentiments of the people I have the honour to represent in view of Your Excellency's retirement from amongst us at no distant date. This, my Lord, is foreign to the subject, but I will take the liberty of saying a few words on behalf of my people if only Your Lordship permits me to do so." His Excellency THE PRESIDENT having given permission, MR. CHITNAVIS continued :—"Your Excellency has passed through an eventful era such as one cannot recall to memory within the last two decades. Your Excellency had not been long in this land when troubles on the North-West Frontier were clearly foreshadowed. The troubles developed, and we know now what it cost us in men and money, and no one knows better than Your Excellency what strain the frontier troubles placed upon your mind. Then came pestilence to depopulate the Western Coast, and in its train many lamentable circumstances, all tending to make the situation one of the most complicated in the history of Indian administration. And, as if our cup of woe were not full, a widespread famine overtook the land, carrying away numberless men, women and children and leaving the surviving poor, weak and crippled for years to come. My Lord, when such

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calamities overcome the land, following each other in quick succession without respite and all crowding together within a few short years, one can easily imagine how 'uneasy lies the head that wears a crown.' My Lord, I do not claim to be a statesman read in the political history of other countries; but those who can speak with any authority on the subject are agreed that the Indian Administration is beset with peculiar difficulties. These difficulties have been heightened during Your Excellency's rule, and although with the policy adopted to meet some of them some were not prepared to agree, I can vouch for this much at least, that the intentions of the Government have never been misunderstood by any recognised section of the people. The most hostile critic of the Government will admit that the Government is at least intelligent enough to foresee that on the well-being and prosperity of the country depends its own prosperity, and that it could never retard the progress or prosperity of the governed by adopting a policy which it believed to be injurious to their interests. My Lord, we differ when the Government says this would benefit the people, and we say this would not, but not where the Government says the object of Government in adopting a certain policy is only to benefit the people: or, in other words, whatever may be the differences of opinion between us and the Government, we cannot forget that we have common duties and common interests, and that the work of the one is the work of the other, and the troubles of the one the other cannot but sympathise with. I cannot but here thank you, my Lord, on behalf of my people for the great sympathy and consideration you showed to my province in connection with the late famine and the vicissitudes which the people have passed through during its continuance.

"My Lord, in wishing you now the happy rest you have so well earned, I can only express the hope that you will ever enjoy the blessings of health, than which there are no higher blessings on earth, and that, called, as you were, to rule the destinies of men at an age earlier than most men are, you will have yet many years at your disposal to advance the cause of progress and humanity for which every Liberal statesman in England would seem to have been born and educated, and that even amidst your more anxious duties you will remember this poor country and her poor people as deserving of special care and protection at your hands."

The Hon'ble PANDIT SURAJ KAUL said:—"My Lord, the Financial Statement for 1898-99 now before the Council apparently seems satisfactory, inasmuch as it provides for some extraordinary items, such as for the full amount, Rx. 1,500,000, of the famine grant, and allows Rx. 1,420,000 for

continuance of war expenditure and Rx. 200,000 for new pay conditions of British soldiers; yet after meeting these charges it still shews a surplus of Rx. 890,000, and we may hope for more saving from the heads of War and Famine, there being no likelihood of their recurrence. The amount spent last year on famine relief has relieved 830 millions of units, and the expenditure incurred on war was based on good and far-sighted policy, and Rx. 1,490,000 provided for continuance of war are also necessary and consistent with political reasons.

"Men of experience say that peace on the frontier means peace in India, and in the interests of India it is extremely necessary to establish the superiority of the Supreme of the Government on the frontier. It is a point, however, worthy of notice that notwithstanding a surplus of Rx. 890,000, the Secretary of State is going to raise another permanent loan for India, which shows that India, which is already over-burdened with loans, will have to bear another in addition. Though India cannot, as a right, claim help from the English Exchequer, yet in consideration of its present indebtedness and the loan now contemplated, the Home Government might, I think, well extend its generous help to this country.

"My Lord, as a member of the Punjab Provincial Committee of the Indian Famine Relief Fund, it is my duty to express the sincerest thanks of the Hindus, Muhammadans and Sikhs of the Punjab to the Government at Home and to Your Excellency's Government for the very liberal pecuniary help to millions of starving people and for the prompt measures adopted for the relief of the distress. It was by no means an easy task to contend with the difficulties which beset the work, and the brilliant success achieved in tiding over the famine is due to the keen interest taken by the Local Governments in mitigating the effects of famine.

"I have also to cordially thank, on my own behalf and on behalf of the people of my province, those gentlemen in India and abroad who extended their generous help at such a critical time. Throughout the history of India there is no instance of such an intense widespread famine as the recent one being successfully overcome by the strenuous efforts of Government, when such enormous sums of money were spent in true sympathy with the distressed people. It is a singular instance of the kind, and for this the people are truly grateful to Her Gracious Majesty the Queen-Empress. It gives the people great satisfaction to see that a Commission appointed by the Supreme

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Government is holding enquiry throughout India with a view to the adoption of better preventive measures in case, which God forbid, the calamity ever occurs again. This convinces the people all the more that Her Gracious Majesty and Her Government keep their interests at heart, and they realise the sympathy and consideration with which Her Majesty's Government regard them."

The Hon'ble Mr. NICHOLSON said:—"My Lord, I have little to say upon the Financial Statement in its general aspect, and would merely congratulate Your Excellency's Government that the financial year, with its unexpected and disastrous burdens, has reached its close, and that the coming year gives greater hope of equilibrium in the finances of Government. I note, however, with concern, the serious shrinkage in the opium revenue, which, though providing *net* returns in 1894-95 and preceding years of about 6 crores, has steadily fallen to less than one half, *viz.*, 2 crores 87 lakhs in the current, and 2 crores 67 lakhs in the budget, year—a fall due both to small sales and lower prices. I think that this very heavy shrinkage in revenue has not been sufficiently considered by critics who oppose alike taxation on the one hand and parsimony on the other.

"I remark, further, the extraordinary increase in the imports of silver bullion, and, without attempting to base any economic argument upon it—for its precise meaning is not absolutely certain—I note as a fact of much interest that, in a year of widespread famine, about 1,100 tons of bullion, not intended for coinage, but capable of coining nearly 100 million rupees, have come to the country to stay. And considering that this bullion, or much of it, was sent into the districts, whether famine-stricken or otherwise—tons of bars were sent in the middle of the famine to Adoni in the Bellary District of the Madras Dekkhan—it would be interesting to know what the consignees have done with that bullion, and what is the financial result to the raiyat. For, since a rupee is worth nearly 16 pence, while a rupee's weight of silver is worth only 11 pence or less, and since the raiyat knows nothing of this artificial difference in value, he may easily be cheated into accepting silver bullion of very short value in exchange for his produce or for his hoards of coin or for currency notes.

"I take this opportunity of asking whether there is any reason, apart from the chance of smuggling, why the import-duty on silver of 5 per cent. *ad valorem* should not be raised; such increase would improve the budget figures; it would bring the intrinsic value of silver, within the country, more

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nearly to a level with that of coined silver; it would affect what is really a luxury since silver is no longer coined but can be used only in the arts; it would to some extent reduce the importation of mere bullion and increase that of more useful goods; it would raise the value of all silver already in the country, so far as regards the internal exchanges. It seems to me a duty which would appreciably harm no one, while benefiting both the people and the fisc.

"Turning to the subject of railway construction I note that while a very large sum is budgetted for the coming year there is a certain hesitation as regards several Madras lines; *e.g.*, the Calicut-Cannanore Railway which was to have been already begun and for which some 40 lakhs are entered in the Budget, has against it the ominous word 'deferred'; other lines of much importance are probably deferred for want of complete information. If the delay in the lines of the West Coast is due merely to a reconsideration of the mode of constructing and working the lines on a more economical or systematic basis, the delay may be a distinct gain, but I would urge the economic importance of the early construction of these lines.

"The extension of 'light railways' seems to be but slowly developing, and to deserve much greater attention; over the larger portion of this country, at least of the Madras Presidency, I should consider that three or four miles of 2-foot light railway would be of far more value, whether in protection or production or public convenience, than one mile of metre or standard gauge of perhaps equal cost.

"This topic brings me to two allied subjects of the Financial Statement, *viz.*, savings banks and loans to agriculturists, which are complementary to the matter of railway construction; complementary, I say, because the more you gridiron a country with railways, and the more you consequently substitute current, easily spent coin for an uncurrent, unspendable surplus of grain, the more necessary is it to provide rational and stimulative methods of saving instead of allowing men to hoard their money unproductively or spend it heedlessly. Not only so, but since railways are *not* mere means of transport, but are intended actively to develop production, it is essential that, if they are to fill their rôle and if future Budgets are to show a railway surplus, banks, not merely as places of thrift but as sources of credit, are necessary complements of railways; I do not mean the exchange and commercial banks of the towns, but the petty banks of the villages. We want banks, both for saving and for lending, which shall be local and continuous in action, and I

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speak with knowledge when I say that in the Madras Presidency the villagers are, in many places, feeling blindly, and often rashly and unfortunately, after means to accumulate savings in security, and by mutual assistance to unite their individual dribblets of capital into loanable and useful sums by means of *quasi-banking* mutual associations.

"Now, I need hardly point out that in the present Budget there is *no* provision for village banks; all that we find are Government savings banks, which, on the one hand, as we know from the Post Office report, do not touch agriculturists, or only to the amount of about 1 per cent., and on the other are unable to lend their funds as the independent Prussian savings banks lend them, in small rural loans; in fact, they are, to quote the words of the Hon'ble Finance Member, 'mere episodes.' On the lending side of the Statement we find the comparatively large sum of nearly  $\frac{1}{2}$  crores as loans to agriculturists in the last two years. But this again is, as regards magnitude, a mere occasional episode resulting from the famine; and large as it is, it is a mere nothing to the needs of the raiyats as agriculturists. In fact, however, the ordinary expenditure on loans to raiyats is about 25 lakhs—a sum absolutely insignificant viewed as a direct means of agricultural or trade development.

"Now I am not an advocate for very large Government advances to raiyats, and it *may be* that these moderate sums are all that can rightly be spent by Government at present for such purpose. But I should like to urge that these 25 lakhs if applied to the encouragement and instruction—not to the establishment—of village-banks, and to granting them moderate loans—at full market rates—would, in my opinion, transform in a few years the thrift and credit systems of the villages, would immensely develop trade and the returns to rail way construction, would reduce poverty, and would materially relieve both the Treasury and the Administration. Government funds should be applied rather to the attraction of other capital into village-banks than as individual loans, and I may add that if in times of famine it should be desirable to distribute agricultural loans as in the past two years, these banks would form the best intermediaries between Government and the raiyats.

"I do not suppose, however, that these 25 lakhs will or can be diverted, at all events wholly, from their usual destination; if money is to be granted for the encouragement of village-banks, it must probably be granted from some other source. I am told that money is very tight just now, and that by reason of demands upon both the Imperial and Provincial Treasuries it is

hard to find even a thousand rupees. Well, we are also told that there may be a surplus in the coming year, and my hope is that, in view of the importance of the subject, part of this surplus—say, any excess realized over the Budget figures on the importation of silver—shall be available if Local Governments are able to utilize it in this way : and not only so, but that in all future Budgets the continuous development of village banks shall be accorded liberal support.

“ One last word, my Lord, on the subject of these loans to agriculturists. The Hon'ble Finance Member has, in paragraph 27, authoritatively stated that Your Excellency's Government has been assured on all hands ‘ that the cultivators habitually observed the obligations which they accepted in respect of the advances. ’ That fact, my Lord, is a fact all the world over in the dealings of village-banks with peasant farmers ; there are thousands of such banks with myriads of loans annually, but not in one case do they lose by the fraud of the peasant borrower ; this fact will be equally true of the Indian raiyat, who, when faithfully, wisely and honestly dealt with, is faithful and honest in observing his obligations ; and it is on that fact, amongst others, that I have—not here but elsewhere—founded my suggestions for the encouragement of village-banks.

“ I turn now, and very briefly, to the last point on which I desire to touch, *viz*, the provision in the Budget for direct action upon agriculture. My Lord, when we look at the Financial Statement and see that the famine has cost Government alone more than 14 crores, when we remember that this famine is only one of several which have confounded the finance of the country and diverted vast streams of funds from much-needed improvements, when we take stock of the wreckage, the loss in health and wealth to the people connoted by the loss sustained by Government, I think we are justified, when considering this Statement, in asking ourselves whether nothing can be done by Government to lessen the chances or the intensity of such recurrent misfortune. My answer to that question, my Lord, is that, wholly apart from the general action of a civilized and civilizing Government, much *can* be done by specific and positive action upon the agriculture and stability of the raiyat through Departments of Agriculture. In this connection I mean by a Department of Agriculture a Department dealing completely with the second of the three classes of duties mentioned by the Government of India in 1881, *viz*, ‘ the general improvement of Indian agriculture with the view of increasing the food-supply and general resources of the people. ’ I do *not* mean the Departments in their record and statistical



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branch, or in their work in organizing famine relief, but I mean their duties in examining the local conditions and limitations of agricultural practice, in research and experiment in the fields and in experimental farms, in examining and dealing with disease in crops and cattle, in fostering better farm practice, in encouraging popular agricultural education, in assisting the spread of associated rural credit.

"Now I may be told that Departments for Agriculture do exist in every province, that it is their fault if nothing has been done, and that there is no obstacle to their starting on any lines of enquiry that they please. Well, assuming—what I do not altogether admit—that this is so, still there are several answers to it.

"I would answer, in the first place, that they have been passing through the usual first stage of failure, mistake, and loss of confidence—both self-confidence and public confidence; even so, however, there have been useful results; views have been cleared, experience and observations have accumulated, mistaken lines have been abandoned and others indicated; some positive results have been attained, while facts have been observed and collected which warrant the opinion, or at least the strong hope, that there lies within reach of every raiyat, and in his own labour and resources if properly directed, the power of so far combating seasonal failures as to ensure, in all but the most desperate cases of drought, some return of grain for men and fodder for cattle over millions of acres of poor land which cannot be reached by any class of irrigation and which now yield little or nothing upon the occasion of very moderate droughts.

"But the second answer which I would give is that the Departments, on their purely agricultural side, have been starved; it is only throwing money away to spend a few thousands here and there and now and then; liberal continuous supplies of funds are necessary if the Departments are to be more than a mere *nominis umbra*; it is the financial difficulty that is a main obstacle to progress, as lately pleaded by a Provincial Government. Money of course will not do everything, but without it we can do nothing.

"It is difficult to disentangle from the accounts the sums spent on or available for agriculture proper as defined above. In the Yellow Book for 1896-97 about 102 lakhs are shown against Land Records and Agriculture, but this large sum was evidently spent *almost entirely* on Land Records, since 97 lakhs are shown as district charges, and we know that this means merely the

cost of the village-accountants and inspecting staff who have nothing to do with Agriculture proper but only with accounts and statistics; much of the remainder went in salaries and miscellaneous charges of the Land Record officers. If we add together the cost of two or three Agricultural colleges, shown under Education, a certain moderate proportion of the salary of Land Record officers, such small portion of the expenditure on the Civil Veterinary Department as affects cattle as distinct from horses—which have, practically nothing to do with agriculture—and the sum of about 1½ lakhs shown in the accounts under ‘Experimental cultivation,’ we shall probably account for the whole amount spent in India on Agriculture proper.

“ I think that the Council will agree with me that the provision in the Budget for Agriculture is wholly insufficient, and that the needs in this respect of a vast agricultural empire demand far larger funds.

“ Now, my Lord, it may very rightly be thrown as a duty on the Provincial Governments to provide for and to enter in their Budgets sufficient funds for the due and efficient working of efficient Agricultural Departments. But I conceive that there should be some very clear indication by the Imperial Government that increased and strenuous effort after agricultural development, as distinguished from statistical and record work, is the immediate and urgent order of the day; I think that there should now be a clear pronouncement that vigorous and immediate effort in the work of a Department of Agriculture, as defined above, is as much and as urgent a part of the internal policy of Government in view to prevent or mitigate famine, as the provision against invasion is part of its external policy. And since the Provinces plead lack of funds, and since the supply of funds is the best proof of a belief in the importance of a policy, I trust that a portion of the expected surplus may be formally devoted to Agriculture, and that for many years to come due provision for that Department may be inserted in every Budget ”

The Hon'ble MR. LATOUCHE said :—“ My Lord, what I cannot but consider as a very remarkable feature of the Financial Statement is the rapidity with which it is anticipated that the country will recover from the effects of famine and scarcity.

“ The harvests of 1897 have been bountiful, but in many districts there has been a succession of bad years, and the speedy recovery of the country was only possible because the famine administration was eminently efficient and successful in

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preventing a permanent impairment of the resources of the people. The cultivating communities were held together ; there was no aimless wandering in search of food, and villages were not deserted. There was privation, no doubt, and heavy losses of cattle occurred ; yet by means of advances, and by the beneficent operation of the Indian Charitable Relief Fund, seed-grain and plough-cattle were provided to give a fresh start in agricultural life to those who had lost their capital in the struggle.

"As soon as the rains fell a very full area was brought under cultivation, and while the standard figure for Land-revenue for 1898-99 is Rs. 27 crores and 69 lakhs, the expected receipts are 85 lakhs in excess of this figure.

"In the North-Western Provinces and Oudh the estimated receipts are 6 crores and 66 lakhs, or 55 lakhs more than the standard of 1896-97.

"Yet this result is not obtained by a decision to collect all arrears as soon as ever the seasons become favourable.

"The revenue suspended in those provinces during the years of scarcity amounted to 144 lakhs. Of this sum sixty lakhs were, with the sanction of Your Excellency's Government, finally remitted, and the balance, 84 lakhs, will be gradually collected in two years.

"If the approaching rainy season is timely and propitious, the anticipations of collections will, it is hoped, be realized, but the seasons are an element of uncertainty, and the special circumstances of particular estates may, as the season turns out, require special leniency in the gradual collection of arrears."

The Hon'ble SIR GRIFFITH EVANS said—"My Lord, the result of the Revised Estimates for 1897-98 is, after meeting extra charges of over Rx 9 millions for Famine and War and nearly Rx 600,000 for Plague and Earthquake, to show a deficit of Rx 5,280,000 only.

"This is better than could be expected though gloomy at first sight.

"But the Estimates for 1898-99 are startling. They show an ultimate surplus of Rx 890,000 : but this is after providing a famine surplus, or famine grant as it is called, of Rx 1,500,000, and after providing Rx 1,490,000 for expenses mostly already incurred in this year's Frontier War and Rx 390,000 for this year's plague and earthquake.

"This result, taken with the figures shown in the retrospect of twenty years, amply justifies the Government in not compromising the financial independence of India by applying for aid to the English Exchequer.

"But, hopeful as the prospect may look, this is no time for discussing the application of the anticipated surplus or for urging claims for increased expenditure or remission of taxation.

"The surplus is based on an anticipated exchange of 1s. 3 $\frac{3}{8}$ d.

"Whether this rate can be maintained in the face of the proposed drawing of Rs 16,000,000 of Council Bills must be very doubtful unless some steps are taken for giving stability to the rupee. Add to this the fact that the plague is still raging in Western India and may spread, and the uncertainty of the situation is obvious.

"It is very desirable that whatever is to be done as to the exchange problem should be done quickly so as to relieve the stringency of the money market in India, and I take the fixing of this high rate as a sign that the Financial Member does not anticipate an abandonment of the present currency policy, but rather a completion of the scheme for a 1s. 4d. rupee.

"I do not propose to say more of the famine, which was discussed fully last year and has been discussed to-day by previous speakers, than to say we are well through this great calamity, and to hope it may be long before we have another such failure of the rains.

"As to the Frontier War, it was unavoidable. When we were attacked the Government of India were bound to teach our assailants a lesson whatever the cost. Most of the great empires of the world have had savages or barbarians on the frontiers, and one of the first signs of decay has been when the empire has been unable to keep them in check.

"There are two ways of dealing with such people. One is to bring them under control and turn them into peaceable and industrious folk; the other is to leave them alone in their fastnesses and mountains with the menace of fire and sword should they raid across the border.

"Which course should be adopted must always depend upon circumstances—the character of the country, and of the people and the resources of the Empire.

"If the country is peculiarly inaccessible and the people fierce and untameable, the second course is generally the soundest. It involves the necessity of keeping troops within striking distance and of expeditions from time to time, but if the

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savages once understand that you do not want their country and will not cross the line that you have drawn, whatever it be, save for summary punishment of raiders, and that the punishment is certain, the expeditions should not be frequent.

“Recent events have, I think, made it very clear that this is the principle to be followed in treating the Afridis and cognate tribes. It may be true that in time barbarism recedes before civilization, but there have been civilizations and empires before ours in India, and yet these tribes have remained as fierce and untameable as the wild bees of India in their rocky defiles.

“The slow influences of change of environment and the love of money may affect these savages in time, but if we try to anticipate the course of nature and to force the change it will be at a fearful cost of blood and treasure. Moreover, behind them are others as bad as they.

“It is easy to formulate principles—it is difficult to apply them; and Your Excellency’s Government has now the difficult task of determining what positions should be occupied, and what dispositions should be made for the future, and which particular mountain passes it is essential that we should dominate, and how they should be held. When these matters are settled and peace restored, it will be long, I trust, before it will be necessary to administer another lesson to these tribes.

“Born fighters though they are, and considerable as are the losses they have inflicted on us, they have learnt that our armies can penetrate into their furthest fastnesses, which they thought safe from any invader, and that neither their crops nor their homes are safe if they insist on fighting the British Raj.

“Our army, too, accustomed as it is to savage warfare, has had a unique experience. It has had to invade a country of inaccessible mountains and narrow rocky valleys, where the best road is a mule track, inhabited by a race of the finest marksmen in the world armed with modern weapons of precision, and brave as the invaders

“I am not a soldier, but as one who has shot a good deal in the Himalayas the wonder to me is not that the task was not better done or with less loss, but that it was possible at all to march a modern army with its miles of transport animals and baggage going in single file, through such a country in the face of such an enemy so armed. It has been an entirely new experience, teaching new lessons in frontier war.

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"Now that this war is, I trust, practically over, we may, if we pursue a sound policy, hope to have no expedition costly enough to disturb our finances for some time, and the Council next year may have the pleasant duty of pressing the various internal needs of the country upon a Finance Minister endeavouring to guard a large and certain surplus.

"There is one matter I must mention before I conclude.

"How is it that the Government apparently never has any intimation of what is going to happen? Whether it is a mutiny, an outbreak or a frontier raid, its first intimation of it appears usually to be the accomplished fact.

"Is it not possible to have some sort of secret service which could really find out what was going on? It would be well worth paying for if it was really efficient. That the unexpected should happen sometimes is inevitable, but that nothing should happen except the unexpected, is unsatisfactory."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said :—"My Lord, it is impossible for the country to be too grateful for the heroic fortitude and ungrudging bounteousness which marked Your Lordship's Government in coping with the famine which is not yet on its last legs so far as some areas are concerned. No less fervent and no less intense can also be the gratitude which the present generation is feeling and many generations yet to come ought to feel for the magnificent stream of help which poured in, in response to the appeal made under Your Lordship's auspices to the generous instincts of the friends of humanity in Great Britain, America and elsewhere; for without this latter supplementary flow of wealth a large percentage of the famine-stricken must have been dead, dying or permanently disabled, if the Government rigidly adhered to its avowed resolution to confine its aid to bare subsistence-ration only—though I have always ventured to cherish the secret hope that, in case the appeal in question should fail to evoke substantial sympathy from outside, the Government would have most surely stepped beyond the arbitrarily-drawn line and readily come up to the mark. The two figures, *viz.*, five crores and odd of rupees expended by the Government in saving lives, and a crore and odd of rupees with which the benevolent public afforded indispensable comforts or set up persons whose all had been lost during the famine—making a grand total of six crores and odd of rupees, may therefore be looked upon as some approximate measure of the gratitude due on the part of the Indians. Those very figures awaken in one the involuntary reflection that the self-same amount may also be regarded as a rough measure of what, either as a saving, surplus or margin, must annually

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remain in the pockets of the people to tide over similar misfortunes which, in spite of the many precautions already taken, seem bound to recur at short intervals, and which threaten to become almost constant factors, to be solemnly reckoned with, each single year. It has thus become an imperative duty and a paramount consideration for the responsible Government to grapple with the problem how best to secure such a vantage ground for the people, the bulk of whom eke out their existence by agriculture, and a large percentage of whom live by handicrafts of many sorts. It is in proportion to the approach, made by men sitting at the helm of Indian affairs, towards a solution of this problem, that credit is scored or reputation is achieved by them. To shuffle the cards so as to make the two ends meet for any particular year,—by continually raising loans, by waving famines out of sight, by relying on bumper crops, as sure not to come as to come, by expecting the next or any year's harvest to pay, not only that year's tax, but also those that have been suspended in the previous year or years, by leaving nearly all the taxes at the enhanced rates they have been for years, by budgeting for moderate sums under this or that head, which when revised in the light of actualities mount up several fold, as for an instance the Budget famine allotment doubled itself in the Central Provinces and more than quadrupled itself in Madras, by shutting the eyes and the ears to provocations of wars on the frontier, constantly on the card, and other makeshifts,—to do all this, without also making any appreciable advance in finding out a clue to the solution of that vital problem, is neither a solid triumph of talent nor a matter for enduring satisfaction. To the credit of the present Finance Minister be it said, however, that he did not originate this method, but found it chalked out for him. So far, he is not to blame. The point is, nevertheless, one which calls for notice, all the same. During the Budget debate last year, I said that one consideration that was uppermost in the mind, even from the days of the Court of Directors, was the prosperity of the raiyat population, so that the taxes levied may leave a margin with a view to meeting any increase in the cost of agriculture and providing for a rise in the standard of living. The figures I quoted in the commencement of my remarks to-day would seem to shew that the need exists, not only to leave a margin to meet any increase in the cost of agriculture and not only to provide for a rise in the standard of living, which inevitably multiplies the material requisites of a civilized life under the enlightened British rule, but need has also arisen for something far more urgent, namely, to lay the foundation for two other and comparatively minor objects, *i.e.*, to enable vast multitudes, *firstly*, to earn the necessities for existence, and,

*secondly*, to command the necessities *for efficiency*. In the face of this accumulated and complex responsibility there must be a radical change in the revenue administration of the country. 'The difficulty of finding other sources of revenue' have long solved this problem. That ought no longer to weigh in the balance; but on the contrary the present policy must be resolutely and with a solemn sense of duty reversed or gradually give way, and we must go back to the *one* reform which, soon after Her Majesty's assumption of the Government of this country, the statesmen of both the parties in England agreed to be the only one calculated to bring competence and contentment before long and lead in its wake to prosperity all round. The reform I allude to is what has been authoritatively called a *permanent and perpetual settlement of land-revenue*. Here, My Lord, I have two or three passages in support of the above statement from Parliamentary debates in 1863 and a few remarks thereon. But, as the Finance Minister is evidently bent on raising the extremely difficult question of relevancy, I hold them over, as I do not wish to argue that question except with lawyers, before Courts of Law, with decided cases and with a good fee, though I hold the said passages quite relevant. I do so particularly because my quotations and observations could be placed before the public and the Government without my doing so through the Council and long before the Council proceedings would come out.

"In calling attention to this vital point of urgent reform, I mean no sort of slur on our Financial Minister. I do not in the slightest degree imply that he has failed in his this year's duty in not initiating the reform in question in any shape or form. We are not yet quite out of the throes of the famine. That must fairly turn its back upon us; and there must be, to some extent, a return of the normal conditions, and we must have a reasonable breathing time. Till all this shall have happened, the Financial Minister—and for that matter the Government as a whole—must perhaps have the freest hand possible to manipulate things as seems expedient in the exigencies of the moment. All I urge, and urge forcibly, is that the boon contemplated and unequivocally promised in 1863, may be taken in hand in right earnest, and that the earliest opportunity, then held out, may not be still further put off.

"As bearing on the well-being of the agricultural classes in this country, I have to record my regret that the currency question is still left unsettled. So far as *their* welfare is concerned, it will receive a powerful impulse from the re-opening of the mints: but unless otherwise safeguarded, *i.e.*, in respect of



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payments to be made in England on behalf of India, what will be the advantage of the agriculturist may work a dreadful harm to the community as a whole. Anyhow it is beyond question that, so far as the producers are concerned, the closing of the mints has done, is doing, and is bound to do them an amount of injury which it may take several decades of prosperous years to repair, if it *were* reparable. Beyond saying this I cannot venture to go, on this question of infinite complexity, of conflict of interests and of no end of cross purposes. The only thing I can safely state is that, as the matter is described as being under consideration, there is hope of its early settlement for good or evil, and that I feel certain that our Minister of Finance will not leave the puzzle unravelled on any comfortable feeling of 'after me, the deluge.'

"On the general question of the Forward policy I adhere to what I said last year.

"I have no doubt that the Hon'ble Sir Edwin Collen has come, with enough powder and shot, to blow me up, or knock me down if I wag my tongue against the Department under his wing. But I have made up my mind to disappoint him. The war is still not over. Greater men and men who have made the subject their special study in all its bearings and aspects have expressed themselves in no uncertain terms. We have thus, at the present stage of the controversy, something of the case of doctors disagreeing. To maintain silence for some time longer appears to me to be both expedient and prudent. But, while on the subject of the war, which is costing us mints of money and hosts of lives, I cannot but record my deep regret that the Government has thrown away a rare opportunity to benefit this country. To deal with the question of English contribution towards the cost of such wars as the present, as if it were the outcome of generosity, is to raise and discuss a false issue. India's prayer to England is 'be just'—not 'be generous'; for generous she will always be, and she has the other day been on a scale which may well be styled homeric. I diametrically disagree with the Government that what is asked for is either a donation or a bonus or a dole of charity. Much was expected and much was foretold, under this head of English contribution, from the Welby Commission and from the well-considered utterances of Her Majesty's present advisers. But a gale of contempt—shall I add, a squall of false pride—has dispersed the clouds which came to rain. To cast away an advantage, the like of which is rarely met with in the path of India's good fortune, at the same time that we pocketed our feelings when but the other day we went about hat in hand, is

to approbate and reprobate at one and the same breath. The only consolation which remains to the country is that the real issue of justice to the Indian tax-payer has not been finally disposed of. There have been individual pronouncements on it and the volume of affirmative opinion is increasing. Our Government, too, has been close enough as yet on *that* view of the case. I sincerely wish that the conditions will soon so alter as to command an equitable treatment of the subject and lead to a definite laying down of the principles on which Imperial England and her subject dependency should go shares in costly wars, which India cannot undertake even in defence of purely Indian interests, which latter it is always difficult to define. Financial independence is no doubt a nice thing to possess and to be proud of. But when we cannot afford it, with all the scourges, known to man, bearing down upon us in an unholy combination, that independence is but an empty sound, and that pride is absolutely out of tune. I am not alone in holding this opinion; for almost all the public organs, accustomed to take impartial views and conducted with conspicuous ability, here, in Madras and in Bombay, have, to my knowledge, discussed the question exhaustively. This may be regarded as a disadvantage by some. To me it is a decided advantage to find that I am spared that trouble and I can utilize the result of their instructive efforts.

"The *Statesman* of this city, among others, put the matter, the neatest and at its best, as follows:—

'During the twenty years, the Government, as Sir James Westland puts it, more than paid its way by the amount in question. It is obvious, however, that this fact, in itself justifies no conclusion whatever as to whether the country needs financial assistance or not. Before we can form any reasonable opinion on that point, we require to know, not merely that the Government paid its way out of revenue, but how it obtained the revenue which enabled it to pay its way, and what have been the consequences to the people of its realisation. In other words, we require to know the history of taxation and its effect on the welfare of the country, as well as upon that of the various classes of tax-payers, during the period. If he were in a position to assure us that it was the natural expansion of previously existing sources of revenue that had put it in the power of the Government to meet all this extraordinary expenditure out of income, and if, at the same time, he could also satisfy us that the burden of taxation at the outset was not unduly heavy, then, while the facts would not necessarily justify the expenditure, they would unquestionably show that the country was in no need of extraneous help. As a matter of fact, we know only too well that it has been largely by imposing new and enhancing old taxation that the Government has been able to achieve the result of which he boasts. To say nothing of the heavy increase that has taken place in local taxation, which has helped, in no inconsiderable degree, to relieve the pressure on Imperial revenue, or of the

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increase in the excise-duties, the period embraced in the review has seen the income-tax re-imposed, ostensibly to meet a temporary emergency ; the salt-tax largely enhanced on similar grounds ; the custom-duties re-imposed. The most that the Government can claim is that, in spite all these additions to the burden it has to bear, the back of the camel is not yet broken. But this fact, remarkable as it may be, certainly does not justify the conclusion that the load is not seriously injurious, or even that the need for lightening it is not urgent. We have said nothing, again, of the extent to which the progress of public works and administrative improvements has been recently retarded by the financial pressure to which the country has been subjected, though the fact that there is a heavy leeway to be made up in these respects has an important bearing on the question of its need for financial help.

‘ The mere fact that, taking the last twenty years together, the Government of India has more than paid its way out of revenue merely proves that it has been successful, no matter at what cost, in levying the money required for the purpose from the people of India, not that they could afford to pay it. As a matter of fact, we know that the result has been achieved at the cost of large additions to the public burdens ; that these additions are the source of grave and widespread discontent ; that public works and administrative reforms of great moment have been retarded, and that, as even the Government themselves admit, taxation has been pushed to its extreme limit.

‘ As far as we are aware, the proposal was to grant the money as a free gift, as had been done on a previous occasion. Certainly it was not proposed that the grant should be conditional on any alteration in the constitutional relations between the Government of India and Parliament. It is argued, however, that, if the people of England came to feel that the maintenance of the Indian Empire meant the imposition on them of a heavy financial responsibility, they would sooner or later claim to exercise a stricter control than they exercise at present over its finances. Now, in this there is, no doubt, a certain measure of truth. But is it certain that the change it implies would be so disastrous to Indian interests as the Government of India appears to anticipate ? After all, the liberty which the Government of India at present enjoys in the matter of finance is a very one-sided affair. It can, no doubt, waste money as freely as it pleases, and it is not slow to avail itself of the liberty, where the result is to advance the interests of a dominant clique or of a privileged class ; and, as regards taxation, it enjoys a similar freedom as long as the people of India are the only sufferers from its exercise. But let it propose to raise revenue in a way which threatens to affect, however slightly, the pockets of the British manufacturer, or to offend seriously the prejudices of any powerful section of the British public, and it soon finds that its financial liberty is very narrowly limited. This is hardly a kind of independence which can be said to be of much benefit to the people of India. More than this, the probability seems to us to be that, if the responsibility of the House of Commons were increased, it would be less, and not more, likely

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than it is at present to fetter the discretion of the Government of India in the latter of the respects mentioned. What really leads the Government of India to deprecate a more intimate control of Indian finance by the House of Commons, is, we have little doubt, the certainty that the result would be that a check would be put upon favourite forms of extravagance, not the fear lest Parliament should interfere more freely than it does at present with its discretion to raise its revenues in the most convenient way.'

" Before I conclude let me say a few words personal to Your Lordship. We part company to-day as collaborateurs in the common function of legislation. In the task we were fulfilling, Your Lordship had a double capacity—the capacity of the head of the Government which sought the legislation proposed—and the capacity of a Member of the Legislature which had to judge of the propriety of the Government demand. In common with my non-official colleagues, I, too, had a double duty to perform, *i.e.*, *firstly*, as the representative of the public at large, and, *secondly*, as a Member of the Legislature. This difference of positions and standpoints has led to disagreements between us far oftener than to agreements on many of the topics which came up for discussion. It has been the uniform—I had almost said the unvarying—characteristic which distinguished you that you never once deviated from the attitude of dignity, high-mindedness and *surviver in modo* which disarmed irritation and poured oil over troubled waters. I, for one, as a colleague who tried to speak out my convictions in my representative and in my own individual capacity have nothing to complain of the treatment Your Lordship accorded to me and my non-official brethren. I should nevertheless wish that so many untoward things had not crowded into the period of Your Lordship's *régimé* and that we parted company as if those untoward things had not happened. Notwithstanding all the transitory friction that arose unavoidably on both sides, I, for my part, venture to hope that, into the higher spheres to which you may yet be called, Your Lordship will continue to carry a mind, unruffled and unwarped, and serve this ill-starred country and her ill-judged sons in a manner which will redound to your credit and advance her claim in the scale of nations, conformably to her status as the vassal of Her Imperial Majesty, the just, the considerate, and the loving Queen of the peoples, acknowledging Her sovereignty and relying on the declared principles of Her beneficent reign."

The Hon'ble MR. JAMES said:—" I would only like to ask the Hon'ble Financial Member if he has any objection, when he replies to the speeches of the debate, to give us information on two points. One is: does he see any prospect within a measurable distance of time of reducing the salt-tax? The other question is: has any progress been made since the discusson

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twelve months ago to put provincial contracts and provincial taxation on a more satisfactory footing? If the Hon'ble Financial Member can give us any information, and feels himself at liberty to do so, I venture to hope that he will."

The Hon'ble SIR HENRY PRINSEP said :—" I should not have intervened in this debate, but for the remarks made by the Hon'ble Finance Member at the last meeting of Council in reply to the claim made by the Hon'ble Mr. Arthur on behalf of an increase of salary to the Judges of Presidency Small Cause Courts. The Hon'ble Mr. Arthur pointed to the large surplus revenue realized by these Courts as ample for the expenditure which he represented to be necessary to ensure efficiency. The Hon'ble Finance Member replied that revenue derived from this source was Imperial ; that what was contributed by any Court or class of Courts could not be considered separately ; that when examining the comparative income and expenditure of the Civil Courts he found that the whole income, and sometimes more than the income, is taken into account, while a very large portion of the expenditure is left out of the account ; and he added, though I cannot recollect the occasion, that when I challenged him on this subject some time ago he was obliged to answer me that the figures that I gave left out a very large proportion of the expenditure. I therefore take advantage of the discussion on the Budget Statement to draw the attention of the Council generally to this subject—to the revenue derived from court-fees and its application to the charges on account of the maintenance of Civil Courts ; and I venture to challenge the position claimed by the Hon'ble Finance Member that the information possessed by the public is altogether unreliable. I am not prepared to admit from what we have been told that the receipts have been over-stated, while the expenditure has been considerably under-stated, so that the net result is far from what it has been represented. I venture, on the other hand, to state that some of the items of expenditure entered as well as some which have not been debited are not properly chargeable. I also maintain that the revenue realised has not been fully shown, and that if these omitted items be credited, and that even if the expenditure claimed by the Finance Member be taken into account, the result will be not less favourable than appears in the only return of this account which has been published.

" No one will doubt that the preparation of a return showing the revenue and expenditure relating to Civil Courts must be a very complicated and laborious task in its preparation. The fact that it was only in January, 1890, that such a return for 1885 could be obtained alone shows this. That return, which was

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published in the Gazette of India on 10th January, 1890, contains the only information that we have on this subject, and it was obtained only after some pressure or importunity by one of the mercantile members of this Council.

" I will briefly state the results there shown. The Civil Courts of Bengal yielded a surplus revenue of 14½ lakhs and those of Madras Rs. 37,000, and against this the Civil Courts of all other Provinces were returned in deficit. In Bombay they showed a deficiency of over 10 lakhs, in Burma of about 8½ lakhs, in the Punjab over 5 lakhs, and in the North-Western Provinces and Oudh about 2¾ lakhs, smaller deficits being shown in other provinces. On the whole, the receipts appeared as Rs. 2,01,76,000, and the expenditure as Rs. 2,14,27,000, or a net deficit of Rs. 12,51,000, or 12½ lakhs of rupees. Thus of the cost of the Civil Courts in British India the Government has paid less than 1-16th, or in familiar language less than one anna in the rupee. The Finance Member has stated that as a financial question the Government has to see that the Courts as a whole pay their way, and he admits that as a whole they do, or very nearly taking the whole country together."

The Hon'ble SIR JAMES WESTLAND:—" Will the Hon'ble Member permit me to interrupt him for a moment. My statement that the receipts were over-stated and the expenditure under-stated had no reference to the document the Hon'ble Member now refers to, but to other statements that have been made public. I do not challenge the accuracy of the statement to which he now refers. I was referring to what the Hon'ble Mr. Arthur represented as the excess revenue of the Small Cause Court."

The Hon'ble SIR HENRY PRINSEP:—" Allow me to explain that I have referred only to your statement as published in the Gazette of India of the 10th January, 1890. You are referring to some statement which is unknown to me and which is not published with that authority.

" The first point that attracts attention is the large surplus in Bengal, and the large deficits in Bombay, the North-Western Provinces and Oudh, the Punjab, and in Burma. The same law in this respect is, I believe, in operation everywhere ; the same system prevails. There is a manifest inequality in the incidence of this tax which can never have been contemplated by those who first imposed it by the law of 1870, for I cannot believe that it was deliberately intended to impose a tax that should under the same conditions fall so heavily, indeed almost entirely, on one province. At all events this seems to call for some explanation.

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"I am aware that it can be justly said that in any big business such as this may be described some outlying offices or Courts must be maintained at a loss to provide for litigation in sparsely populated areas; and that consequently all Courts cannot be remunerative or pay in the same degree. But to my mind this fails to account for such striking differences as a surplus of 14½ lakhs in Bengal and a deficit of over 10 lakhs in Bombay. Nor can it be justly said that such results are due to the litigious character imputed to the people of Bengal. An excessive litigation may be due to this, but not such an enormous excess of revenue over expenditure. That must be due to a greater amount of business on the average thrown on the Civil Courts of Bengal. And here I would for one moment diverge and ask how is it that in Madras an equilibrium or rather a small surplus can be returned, while in Bombay, where the conditions are generally similar, there is a deficit of over 10 lakhs of rupees?

"And now I wish to say a few words regarding the business of the Civil Courts in Bengal. It is notorious, and it has been notorious for very many years past, that the Judges of all these Courts are overworked; that they are called upon to undertake more than they can properly perform; that their duties are conducted at an undesirably high pressure which too often results in failure of justice. The present Lieutenant-Governor of Bengal, I have reason to know, realises this, and sympathises with the Judges of our local Courts. But I have had a sad experience of his predecessors and of the difficulties and obstacles in obtaining what, after a long correspondence, was ultimately conceded as indispensable. And I know that even now the Civil Courts in Bengal are undermanned both in Judges and ministerial establishments. Surely under such circumstances there is a right to appeal to the large surplus revenue derived from these Courts, and that I understand is the Hon'ble Mr. Arthur's claim to higher salaries for the Judges of the Presidency Small Cause Courts. The necessity being established, the money should be forthcoming. It should not be met by a *non possumus* from the Hon'ble Finance Member on such grounds as stated by him. The account may be Imperial, but it should be evenly adjusted.

"I will now address myself to the Hon'ble Finance Member's statement that the expenditure is under-stated, and that consequently the deficit is much greater than is generally believed. Attached to the return to which I have already referred is a Resolution of the Government of India. That return purports to give full information on the subject read with the terms of that Resolution. I will refer only to one of the items so mentioned in that Resolution, imperfectly entered on the debit side, and, as I understand it, it represents the heaviest of such charges.

It is debited in some degree, but not, so it is stated, completely charged. I venture to doubt whether such charges as house or court rent should be debited at all against the cost of the maintenance of the Civil Courts. It certainly does not indicate a liberal method of dealing with such a matter that such an item should be taken into account, for it seems to me that the first step, the initial step, to establish a Civil Court, is to provide for a proper court-house, and that rent for such a building is not a proper charge in considering the cost of its maintenance. There are other items to which similar objections may be taken. I should be glad to see an account such as the Hon'ble Finance Member would consider to be more accurate. But, even if my objections in regard to the debit account are not conceded, let me point out that the credit account, that relating to receipts, is also capable of very considerable expansion. Receipts from probates, letters of administration and certificates have been altogether excluded. It is so stated in the Resolution to which I have referred. But why should such an item be excluded? Is not this revenue realised through the Civil Courts? Is not the time of the Judges and of their ministerial establishments occupied on this duty? If the collection of this revenue were committed to others, additional expenditure would be incurred, and it not unfrequently happens that the time of Judges on the highest salaries is for many days occupied in dealing with intricate cases relating to such matters. It seems unnecessary for me to do more than in passing to mention that the revenue from such a source is enormous. I am inclined to think that it would absorb the deficit of 12½ lakh shown in the return, and that it would also meet any charges such as the Hon'ble Finance Member would point to as excluded from this return on the debit side. The return seems to me to be even more imperfect on the credit than on the debit side. I hope that I may have succeeded in showing that, in an application for an increase of expenditure on account of the Civil Courts of Bengal, the surplus revenue derived from those Courts may be appealed to whenever the necessity for additional expenditure may have been established, and next that the general result, whether this be regarded as Imperial or not, is at least not worse than that shown in the return of 1885, which contains all the information which has been published. If it be said that many years have passed since 1885, I am in a position to say that I have examined the returns of litigation of 1885 and also of 1896, the latest available date, and I can state, after a comparison between the returns of those two years, that there has been an enormous increase of revenue; and though I am not in a position to state what may be the account up to the present time in regard to expenditure, the large increase of litigation may be accepted as a guarantee that the account, when taken and balanced, will not be less favourable



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[*Sir Henry Prinsep ; Mr. Stevens.*]

than in 1885, while there is no reason to suppose that the proportionate results shown by the Courts of each Local Government will be materially affected.

" One word more in regard to the proportion of the costs of maintaining the Civil Courts of British India which is borne by the Imperial Government. It is presented at 1-16th of the entire charges, or one anna in the rupee. I will not follow the disciples of Bentham who contend that justice should never be taxed. That theory has been exploded by the decisive criticism of Sir Henry Maine. Bentham's theory is from one extreme point of view, but the position taken by the Hon'ble Finance Member, that he 'has to see that the Courts as a whole pay their way', goes to the other extreme. I am not aware that this policy has ever before been announced. It has rather been understood that the Government should meet, and had consented to bear, a fair share of the expense of maintaining the Civil Courts. In the debate on the Court-fees Act in 1869 Sir Henry Maine, who may be supposed to have represented the Government, expressed himself in these terms :

" The true doctrine was that the litigants and the general tax-payers should each contribute something. Nobody denied that the litigants benefited by the Courts, and nobody would deny that the rest of the community derived some advantage from the solution even of such questions as those raised by this Bengali gentleman's case' (the Tagore case, to which reference had been made). 'What the proportion paid by each should be was a question not of theory but of experience, to be equitably settled by the Government as trustee for all.'

"I venture to doubt whether one-sixteenth is a proper proportion, but I confess my surprise at now learning from the Hon'ble Finance Member that as a whole the Civil Courts 'should pay their way,' that is, contribute the entire cost of their maintenance ; for I understand that is the goal at which he desires to arrive, and I hope that we may receive some assurance that anything like an equilibrium such as indicated by the Hon'ble Sir James Westland is not contemplated, but that the policy of Government is that stated by Sir Henry Maine in 1869."

The Hon'ble MR. STEVENS said :—" My Lord, I do not propose to occupy the time and attention of the Council by discussing the details of the Budget, but I desire to add my voice to the chorus of congratulations offered to Your Excellency's Government by the preceding speakers on the extraordinary power of recovery shown by the country.

"For my own part I am disposed to attribute this, as well as the efficiency with which the famine was met and overcome, in a very high degree to the extension and development of the railway system. In Behar, for example, those who know the province best have been the most astonished at the greatly increased power of resistance lately exhibited by the raiyats, who have always hitherto been notorious for their poverty. There is little question that the principal cause of the change is the construction of the railways which now intersect the tracts that suffered so deplorably in 1873.

"I venture to think that the history of this year confirms, in the most striking manner, the wisdom of a policy of railway extension."

The Hon'ble BABU JOY GOBIND LAW said :—"My Lord, it is a matter for congratulation that after the two disastrous years that we have gone through, and the heavy expenditure incurred in battling with the famine and the plague, and in providing funds for the war in the frontier, that there is likely to be such a quick recovery as is foreshadowed in the Financial Statement of 1898-99 now before the Council for consideration.

"As regards the first and most terrible of these calamities, namely, famine, it has, as we know, been practically extinguished, and, in all probability, will not reappear for some time to come, at all events, not on such an extensive scale ; and no one can dispute the right of the Government to a full share of the credit and the satisfaction which are inseparable from work well and thoroughly done ; especially when it is considered that the result, such as it is, required the most stupendous efforts for its attainment. All that is over now, and it is satisfactory to see the Government have taken time by the forelock, and appointed a Commission to enquire and take evidence while the facts of the famine are still fresh in men's minds, with a view to the revision of the Famine Code in the light of the latest experience. Now one of the facts, and it is no new fact, which seems to stand out prominently is the supreme importance of effective irrigation works in times of drought. I do not say that the Government are not fully alive to this fact, but there is something connected with it which seems to hold them in check, and restrain them from an active and energetic prosecution of such works. I am aware, my Lord, that they may not always pay their expense, and I can well imagine that when there was a seasonable rainfall no cultivator would ever think of having recourse to irrigation : but, my Lord, Your Excellency's Government maintain a large standing army ; is it every day, or every month, or even every year, that its services are requisitioned ? In the same way is it not possible

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to provide some irrigation-works, though they may not all turn out to be paying works, and charge them to the general revenues, rather than have periodical repetitions of such horrors as we have recently gone through? It has, at the same time, to be borne in mind that when the famine spectre stalks the land we cannot meet him with empty hands, but must perforce lay out vast sums of money to propitiate him.

"In respect of the second calamity, I mean the plague, I regret, my Lord, I cannot speak with the same amount of confidence. It is as rampant now as it was twelve months ago, perhaps worse, and the efforts of the Government to alleviate it are as ineffectual now as they were then. To an ordinary person it appears as if nobody understood anything about it, and while we are fumbling about in the dark, are as far off as ever from a true solution.

"The frontier military operations relate to a subject, my Lord, which I am always unwilling to touch, for the evident reason that I do not possess the requisite information and knowledge which alone can qualify one to form an opinion; but this much the public have come to learn, that there is a considerable body of expert opinion against the operations, or [rather against the measures which necessitated those operations; and so long as this is the case, so long as the necessity is not manifest, or is doubtful, it is natural that the non-fighting element in the population should view them with a certain amount of mistrust, inasmuch as they serve to withdraw funds which would otherwise be utilized in providing the many pressing and urgent needs *within* the Empire.

"I will not take up the time of the Council by talking on such a knotty and complex question as that of exchange and currency, but this I may say without much risk of contradiction, that the long-continued stringency in the money market is well nigh intolerable to business men. The same thing happened last year, and I am afraid the currency legislation of 1893 must be held responsible for this state of things. That legislation, my Lord, was not deemed to be an end in itself, but as a means to an end, and after all these years it is to be hoped that something more definite—some scheme which may have the effect of securing a practical fixity of exchange—is not far off."

The Hon'ble PANDIT BISHAMBAR NATH said:—"According to the practice ordinarily observed in the Council, the presentation of the Annual Financial Statement, which is generally followed by a discussion upon it only,

after a brief interval, is so far useful that it explains and places before the public a forecast of receipts and disbursements, subject, of course, to variations modified by a subsequent revision of the estimate, difference from actual results finally arrived at.

"The preparation of such a Statement no doubt imposes an arduous task upon its framers, as it involves a close examination and a careful analysis of voluminous accounts of a diffuse and complex nature; and, as the official year terminates at the end of March, it becomes, I presume, impracticable to present the Statement earlier.

"The discussion upon the Budget is thus unavoidably deferred until the very last meeting of the Council here, and assumes, as it were, the character of a parting function. Moreover, such a discussion, being rather limited in its scope, serves no practical purpose, as under the existing rules no amount of criticism can lead to any alteration affecting the features of the Budget, either as regards its principles or details.

"The Statement for the past year was, so to say, one of adversity, as it was impossible not to read famine on every page of it. As rightly observed by our Finance Minister, in the introduction to the present Statement, the 'year now closing has been marked by a singular succession of calamities,' resulting unfortunately in a deficit of over five crores of rupees, that is to say, a larger amount than any since 1859-60, or since India came under the Crown. It is chiefly the outcome of the famine and plague, and it would not be found easy to replace it.

"While it is highly gratifying to hear, from the Hon'ble Member for Finance, that 'there is also a brighter side to his Statement' in the shape of bountiful harvests and an expectation of a rapid recovery from the effects of the famine, the attacks by tribes on the North-Western Frontier and the necessity of repelling them, by military operations, have, besides causing immense loss of life, entailed a heavy expenditure, to which the present Budget Estimate adds Rs 14,90,000, in order to meet the contingency of continuance of war during 1898-99.

"The plague is unfortunately still playing havoc in some parts of the Bombay Presidency, chiefly in the towns of Bombay and Poona, and it must continue, presumably, to cause a heavy drain upon the overstrained resources of the State, besides paralysing trade and commerce to the great detriment of the people there. It is equally lamentable to observe that the operation of the

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regulations devised with the best of motives and intentions for prevention of the spread of the epidemic, has, through mere misapprehension or prejudice, given rise to feelings of dissatisfaction and alarm, and led the people, panic-stricken as they are, to act lawlessly, imposing upon themselves the penalties which the law prescribes for criminal violence and disturbance of the public tranquillity. It is a pity that distempers such as these, equally injurious to the people and the State, should occasionally affect the weal of the body politic.

"Before I proceed to deal with some of the general heads of the Statement under review I feel bound to observe incidentally that the people in this country have heard with great disappointment that the Government of Great Britain has declined to make a contribution to the enormous cost of the Frontier Expeditions, which, though directed at repelling fanatical and hostile attacks, are virtually dictated by an Imperial policy. The decision to my mind is neither a just nor a generous one. It may be 'that civilisation and barbarism cannot exist co-terminously,' and that on the ground of prestige alone the Government could not have avoided the sending of punitive expeditions to the frontier, but the action of the Home Government in refusing any financial help to India over the frontier expenditure is deplorable.

"It is not easily conceivable why India, impoverished as she is, should be made to bear charges incurred for foreign wars or such other remote purposes that do not concern or affect her, especially when she has scarcely recovered yet from the effects of the closing year's calamities, and when in some parts of the country the agricultural prospects are not hopeful still. An appeal by India for help to Great Britain in relation to expenditure incurred for Imperial necessities has so seldom met with a response in spite of the justness of India's claims to contribution, that it is hopeless to look for any more for relief to that quarter. 'India is not presenting herself before England, as a poor relation seeking help out of the abundant wealth of the latter'; nor is it a question of the loss of India's financial independence, as was observed by Sir John Strachey, in 1880-81, and has been endorsed now by the Hon'ble the Finance Minister. The real question, I submit, is whether by persistence in the Imperial policy that tends to bring upon India pecuniary embarrassment, and thereby a disturbance of her financial equilibrium, the Exchequer in England should equitably contribute towards the burdens which India is obliged to bear. While 'England may rightly be proud of the way in which she has treated her great dependency,' she has incurred a sacred obligation to help India by countenancing a policy

seeking to establish a strong frontier, with the object of repelling an apprehended foreign invasion, which, it is hoped, will never take place.

"It were a consummation devoutly to be wished for if this country, with its own resources, were to rise from its accumulated misfortunes of last year, to new energy and new prosperity, than to present itself before England, for the purpose of seeking help; but the mere expression of such a wish is calculated to afford but a poor consolation, when it is perceived that there is already a deficit of over five crores of rupees, the result of calamities no doubt, and that the necessity for raising a further loan both in India and in England is under contemplation.

"The Estimates for 1898-99 show a surplus of over eighty-nine lakhs of rupees after providing for the famine grant and for continuance of war expenditure. But I very much doubt whether a surplus would ever accrue in the next year. The item allowed on account of the contingency of war would, I suspect, prove eventually inadequate for meeting charges necessary for the possible resumption of military operations and for the return of troops from the scene of war, unless the tribes were to offer their submission soon and peace restored on the Frontier.

"As regards a rupee loan of three crores of rupees which it is intended to raise in India, or the proposed addition to the Permanent Debt in England, beyond the amount required for discharge of India debentures, which form a temporary loan, I fail to see the necessity for overburdening the Exchequer in that way, when there is every prospect, as has been observed in the Statement under review, of wiping out in the next year the effects of the calamities through which the country has just passed. If the contemplated loan is meant to meet partially the large deficit of over five crores of rupees, as shown by the Revised Estimates of 1897-98, such an expedient would, after all, be nothing but simply a makeshift of a very unsatisfactory character. It may ostensibly supply the deficiency, by superadding to the existing burden, but would not actually restore the amount spent under a dire necessity.

"It will, I think, be not out of place to mention here, in connection with the rupee loan in question, that there is an announcement in paragraph 200 of the Statement 'that full liberty is reserved, as usual, to alter the programme as now announced to any extent that may be considered desirable.'

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"The Hon'ble the Finance Minister has taken the trouble of compiling an elaborate statement, which sets out a general result of our finances for the past twenty years, ending March 31, 1898. This he has done evidently, as he pleased to observe, with the main object of pointing out how little occasion there is for our seeking assistance from Her Majesty's Government in aid of our revenue account. It is probably from a keen sense of respect for his own high position as the head of the Indian Exchequer that he deprecates the idea of such an assistance. In referring to that special statement, the Hon'ble Member has remarked in paragraph 82 of the Financial Statement with which we are now dealing 'that the record of past twenty years' finance is a better one than can be shown by almost any country in the world but the United Kingdom.' I confess I have no right to deny to him the satisfaction that he feels and expresses at so favourable a result, but a cursory examination of some of the items and calculations goes to show that the excess of revenue over ordinary expenditure, achieved within the period of twenty years, comes up to over fifty crores of rupees, and that, of this excess, a proportionately large amount has been spent on war, which term does not include smaller military expeditions, they being taken as ordinary expenditure. The material condition of a country must, I think, be anything but healthy where a large proportion of its revenue is shown to have been absorbed by wars, and where the costs of expeditions undertaken on a comparatively smaller scale is treated in the accounts as an item of every day outlay. As to the balance of over three crores of rupees which is said to remain over to the good on the whole account after meeting the various special charges of a military character, besides those of the war in Afghanistan, the annexation of Upper Burma and the recent wars in Chitral and on the North-Western Frontier, I can only say that the balance is not available now, as it has more than paid the way of our Government in the past twenty years.

"The announcement that no charges in taxation are proposed is certainly reassuring, when it is hoped that a general bounteous harvest will enable the Government to realize considerable arrears of suspended Land-revenue, and that favourable Railway earnings are expected by the signs of the rapid recovery which the country has already shown.

"Of the several heads of accounts that have been discussed in the Statement some require, I think, merely a critical, while others an analytical, examination.

Again, there are certain questions of a general nature the consideration of which does not immediately affect the details of the Financial Statement but rather involves administrative issues that have already been raised on other occasions, and demand a final determination. I suppose no question of relevancy would arise if I were permitted to refer to them in passing. An instance of the questions falling under the last category is the levying of fees upon litigants who resort to Courts of Civil Judicature for invoking judicial aid. The practice is open to grave objection, as one of principle. No such tax upon justice exists in the civilized parts of the world, such as Europe or America. As a justification of the impost, it is urged that the people of this country are habitually litigious, and take delight in litigation for its own sake, and that the imposition of the fee is intended simply to check the abuse of the privilege which they otherwise enjoy. I venture to question the soundness of the argument, and think that one of the reasons for which the levying of the fee is maintained is apparently that the administration of law and justice as an established institution derives its support mainly from that source, and is in a manner made almost self-supporting by that means.

“ Another instance of the kind, though quite different in its nature, refers to ecclesiastical charges, in connection with which a controversy suggesting, as it were, the disendowment of the Church in India has so often been agitated and discarded as being a chimerical one. The keeping up of an extensive Church establishment of various denominations may perhaps be justifiable so far as its maintenance is considered necessary for the benefit of the large European Army that serves in the country. But as our Government disowns all connection with non-Christian religious endowments in the land, it would be only relieving Indian finances partially of a burden if our Government could see its way to manage without the services of Civil Chaplains, in addition to whose salaries the revenues have also to provide for their passage and exchange compensation allowance.

“ I fear I would be treading upon rather delicate ground if I were to refer here again, as I was obliged to do last year, to the necessity of the revision of the salaries of the high dignitaries of State. As they now all claim and receive exchange compensation allowance, the plea urged for them, that their salaries were adjusted at a time when the rupee had not deteriorated in its value, entirely fails. The conditions of life in this country have now been largely revolutionised in consequence of the increasing facilities for shortening the period of voyage,



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and the Indian Civil Service, which has a just reputation of being regarded as being the best in the civilized world, is undoubtedly the highest paid.

“The rise and fall of the rate of Exchange obviously affect our finances materially, as regards the remittance of what are called Home Charges, which, heavy as they are, become unbearable when sometimes nearly an equal amount is added to that of the original demand in the shape of Exchange. The decision by the Royal Commission of Enquiry into the Civil and Military Expenditure incurred here is naturally awaited with great anxiety. We cannot anticipate yet how far that decision would go to relieve the people of this country of the burdens that have been imposed upon them and the crushing weight of which they are unable to bear. But there is reason to hope that the Commission will be able to minimise difficulties, by proposing a fair and an equitable adjustment of liabilities.

“While fully alive to the fact that India is enjoying incalculable blessings as the result of an unparalleled reign of peace and general amelioration, and without attempting to enter upon the debatable ground whether a Golden Age in the past was a mere fiction or as a reality to some extent in its own way, I cannot help observing that under the old *regime* of Government, defective and backward as its administration was in many respects, the undeveloped wealth of the country had no drain upon it, but found a circulation within the country itself, in spite of the unfortunate depredations brought on by foreign incursions, from which it has been happily rescued.

“Passing from generalities, which possess only an academic interest, we have to deal with stern realities; and for this purpose I may be permitted to go briefly into an examination of a few general figures. The most noticeable statements in connection with the Budget for 1898-99 are those marked A and B. The total revenue of India, including that in England, during the year in question shown in Statement A (as expressed in rupees), comes to Rx 99,085,400. From this large amount we have to deduct the expenditure incurred in India, and that charged in England, *plus* exchange at the authorized rate. The result is that while the total amount of outlay in India on both Imperial and Provincial heads is seventy-two crores, forty-nine lakhs and thirty-three thousand rupees (Rs 72,49,33,000), the whole expenditure charged in England against the Revenue of India, adding exchange on the same, amounts to Rx 25,700,700, the whole

aggregating in a grand total of 98,194,000, leaving a surplus of eighty-nine lakhs and fourteen thousand rupees. It is by this process that the surplus in question is worked out and anticipated in the Budget Estimate. Whether it will stand the Revised Estimate, and be available eventually, remains yet to be seen. While we are unable to foresee what turn the seasons and monsoon may take, the programme as settled at present is that a rupee loan of three crores of rupees, subjected to the usual reservation of power, is to be raised in India, and that the Secretary of State proposes to add six million pounds sterling to the Permanent Debt in England, besides renewing six million pounds sterling outstanding temporary debt.

“ While I cordially join in allowing that meed of admiration and praise which is justly due to the Hon'ble the Finance Minister for his having kept open his purse with the munificent object of relieving distress during the famine, I regret I cannot help remarking that a Budget Estimate which shows a surplus of an unreliable character and discloses a determination to impart elasticity to the borrowing powers of the Government both here and in England, cannot be hailed with feelings of satisfaction, as one indicating a hopeful forecast for the future. I would be too glad to find if what I suspect would happen were to prove a delusion, by sure return of prosperity and bounteous harvest that we expect to reap soon. It is also noticeable that the proportion which the whole expenditure in England, including Exchange, bears to the total revenue of India, is rather large, as it appears approximately to be more than one to four. The Imperial Expenditure on account of Army Services in India also forms a large item; and the cost of the general Administration of the country in its various branches, too numerous to be mentioned, including that of railways, irrigation and other works of a reproductive character, is so enormous that not only the whole revenue of India, which is shown to have risen to its present figure from £67,000,000 in 1880-81, is absorbed, but there stands a very large amount of debt, permanent and temporary, for the payment of the interest upon which ways and means are to be provided for, from time to time. In the opinion of some of the military authorities holding very high positions, an army of seventy or eighty thousand European soldiers, for which India pays, is more than she wants simply to keep internal order, and it is considered at least 50 per cent. larger than it need be, were it not for matters beyond her frontier. Whether such a state of things, to which I have referred here, is desirable to be maintained according to well-established economic principles, it would not, I am

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afraid, be becoming in me to say. The solution of the problem is not free from difficulty, and demands the attention of those who are most competent to deal with it. I can only say India deserves a better treatment financially, and in this connection I may be permitted to quote here again, in substance, what Lieutenant-General Sir Henry Brackenbury is reported to have said last year, before the Royal Commission of Enquiry into the Civil and Military Expenditure in India. 'I cannot,' he says, 'but feel that Britain's interest in keeping India, under Britain's rule, is enormous. India affords employment to thousands of Britons; and employs millions of British capital; and Indian commerce is of immense value to Great Britain.' The concessions to the soldier that are to come into force soon will add another item to the Military expenditure.

"For a person like myself, who cannot pretend to be an expert in finance, it would, I believe, be regarded as a vain and fruitless attempt to speak with confidence upon any of the numerous and technical subjects that appear to have been handled and examined in detail with great care in the Statement laid before us. My remarks have, therefore, been confined to the aspect in which that Statement presents itself as a probable forecast for the coming year. I have also considered it desirable to offer a few general observations incidentally which, while they do not bear directly upon the results brought out in the present Estimate, merely aim at inviting attention to the propriety, or otherwise, of maintaining intact certain sources of revenue or heads of expenditure.

"One of the subjects which I think I ought to have noticed earlier relates to the remissions of land-revenue on account of Famine during the years 1896-97 and 1897-98. The total amount of those remissions, spread respectively over Bengal, the North-Western Provinces and Oudh and Madras approximately aggregates (as expressed in rupees) one crore twenty-two lakhs and twenty thousand only. The part of the country that has benefited most by this arrangement, probably by reason of the acuteness of the distress there, is the North-Western Provinces and Oudh. An immediate consequence of so beneficial and wise a measure certainly is that land owners who had been reduced to straits, and could not have possibly met the demand, have been spared their estates, which would have otherwise changed hands, to their great detriment. These remissions have been described 'as a final sacrifice of revenue', and I am afraid not advisedly, as the decrease thus occasioned goes, I suppose, to swell the large deficit that the closing year leaves, evidently creating the necessity for raising a loan, which must, until the return of some brighter season,

entail a further burden upon the Exchequer, and therefore upon the people, in the shape of accumulation of interest. I am aware that sanguine hopes have been expressed in the Statement as to the expected receipts under the head of Land-revenue in the coming year, resulting in an increase of nearly a crore and a half of rupees, as compared with the standard of the annual revenue as it stood in 1896-97. But how far this increase, when realised, will admit of its application towards the reduction of the deficit, viewed in the light of the remissions in question, I have reasons to doubt, considering that remissions of land-revenue form but only a single item of the decreases calling for a recoupment.

"In conclusion, without attempting to trespass any more upon the patience of the Council, I think it proper to close my remarks with the hope that the coming year may be one of prosperity, and thus realize the expectations that have been expressed in the Statement. The forecast is promising no doubt, but we must take it subject to all contingent variations and eventualities.

"I may be permitted to take this opportunity of adding my humble tribute to the warm and grateful acknowledgments that have already been expressed in relation to Your Excellency's just and successful administration of this country, conducted on most liberal and broad principles, for which Your Lordship's reputation as a statesman had been well established long before Your Excellency ascended the Viceregal Throne of India."

The Hon'ble Mr. SAYANI said:—"My Lord, I beg to make a few observations on the Financial Statement. The Statement opens with the remark that 'the year now closing has been marked by a singular succession of calamities.' In fact, it has been a year of famine, plague, earthquake and war, each heavy in itself, but all the four occurring together, well nigh calculated to crush this unfortunate country, which can ill afford to bear these terrible misfortunes, weighted, as it is, by chronic evils of one sort or another. Such an infliction of heavy simultaneous evils is rare even in India. To these calamities is added an unquieting and disturbing element in the shape of an uncertain currency. It is to be fervently hoped that such visitations may not recur again, and that this country may now be blest with peace and prosperity and become more prosperous, happy and contented than it ever was before, and that prosperity, happiness and contentment may abide in the land uninterruptedly for a long succession of years.

"It is satisfactory, therefore, to be told that 'the signs of returning prosperity are already visible' and that 'the harvests of 1897 have been more bountiful than

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any within recent memory, and the recovery from the effects of famine and scarcity promises to be a very rapid one.' The plague, it is believed, has already passed its worst period, and it is to be hoped that it will now soon begin to abate and to gradually disappear from the land. The earthquake has come and gone. There are signs of peace in our frontiers and of the submission of the still out-standing tribes.' The state of the currency, however, is still causing anxiety. But man lives on hope, and just as the apprehension of danger is more keenly trying than actual danger itself, so the hope and expectation of happiness is more charming and refreshing than its realisation. Scars have been left, no doubt, and will continue to rankle for some time to come, but hope is eternal, and it is expected that everything will soon become as bright as ever.

"Referring now to the above matters separately, and coming first to famine, I may be permitted to remind the Council that at the last Budget meeting I referred to the causes of famine and the remedies against the same. In reference to my remarks, Your Lordship was pleased to say :—'No one feels more keenly than I that Government does not discharge the whole of its duty even if it provides adequate funds for meeting calamities like that of this year and administers them well. These calamities are, I fear, inevitable in the circumstances of India. But Government is bound never to lose sight of the condition of the people, or to fail to take any opportunity it can of ameliorating it. Sir John Woodburn mentioned the other day that the subject, and specially the indebtedness of the people, had been under our consideration. Our programme of work had been laid out; we have no intention of dropping the subject.' I avail myself, therefore, of this opportunity, and beg to remind Your Lordship of the intended 'reforming legislation.' I hope that the programme, having been laid out more than a year ago, it has by now been well advanced 'in sympathy for the people' and 'in earnest wish for improving the conditions under which they live.' If Your Lordship can see your way to make an announcement on the subject, Your Lordship will be conferring an obligation on the country generally, and the Additional Members of Your Lordship's Council will, on the dispersion of this Council and of their own consequent return to their respective homes, be enabled to carry Your Lordship's message of goodwill to the people. The prosperity of this country, my Lord, is capable of being vastly advanced. Under the British rule, based as it is generally on law and sympathy, and possessed as England is of the means of pouring British capital into this country to the mutual advantage of both, this country has a good chance of being materially developed. Nature has in its bounty provided us with a tolerably fertile land, good climate and an abundance of river water; the popula-

tion is numerous and industrious ; British rule has given us peace, and England can afford to lend us enormous capital. All the materials, therefore, essential for prosperous agriculture, are thus procurable. Even manufactures can be materially increased, as England can teach us the methods and guide us in our endeavours. The only things wanted are to induce English capital to this country, and to guide operations and stimulate industry. The prosperity of this country will conduce to the welfare of both England and India. It will make the Indians prosperous, and therefore contented and loyal. It will render India a field for English capital, and a market for English goods. Indeed, India is capable of becoming the greatest market for England. The next point I wish to refer to in connection with famine is the excellent and successful manner in which Government has met and managed it, although it was one of the most extensive and intensive that for many years visited the land. To Government is, therefore, justly due very high praise for admirable organization and splendid assistance. To all the officers of Government also is due high praise for the zeal and loyalty with which they have carried out the order of Government. It must be added here that although it is true that a failure in the harvest was, no doubt, the immediate cause of the famine, the real and permanent causes are (1) the exploitation of this country by foreigners, and (2) the exploitation of the agriculturists by the money-lenders. Government will, it is hoped, in the near future address itself to remedy the latter evil and adopt measures to relieve the people from it. The task is undoubtedly tedious and heavy, but the merit will be equally great.

"The third point I wish to refer to in this connexion is the noble sympathy and aid extended to us from England and from all parts of the British Empire. It is in times of real adversity that generous sympathy and help make deep impressions which firmly unite those to whom they are extended with those who extend them, and there is no doubt whatever that this incident will have a lasting and beneficial effect.

"Coming now to the plague, at the last Budget meeting I referred to some of the causes of its occurrence and ventured to express a hope that, after it had disappeared, an official inquiry would be made into its causes and as to its preventives and as to the best and most effective way of dealing with it. The plague is, however, still unfortunately raging in Bombay and some other places. I will not, therefore, trouble the Council with further observations on the subject except that I may be permitted to refer here to the untiring assiduity and never-failing

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sympathy of the zealous and generous nobleman in whose hands Providence has placed the destinies of my city and my presidency in these exceptionally trying times. Whatever may be the verdict of science as to the causes of the plague, and of history as to its proper management, there is no doubt of one thing, that all will agree that Lord Sandhurst has displayed singular sobriety of temper in not allowing himself to be swayed from the path of humanity and magnanimity, although working sometimes in the face of unworthy opposition and sometimes even in spite of false and malicious slander ; that he has also displayed heroic conduct in moving from place to place and exposing himself constantly to great risk ; that he has evinced deep sympathy with the people placed under his care, both by visiting them and by his words, actions and measures allaying their fears and anxieties and alleviating their miseries ; that he has also proved that he possesses political calmness and rectitude of purpose, and prudence and clemency, by not allowing himself to be led away even by a riot. It is noblemen and gentlemen of whom His Excellency of Bombay is a standing example who, true patriots, materially serve to contribute to the true greatness and power of England, and deserve the gratitude of both England and India.

“As to the earthquake, it is of course a natural phenomenon which cannot be controlled by any human agency as yet discovered : we must be content to leave ourselves at its mercy.

“As to the war, I do not wish to enter into a detailed discussion of the subject, but I will content myself with observing that the frontier policy and the consolidation of the frontier concern the welfare and prestige of England, and that the massing of troops on the North-West frontier and the outpouring of blood and treasure in that quarter can be justified on one ground only, namely, as a means of checking the advance of Russia in that direction, which, if allowed unchecked, might seriously threaten the British supremacy. Indeed, the so-called forward policy has its origin and continuance in the suspicion of Russian designs, and it is this suspicion that has given birth to the policy and the consequent constant wars on our frontiers. It is true the Secretary of State for India is reported to have said during the last week that the cost of these border wars should be borne by India alone, probably on the ground that the Indian frontier is a matter of purely local interest ; but it is to be hoped the English people will soon be satisfied that that is not the true position of affairs, and that these wars are the direct and natural outcome of the Imperial policy of England, and that England should, in all fairness, pay the whole or at all events a considerable share of the conse-

quent cost. Nobody who has any knowledge of the matter can in his heart believe that these frontier wars are a matter of unconcern to England. It is true that the Chancellor of the Exchequer is reported to have said the other day that 'nothing was more dangerous than for Parliament to vote the money of British taxpayers to aid the necessities of portions of the Empire which were not subject to Parliament.' But we, the people of India, with all deference to those remarks, deny that 'Parliament has nothing to do with questions of Indian policy.' Sooner or later Parliament is sure to come to the conclusion that it is not just that the whole charge of these frontier operations should be laid on the shoulders of the people of India, that this unjust treatment has continued long enough in all conscience, and that measures should be adopted to stop it in the future, and that some reparation should be made for the past.

"We must, therefore, insist strongly upon the fact that it is not an Indian war but an Imperial aggression, and as such must be dealt with by England. It is in fact a direct and aggressive action of British imperialism. Of course, the proposal that England should pay or contribute to the expenses of such wars cannot be agreeable to the Home Government. But it should be borne in mind that there has been a constant military activity beyond the statutory boundaries of India against the contingency of a foreign invasion, and the results have been constant expeditions and the acquisitions of territory not for the benefit of India or of its people—unless payment of the cost of such expeditions and acquisitions and of maintaining the newly-acquired territories out of the hard-wrung moneys of the Indian people may be counted a benefit, but for the aggrandisement of England and in furtherance of her Imperial policy. In fact, it is this aggressive military policy that has necessitated heavy expeditions and added to our military increase in men and military unproductive railways to such an alarming extent that Government has been obliged to complain. 'Millions of money,' say the Government of India in their despatch to the Secretary of State dated the 25th of March, 1890, 'have been spent on increasing the army in India, on armaments and on fortifications, to provide for the security in India, not against domestic enemies, or to prevent the incursions of the warlike peoples of adjoining countries, but to maintain the supremacy of British power in the East. The scope of all these great and costly measures reaches far beyond Indian limits, and the policy which dictates them is an Imperial policy. We claim, therefore, that in the maintenance of the British forces in this country a just and even liberal view should be taken of the charges which should legitimately be made against Indian revenues.' 'The people of India, who have no voice in the matter,



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should not be able to complain that an excessive military tribute is demanded from the revenues of this country.' A settlement should be 'effected in a spirit of justice and consideration to India.'

"There is no doubt therefore that what we complain of is not expenditure which this country should legitimately pay, but of those expenses which are incurred under the dictates of Imperial policy for Imperial ends. Moreover, the danger of Russian invasion of India is to be traced mostly to European politics, in which it is England that is primarily and principally interested, and not India. It is therefore England and not India which should pay the cost of the warfare necessitated by that policy. We demand this not as a matter of charity, but as a matter of justice, fairness and equity. Indeed this outgrown, unnecessary and illegitimate military expenditure is one of the principal causes, if not the principal cause, of our financial embarrassments which tend to the ruin of this country. It is this expenditure that 'gives rise to deficits, the curtailment of necessary outlay, the piling up of burdens upon a highly taxed and poverty-stricken population.' 'Progress and advance beyond the Indus have always brought with them the arrest of progress to the east of it!' I simply refer to the above facts in order to emphasise the contention which Government has raised with the Home Government on the question of the unjust and ungenerous treatment which India has received at the hands of England in this matter. We, the people of this country, contend most strongly, and with reason and justice on our side, that the Home Government does not pay the just contribution to these charges. To the reasons already stated above in favour of a contribution it may be added that the defence of India against an European enemy is a matter of Imperial concern, that England is vitally interested in the maintenance of the Empire of India, that England derives from India important advantages, both direct and indirect, that the Indian army supplies a great addition of military power to England, that a large part of the British army is practically trained at the expense of India, that the whole of the men passed into the reserve from the 70,000 troops in this country have been maintained entirely out of Indian revenues from the date of their first recruitment, that the army of India affords a great reservoir of military strength to England, that India contributes largely to the maintenance of a force which is not available for Indian requirements. I will conclude this part by quoting the following extracts.

"The Government of India Act of 1858 says :—

'Except for preventing or repelling actual invasion of Her Majesty's Indian possessions, or under other sudden and urgent necessity, the revenues of India shall not,

without the consent of both Houses of Parliament, be applicable to defray the expenses of any military operation carried on beyond the external frontiers of such possessions.'

"The Government of India say: 'We consider nothing but the most extraordinary case of necessity would justify the application of the revenues of India to defray the cost of a military operation carried on beyond the frontiers of India without the consent of both Houses of Parliament.' 'The expenditure charged by England should be limited . . . by statesmanlike and broad appreciation of the conditions of the two countries.' 'England on its part has derived many great advantages from her connexion with India.'

"Coming now to the state of the currency, it is some consolation to find that Government have addressed the Secretary of State for India on the subject and forwarded to him the observations of the Hon'ble Mr. Allan Arthur and the representations of the Bombay Chamber of Commerce. There is a loud complaint that the present position of the currency is intolerable, that the uncertainty as to the future of exchange paralyzes business and causes the banks to remit money to London when the rupee goes to one shilling and four pence, while the rate of interest here remains abnormally high, that the lifeblood of the currency policy depends wholly on the scarcity of rupees, that the cost by reason of the failure to fix exchange has been immense, that India has been made to contend against a crushing evil, that it is not reasonable for Government to try to get quit of the loss by exchange at the expense of the country, as the result is a much heavier loss to the people than the benefit to Government, that great harm has been done to the country by the closing of the Mints, that the country's economic progress is seriously checked, that the condition into which India has fallen is so deplorable that the market has reached a point where money has become actually unavailable and merchants find it impossible to sell their bills, that growers have to accept fewer rupees for their produce while they have to pay the same rent, the same wages, and the same taxes as before, with an increasing burden of debt at an increasing rate of interest, that the agriculturists have become heart-broken, that the manufacturing industries have become hampered, that the masses have barely sufficient to purchase food requisite for keeping body and soul together and are rendered discontented, that 'the artificial condition of the currency is a source of apprehension and of uncertainty to all alike, to the Government, to men of business, to the Native bankers, and especially to all classes connected with agriculture—in other words, nine-tenths of the population.' On the other hand, it is admitted that Government has achieved a considerable measure of success in carrying out its currency policy, that the value of the rupee has been materially enhanced, that the

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finances of Government have benefited. In fact, the problem is a very complicated one, and is looked at by the parties interested from their own respective points of view. Their respective interests are different from, even conflicting with and hostile to, each other. For example, we have the Government who have annually to discharge large gold obligations to England, for interest on public debt and on guaranteed railway capital on account of stores, arms, materials for railways, troops, and public departments, on account of claims for the British army in India and for the despatch of troops and for pensions to retired public servants and soldiers, and Government naturally desire to remit as few rupees as possible in discharge of such obligations. Then we have the Indian producer who wants for his produce as many rupees as he can get; the Indian merchant who exports Indian goods also wants to get as many rupees as he can; the British manufacturer who manufactures British goods for export to India and wants to get as many sterling pounds as he can; the Indian merchant who imports British goods; the Indian merchant who exports Indian goods to China; the Indian merchant who imports Chinese goods to India; the Anglo-Indian who wants to remit money to England for his family. All these interests and others are affected by the state of the currency, and those who suffer by it naturally loudly complain of their sufferings and know not how to remedy them, as the problem is a difficult one. But they all agree that Government can, if it likes, solve the problem to the satisfaction of all of them. It is to be hoped, therefore, Government will, within a reasonable period, be able to come to some satisfactory decision on the subject.

"I shall now briefly examine the Budget figures. At page 23 of the Statement the Hon'ble the Financial Member says 'we have every prospect, as the Budget Estimates for next year have shown, of wiping out, within a single year, so far as our financial condition is concerned, the evil effects of the year of calamities through which we have just passed.' If that is so, it will, no doubt, be a matter of the deepest satisfaction to us all as well as to him. It appears, however, from the summary of the Financial Statement that the accounts of the years 1896-97 have been closed with a deficit of Rx. 1,700,000. It further appears from the same summary that from the Revised Estimates for the year 1897-98 the accounts for that year are expected to close with a deficit of Rx. 5,280,000. It is further stated in the same summary that the Secretary of State intends to raise £6,000,000 permanent debt, of which £3,380,000 is required for discharge of debentures, increasing, it is gathered, the Permanent Debt by £5,620,000. It further appears from

the same summary that it is intended to raise a rupee loan of Rx. 3,000,000. It is stated, nevertheless, that the Budget Estimates for 1898-99 show a surplus of Rx. 890,000. It is clear, therefore, that there is no real surplus, but that a surplus has been arrived at by adding to the Permanent Debt a very heavy item. If this understanding is correct, there is not much reason for the Hon'ble the Financial Member to express his satisfaction at the result.

"It may be observed here in passing that, so far as may be gathered from the Financial Statement, it is not usual with Government to provide for a Sinking Fund for the ultimate discharge of loans contracted by it. The Budgets provide for the amount of only interest payable on these loans, and occasionally a portion of these loans is paid off, but generally new loans are raised to pay off the old ones. In the cases of Municipalities and Trusts created by Government, the general practice seems to be to oblige those bodies by law to provide for a Sinking Fund. If so, there is a very important difference as to the mode in which repayment of debt is regulated in the two cases. The reason probably is that the Government of India is financially regarded as an independent Government, while the Municipalities and Trusts are subordinate to it, and the provision of a Sinking Fund is intended as a security to the investors. In principle, however, both kinds of debts are charges on the debtors' respective properties and incomes, that is, the general taxes in the one case and the particular rates in the other. There is also another very important difference ; which is, that in the case of Government the amount of the total debt incurable is not fixed. It is limited only by the extent of facility to raise it at reasonable rates, that is, rates which Government for the time being may consider reasonable while in the case of the other bodies, the amount of the total debt incurable is by law fixed, and the limit is regulated by the amount of assessable rents of immovable property or some other standard of a similar nature. I merely put forward the above reflections as they occur to me on a consideration of the Budget.

"Referring now to the review of twenty years' finance, the same 'is too incomplete and one-sided to supply the groundwork for any decision of moment. A review of the financial policy of any period—and especially of a period embracing two decades—must exhibit, if it is to have any seriously informing character, not only the growth of income and expenditure and of debt, but the extent to which the situation has been affected by changes in taxation.' The Hon'ble the Financial Member has left out of consideration two important facts, namely, heavy taxation and additions to debts. The existing taxes were raised to the highest

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possible limit ; and almost all taxable sources were reached and almost no taxable source left untouched ; even the necessities of life including, salt were taxed, and taxed heavily. Indeed, it is admitted even by English statesmen having a knowledge of Indian affairs that to enhance existing taxation or to levy further taxes will be a matter of political danger, as the people of India cannot afford to pay more. It is also admitted that the Indian debt has largely increased. Thus the result of which the Hon'ble the Financial Member speaks has only been attained by considerable, even almost unbearable, increases in taxation and by enormous additions to the debt of the country. The people have accordingly become discontented. Notwithstanding all this heavy taxation important public works have remained unexecuted, some even untouched : thus the twenty years' review hardly justifies the conclusion sought to be derived by it.

"It may be further remarked that the enormous addition to the debt of the country of Rx. 198,000,000 (one hundred and ninety-eight crores), according to the Hon'ble the Financial Member's own showing, only yields at present a very inadequate return by way of profit or interest, which, if correct, does not afford a very satisfactory ground for rejoicing. It may also be observed that, as a matter of fact, the increase of our liabilities has been actually much greater than the amount stated, inasmuch as the average of sixteen pence per rupee upon which the estimate is based has certainly not been reached in the sterling loans spread over this period. It may also be observed that the average rate of exchange is calculated at 1s. 3 $\frac{3}{8}$ d. as the basis of calculation in the Estimates. Such average appears to be a little too sanguine, unless the state of the currency becomes more satisfactory in the course of the ensuing year. Indeed, the position for the ensuing year is at best only one of recovery of financial equilibrium.

"To summarise the above observations, after the anxious times through which the country has passed during the past twelve months, and with the inheritance of accumulated misery which they have left to trouble us in the year about to commence, the people of this country naturally expected that their troubles and sorrow would be reflected in the Financial Statement to be placed before this Council by the Hon'ble the Financial Member, and they confess to a certain measure of disappointment that no such indications are found in that Statement, which shows that the lessons of these hard times have not made much impression upon the optimist spirit which has characterized his financial policy. With an expected deficit exceeding five and a quarter crores after an assured deficit of one and three-quarters of the previous years, with an addition of six millions sterling and

three crores of rupees to the Permanent Debt, with a paralysed trade, a disorganised currency, and an unsettled exchange, with the country still not free from all danger of famine, and suffering grievously from the malady of the plague, the Hon'ble the Financial Member congratulates us upon the fact that the financial position of the Government of India in the ensuing year will be a reflection of times of returning peace and prosperity, and that a review of the past twenty years justifies the the boast that the financial position of India is a better one than that of any other country in the world except the United Kingdom. Any other Finance Minister would, under such pressure, it is complained, have suggested and enforced large economies and reductions, would have accepted the proffered aid of England in respect of the charges of expeditions beyond the frontier undertaken to promote Imperial interests, and would have incurred no additional liabilities for Imperial military organisations carried out for reasons which have no relation to Indian interests. No economies are, however, suggested in the Statement, the proffered aid of England was rejected, the scheme of railway construction is to be pushed on as if India was overflowing with plenty, new rupee and sterling loans to the extent of nine crores are to be again raised, and twenty lakhs more are to be spent on a better organisation of the British garrison. Exchange is fixed at a rate far higher than the renewal of Council drawings on a large scale would justify. All items of revenue are expected to yield larger returns, and items of expenditure are budgetted for on the basis of increased outlay and a surplus of eighty-nine lakhs is expected at the end of the ensuing year. One cannot contemplate without dismay that such optimist views should dominate the Financial Department at a time so critical, and I, as an humble exponent of Native public opinion, feel I should be wanting in my duty if I did not express the fear that we are running great risks in persevering in the present policy when the odds against its success are formidable.

“Under Famine Relief, the direct expenditure in the two years has been nearly seven and a half crores, and the indirect losses are estimated at about seven crores. These sums do not take into account the expenditure defrayed out of provincial and local resources, which amount is considerable and over the whole of India cannot be less than two crores. Nearly two crores more are put down for suspensions, and nearly a crore more represents the advances made to the agriculturists. To this must be added one-and-a-quarter crores contributed as charity by Great Britain and the Colonies, and about sixteen lakhs by the people of India. In all a sum of twenty crores thus represents the direct and indirect losses suffered for the support of the people of India. The loss in life and property suffered by

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the people has to be added to this total. The loss of human life was fortunately not great. But the loss of cattle alone and of the savings of the poor people who did not go to the relief works cannot be represented by a smaller amount than another twenty crores. In other words, the famine represents a dead loss of forty crores in the last two years. When the large total is borne in mind, the expectation that one year of good crops would wipe away all these losses will seem to most people to be rather too sanguine. It becomes a question under these circumstances how far the resettlement and revision operations going on all over the country for which credit is taken every year under the head of Land-revenue, do not require a re-consideration in the light of these figures. The large increases of revenue made from year to year have practically to be refunded when famine occurs, and the excess gains of many years are swept away by one year of famine, assuming even that the increase of five crores in the land-revenue during the last twenty years was entirely natural, that is, 'invariably corresponding to a rise in the productive capacity of the land and in the market-value of its products.' A permanent settlement of land-revenue which would relieve Government of a large portion of these losses and transfer them to the shoulders of private landlords would be a measure of practical prudence which, it is hoped, will commend itself to the attention of Government.

"As to the loan operations of Government it appears from the twenty years' review of these operations given by the Hon'ble the Financial Member that the large sum of sixty-four million pounds was borrowed in England and forty-nine crores of rupees were borrowed in India. Of this sum, fifty million pounds and fifty-three and a half crores of rupees were capital outlay not charged to revenue, which yielded during twenty years a return of nearly twenty-nine million pounds and seventeen crores of rupees. This return represents less than three per cent. profits on the capital spent. Besides this capital outlay, from borrowed money on railway and irrigation works, Government spent out of revenue nearly fourteen crores of rupees on its railways and lent nearly seven crores more to railway companies, and these companies, moreover, spent moneys raised by themselves on State guarantee to the amount of nearly thirty-two crores. The Government and the companies thus spent or undertook liabilities to the extent of ninety-one million pounds and fifty-five crores of rupees, and turning the pounds into rupees at sixteen pence, a total liability of more than two hundred crores of rupees was incurred, being ten crores per year. The financial result of all this expenditure is admitted to be that, whereas twenty years ago the charge on the revenue was one and a half crores, this charge is now two crores. The Hon'ble the Financial Member, while admit-

ting that there is this apparent loss, reconciles himself to it by saying that, owing to the fall of the rupee, it is really a gain of fifty lakhs a year. This may or may not be the case, but it is plain that financially, so far from this alleged reproductive expenditure yielding a profit, the returns from the works have to be supplemented by two crores of rupees a year out of revenue to satisfy interest. Turning to the detailed list of fifty railway works, it appears that as many as thirty-eight works show loss, and only eight works show gain, in 1896-97. Under these circumstances, it may fairly be asked whether the policy of pushing on railways by an annual expenditure exceeding ten crores under our existing circumstances does not require reconsideration. While railways absorb so large a measure of Government attention, irrigation canals, which are far more protective against famine, are allowed only three-quarters of a crore of rupees, or about one-thirteenth of the amount spent on railways each year. Railways as such can only distribute produce, and they do not help the soil in raising more produce in times of drought. During the last famine irrigation works brought in fifty lakhs of additional revenue, while the railway receipts fell short of the estimated amounts by nearly a crore and a half. These considerations make a modification in our present policy in regard to the respective claims of railways and irrigation canals a matter of urgent necessity.

“Under any circumstances, some limit must be imposed to the additions made from year to year at an accelerated rate to the permanent increase of the national debt. These additions to the debt only involve the finances in embarrassments and cripple the power of the country. Already Government has found a difficulty in raising money at three and a half per cent., and thus its cherished object of reducing the rupee loans to three per cent. securities has been defeated, and there is but little demand except below par for its three and a half per cent. securities.

“Our financial situation thus does not justify the hopeful view taken of it by the Hon'ble the Financial Member. The demand for contribution to the frontier war charges was not made on the ground that India was a poor relation, who needed help from its richer neighbour. It was a demand for a just contribution to the expenses of a war undertaken primarily to promote the interest of the Empire at large, if not for English interests alone, and the justice of this demand was practically admitted by the Home Government. It is therefore very much to be regretted that this claim was not pressed on the solid ground on which it rests and that the opportunity of securing a material relief was thrown away. The example referred to by the Hon'ble the Financial Member by way of justi-



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fication was not a very happy one, inasmuch as Sir John Strachey made no scruple to accept twenty years ago a contribution from England for the expenses of the Afghan war. It is to be trusted, therefore, that a policy of economy at home and peace abroad may be inaugurated and enforced, without which real progress is impossible.

"In conclusion, this is the last meeting of this Council wherein I shall be permitted to address Your Lordship, as the period of my office expires early next month. I hope, therefore, Your Lordship will permit me to say that although there have been matters on which I could not bring myself to give my adhesion to the measures proposed by Government, and that although my observations have at times been of disapproval and my remarks somewhat 'trenchant,' Your Lordship has been very invariably indulgent towards me, and Your Lordship will permit me to tender to you my grateful thanks for the indulgence thus extended to me. During the two legislative sessions in which I have been permitted to take a part I have experienced invariable courtesy, kindness and indulgence at Your Lordship's hands, which, together with the calmness and dignity ever displayed by Your Lordship, have earned my gratitude and admiration. Indeed, it has been a source of pleasure as well as of honour to me to attend the Council meetings presided over by Your Lordship."

The Hon'ble SIR ARTHUR TREVOR said:—"My Lord, as the Public Works Member of Government, I have only to say that I am much relieved to observe that what I may call the forward policy of Government in regard to Railway construction has this year received emphatic support in the speech of my Hon'ble friend Mr. Stevens, and has for the most part been passed over in silence, which I hope I may assume to bespeak consent, by other speakers. My Hon'ble friend Mr. Sayani is the only exception, and by way of reply to his observations as to the necessity for including railway expenditure in the general retrenchment which he advocates and as to the superior claims of irrigation, I am afraid I can do no better than refer him to the remarks I made in reply to similar observations this time last year. I will only add that the highly remunerative character of well-chosen irrigation works is admitted, but the field for these, as I explained last year, is limited, and even at the comparatively low rate of expenditure of which he complains, we are within measurable distance of commencing and carrying through all the projects for large irrigation works which have been accepted as likely to succeed.

"With reference to the remarks which have fallen from my Hon'ble friend Mr. Nicholson, I may explain that the hesitation about the prosecution of certain

[*Sir Arthur Trevor ; Major-General Sir Edwin Collen.*] [28TH MARCH,

railways in Madras to which he has referred is chiefly due to the necessity for giving time for consideration of various large questions of gauge, alignment, etc., which have been raised by the Local Government.

"The question of light narrow gauge railways, to which he has also referred, is one as to which there is considerable difference of expert opinion, and we are hardly yet in a position to make any definite pronouncement regarding it. But the subject is receiving careful consideration, and we have certain experimental lines in view, the results exhibited by which, when they are constructed, will no doubt help us in arriving at a definite conclusion as to the points at issue, which turn chiefly on the relative cost of working. There is considerable doubt at present whether, except in hilly or difficult country, a narrow gauge line would pay on any traffic which could not support a cheaply constructed and cheaply worked line on the parent gauge."

The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN said :—"In the memorandum on military expenditure which I laid upon the table at our last meeting, I entered so fully into the most important details of the Estimates that I shall not have to trouble the Council with any lengthened explanation of the figures. There are two points, however, connected with those Estimates to which I should like to draw attention. Under the system which was practically initiated by my predecessor Sir Henry Brackenbury, we reserve a large number of the proposals involving expenditure received in the Military Department till the end of the year, after we have considered them on their own merits, and then we put them by, as it were, for final consideration, when we have some idea as to how much we can afford. Now this year there were about eighty such proposals which had been accepted on their merits. Of course, this number by no means represents the number of proposals which have come up during the year, but they were the proposals which we thought were right and proper to carry out if we could find the money. But when we came to review the whole situation we considered that, with the heavy extra expenditure for field operations still going on, we must postpone as many of the items as we could. I discussed these matters with the Hon'ble Sir James Westland and His Excellency the Commander-in-Chief, and the result of our deliberations was the reduction of the requirements of the Military Department in these various items by a large sum.

"The other point to which I wish to allude is the war estimate. In ordinary times our army estimates correspond pretty closely with the accounts, and in 1896-97, for example, the estimate of expenditure was Rx. 17,480,000 while the

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accounts showed Rx. 17,230,000. It will be readily understood that a war estimate is a different matter. But even here, if we are able to forecast the probable duration of a campaign, we can get pretty close to the actual expenditure, and this was shown by the closeness with which the accounts of the Chitral campaign corresponded with the estimates. In framing such an estimate we can only act on the assumption that the campaign will last so many months, so that if a campaign which we estimate to last only three months lasts six months the estimates must, naturally, be considerably increased. The estimate for next year includes charges that cannot be adjusted in the current year ; it includes charges for maintaining various forces on a field footing for some time, and this means the maintenance of transport, and it includes the terminal charges ; so that if, as we hope, no further field operations are necessary, there must still be considerable expenditure.

“There is a question largely connected with military expenditure and the estimates upon which I must touch briefly. I said last year that we required an improvement in organisation in the shape of cadres of transport which might be readily expanded ; that additional drivers and reserves should be obtained ; and that the transport should be more largely and usefully employed in time of peace. We were prepared to bring forward certain proposals, when the storm on the North-West Frontier burst upon us, and we had to be content with the system which we had, which, if it possesses certain defects, is a vast improvement upon the arrangements existing previous to and during part of the last Afghan War. The difficulty has always been our objection to increasing the military expenditure.

“Something has been said, and much the same has been said in every campaign, about the deficiencies of transport. Now, I should be the last person to say that we cannot greatly improve our transport arrangements, but as I have shown in my memorandum we had to supply an enormous number of transport animals to work over mountainous country where only pack animals can be used ; and although the transport of India consists of about 19,000 mules, between 5,000 and 6,000 camels, 7,000 bullocks and 8,000 carts, a great deal of this transport is locked up either in Burma, or at stations on the frontier, or other places, from which it cannot be withdrawn, so that to meet great demands we had only about 14,000 mules as pack animals suitable for mountain warfare. The Tochi Force

absorbed a certain number, and the Malakand Force absorbed the rest. Of course, we were at that time endeavouring to procure as many as possible in all the districts in which transport could be obtained, but we were short of trained officers for this work, and we suffered from this fact.

"Now, it has been said—and with justice—that a number of the animals which were sent up for the Tirah Force were not fit for the work. That is undoubtedly the case, but I should just like to mention the fact that, from the information which I at present have, it appears that in the Punjab Command alone about 79 per cent. of the mules and ponies collected were rejected at once by the hiring and purchasing officers at the centres at which they were examined. Another enormous difficulty was in regard to the transport drivers. We had absolutely no trained establishment to fall back upon after the requirements of the Malakand and Tochi Forces had been complied with. The fact is the Commissariat-Transport Department had to arrange for one expedition after another: several expeditions were going on at one and the same time in various directions; and the troops were moving suddenly at the shortest notice. Out of the 132 officers of the Commissariat-Transport Department, only 34 were left for the executive duties of the whole of India.

"We were greatly assisted by the excellent transport trains maintained by the Maharajas of Jeypur and Gwalior, and it is very satisfactory to note that the Mysore Government is also prepared to raise a transport train.

"Our labours on this question of transport organisation were interrupted, as I have said, by the strain of war. We have taken up the whole question again, and with the experience we have gained, both in the field and in the preparations for field operations, I feel convinced we shall be able to improve our transport system by the establishment of cadres of transport capable of rapid expansion, and by the addition of a stronger staff both of officers and subordinates. This and an increase in the transport will undoubtedly cost money, but is essential to the efficiency of the army and the security of the country.

"Another question which I referred to last year, and one that has a great bearing on military expenditure, was that of mobilisation. This also has received a severe trial, and although as far as I know it is considered we have not come very badly out of the trial, some of our critics have compared what has been done with the work of the mobilisation for the Chitral campaign, and have informed us that our plan has failed to a certain extent. The circumstances of the Chitral

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campaign were entirely different. In that campaign we had a single objective, the resistance was not prolonged, and above all, we had a force in the field which was comparatively small. It is undoubtedly the case that a plan of mobilisation adapted to one set of circumstances cannot meet an entirely different set of circumstances without changes. The main feature of the scheme of mobilisation of the field army of India is that divisions are drawn, as far as possible, from particular Commands. The corps are named, and plans of movement and the whole business of railway concentration is worked out beforehand, and every equipment and every store that is necessary is provided at particular places. This plan of mobilisation could not be rigidly followed in the circumstances in which we were placed. Mobilisation in India is ten times a more difficult problem than mobilisation among the continental nations. There you have troops, as a rule, distributed over a particular area with all their requirements in that area; the whole of the transport of the area is registered, and every one is bound to bring their transport to the service of the army at a moment's notice. It is as easy to mobilise ten army corps as one, provided your railway transport is assured. With us it is entirely different, and I very well recollect many years ago some men—even distinguished soldiers—maintained that it was impossible to apply any mobilisation system whatever to India. What we have to contend against in India is the fact that regiments at certain stations may at the time be out of health, that our troops are not uniformly distributed throughout the country, and that our transport, for work in mountainous countries at all events, has to be drawn from one particular part of the country. These things, besides many others which I need not mention, go to show that our difficulties are exceptionally great. I think if those who are interested in the matter will look at the dates, not those upon which formal sanction was given to the organisation of a particular force, but at the dates upon which the troops moved for the service they had to undertake, it will be found that they were moved in a very short time. For example, the Maizar affair took place on the 10th of June and troops were immediately pushed up; the attack on Shabkadr took place on the 7th of August, the troops marched from Peshawar on the 8th, and on the 9th beat off the enemy. The Mohmand Field Force was organised later for a combined movement in conjunction with the Malakand Field Force which had its own work to do in the interval. The Malakand and Chakdara were attacked on the 26th of July: the first reinforcement reached the Malakand on the evening of the 27th, a reinforcement of cavalry arrived on the 29th, and a further reinforcement on the 30th. On the 29th a field force had been organised: part of this reached the Malakand on the 31st, and on the 2nd August the relief of Chakdara

was effected. I venture to think that was very quick work, and it also shows the advantage of the possession of an organised transport, because the Malakand Field Force was equipped with the transport which we had in our permanent organisation transport which remained efficient until the force broke up last month.

"Any one who is a student of military history knows perfectly well that no campaign is ever conducted without an immense number of criticisms both reasonable and unreasonable, and perhaps it is peculiarly a vice of the present day that credence is given to every kind of story which is, or appears to be, injurious to those who have the management of affairs. Now I suppose there is no department which has done more admirable work in the late campaign than the Medical Department, not only in the campaign itself but also in the treatment of the sick and wounded in the great hospitals that were formed. A large general hospital was opened at a station in the north of India. A newspaper at home published a report affirming that all the arrangements were as bad as they could be, that there was an insufficient staff, that the patients slept on the ground, and that the equipment was defective; that, for example, there were several serious cases of abscess of the liver and only three feeding cups. Now what are the facts? There was an ample staff: 16 medical officers and 18 assistant surgeons, and some nursing sisters; no patients ever slept on the ground; there were excellent barracks as well as tents; there was an ample supply of every kind of hospital equipment; there was not a single case of abscess of the liver, and there were forty feeding cups instead of three, while there was not a single death during the whole of the time the hospital was open. I merely make this statement to show how absolutely ill-founded many of the reports are. At the same time no one in his senses can suppose that a great deal cannot be learned by the severe experience we have gained. Sir George White alluded in his farewell order to one of the lessons which may be learned, but in my particular domain of administration I can only say that the Government of India is most anxious that we should profit by these lessons of war and by careful and well-considered improvement increase the efficiency of the British and Native Army in this country.

"My Lord, the Hon'ble Mr. Sayani in the course of his speech dwelt upon the question of the Home charges, upon excessive military expenditure, and upon our aggressive military policy. Now with regard to the Home charges, I touched upon them last year. A Royal Commission is sitting upon those charges and has not yet furnished its Report, and therefore I think it is quite unnecessary for me to enter upon this question. With regard to the

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excessive military expenditure on which my Hon'ble friend dwelt, I suppose that that can only be reduced by a reduction of the great charges which appertain to the army. My friend the Hon'ble Pandit Bishambar Nath told us that some distinguished experts had said that if we had no frontier we might reduce the British Army by one-half ; but unfortunately the conditions of India will not allow us to do without a frontier. We have always the frontier and frontier difficulties with us.

“ Last year I endeavoured to show that military expenditure had not increased more than was absolutely necessary to provide for measures of importance required for the welfare of the British and Native Army, and for that increase of the Army which was determined upon several years ago. I also showed that the whole cost of the Army, including everything that could be allotted to it, was about five per cent. of the trade of India, that this Army had to occupy and to guard an area of  $1\frac{1}{2}$  millions of square miles and many thousand miles of land and sea frontier. I think, if my Hon'ble friend refers to the statement which I appended to paragraph 15 of the memorandum I laid on the table last week, he will see that no great margin exists for any material reduction of expenditure, and the reason is this, that the main expenditure of the Army is practically fixed ; the officers and men have to be paid, the men, horses, and transport animals have to be fed, and munitions of war provided. At the same time a good deal can be done, and is being done, to reduce expenditure, and we can do a good deal to check expenditure in certain directions. All these things constantly occupy the attention of the Military Department, and in our endeavours to keep down expenditure we received the support of the late Commander-in-Chief, General Sir George White.

“ My Hon'ble friend Mr. Ananda Charlu said he had no doubt I had come supplied with a large amount of powder and shot with regard to those questions upon which he last year so eloquently expressed himself. Now, I can assure my Hon'ble friend that I do not come prepared to fire even a single shell into his powder magazine. As I have said, the whole frontier question has been amply debated and discussed within the last few months, and as I am dealing with matters which specially belong to the Military Department, I do not think it is necessary for me to enter upon it. I should like to quote a passage from a report by Sir Richard Temple when he was Secretary to the Chief Com-

missioner of the Punjab in 1855, as showing what the state of things was in this golden age of the frontier. Speaking of the tribes he said :—

‘ Such as being their character, what has been their conduct towards us? They have kept up old quarrels or picked new ones with our subjects in the plains and valleys near the frontier; they have descended from the hills and fought these battles out in our territory; they have plundered and burned our villages and slain our subjects; they have committed minor robberies and isolated murders without number; they have often levied blackmail from our villages; they have intrigued with the disaffected everywhere and tempted our loyal subjects to rebel; and they have for ages regarded the plain as their preserve, and its inhabitants their game, and, when inclined for cruel sport, they sally forth to rob and murder, and occasionally to take prisoners into captivity for ransom. They have fired upon our own troops, and even killed our officers in our own territories. They have given an asylum to every malcontent or proclaimed criminal who can escape from British justice. They traverse at will our territories, enter our villages, trade in our markets; but few British subjects, and no servant of the British Government, would dare to enter their country on any account whatever.’

“ I venture to think that, even with all the unfortunate fanatical outbreaks which took place last year, we are in a far better position than we were in the golden age of the frontier. Even the very enemy with whom we have been fighting supply us with a fine and gallant body of soldiers, and it is a circumstance deserving of mention that since September last up to the present date, out of about three thousand Afridi soldiers in our ranks, we have had only fifty desertions. Now, I think that that speaks well of their feeling towards the Sirkar notwithstanding the unfortunate outbreak which occurred and which had to be punished, and which was, in my opinion, due not to any real grievances but to fanatical incitement. What we have to do now, and I am speaking of our military responsibilities, is to follow out the policy which Her Majesty’s Government have laid down. All the military questions which are involved in that policy are being considered. The subject is a great one, but I hope that we shall succeed in working out a plan of frontier defence which, while providing for the safety of the border and the security of the main routes, will make for peaceful relations with the tribes.

“ I think I have now touched upon all the points which I need lay before the Council. Speaking on behalf of the military administration, I feel that our warmest acknowledgments are due to the army departments for the admirable service they have performed, and I associate with those departments the Railway, Telegraph, and Postal Departments, whose co-operation and work both in India and in the field have been of the highest value. A striking feature in these frontier campaigns has been the way in which they have called forth the loyal and martial



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spirit of the great Chieftains of the Native States of this country, who have vied with each other in placing their Imperial Service Troops at the disposal of the Government. During the last nine months the army in India, British and Native, has been severely tried; forces have had to be suddenly placed in the field, sometimes in the hottest season of the year; they have had to contend against a well-armed enemy fighting in a difficult and mountainous country, and we have to deplore the loss of many brave men. The late Commander-in-Chief, Sir George White, in his farewell order eulogised the conduct of the army, and gave separate expression to his admiration of, and gratitude to, the Native Army of India. General Sir William Lockhart, and other General Officers commanding field forces, have shown how officers and men have upheld the traditions of their corps and the honour of Her Majesty's British and Native Army, and how nobly that army responded to the great call which was made upon it."

The Hon'ble SIR JAMES WESTLAND said :—" My Lord, coming at the end of a long discussion, in which many Members have delivered themselves at length on miscellaneous subjects, I confess I am somewhat at a loss in what order to address myself to the various subjects which have been discussed, and if I wander a little in the order in which I take up those subjects, I trust Your Lordship will excuse me.

" Perhaps the most important matter to which allusion has been made is the currency question. I was unable at the time the Financial Statement was delivered to give much information regarding the progress of the discussion on that subject, and I trust that the information that we have received from home since the date of the Statement will show that it was necessary for me at that date to withhold any statement which might embarrass higher authorities in their treatment of the question. But since the date of the Financial Statement the Secretary of State for India has informed the public that he has received our despatch on the subject of the currency, and that he will immediately make it public. He has also said that he proposes to refer it to a Committee, whether a Committee of experts or a Committee of enquiry, or what kind of a Committee, and what duties he will lay upon the Committee, of course, I do not yet know; but although the appointment of a Committee will render it necessary for us to wait yet a little time before orders are finally passed on the subject, I think even those who are most anxious for the matter being rapidly disposed of will admit that in a question of such overwhelming importance it is not possible to pass orders without having it fully and adequately examined. I am pleased to hear from my friend the Hon'ble Mr. Arthur that

the views which the Government of India have expressed on this subject in the despatch of the 16th September last, have met with the approval of the mercantile community, and he also tells us that although there may be some dissentient voices, yet the commercial community taken as a whole desire to link the currency of this country with the currency of England. I think I may take the opportunity of assuring him that, so far as the Government of India are concerned, they are in thorough accord. I must be very careful to say nothing here which may indicate a prejudgment of the orders which the Secretary of State may give, or which may be read as in any way binding the Committee to whom the Secretary of State will refer the questions; but if it be quite understood that nothing that I can say will bind either of these parties, then I desire to say, and I have the authority to say it on the part of the Government of India, that in our opinion the silver standard is now a question of the past. It is a case of *vestigia nulla retrorsum*. The only question before us is how best to attain the gold standard. We cannot go back to the position of open Mints. There are only two ways in which we can go back to that position. We can either open the Mints to the public generally, or we can open them to coinage by ourselves. In either case what it means is that the value of the rupee will go down to something approaching the value of silver. If the case is that of opening the Mints to the public, the descent of the rupee will be rapid. If it is that of opening only to coinage by the Government, the descent of the rupee may be slow, but it will be no less inevitable. In either case the one object which we wish to attain, that of attracting European capital to this country, will absolutely fail. We cannot expect capital to come to this country unless it has some assurance of being returned without very great loss, and if by a policy of reopening the Mints we make it evident that whoever sends out £100 to this country now will in the future when he receives it back again receive only a portion of his £100, then we must acknowledge the fact that the reopening of the Mints means a prolonged exclusion of English capital from the country. This to all persons who have any knowledge of commercial affairs—who have any knowledge of what is required for the progress of the country—would be one of its greatest misfortunes.

“ I do not sympathise with those who talk of the introduction of European capital into this country and of all the benefits which flow from it, as the exploitation of the country by the foreigner. I do not concur with those who, seeing my statement of the amount of English capital which has been spent on the country during the last twenty years, talk of it as a burden upon the country. It is by

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the expenditure of that capital that railways have been thrown all over the country that irrigation works have been opened here and there, and that benefits have been bestowed upon every province in India. I cannot help referring to the speech of my Hon'ble friend Mr. Sayani in which these remarks were included. I cannot help thinking that the Hon'ble Member for the moment had forgotten what his audience was. His statement of the inheritance of accumulated misery of the Indian people; his statements of the highly taxed and poverty-stricken condition of the Indian peasant; his statements of the unjust and ungenerous treatment which India gets from Her Majesty's Government in England—these statements can be made with applause before other audiences whom the Hon'ble Member has addressed; but in the Legislative Council of His Excellency the Governor General he is addressing officers of the Government and non-official gentlemen who know that the statements are utterly over-coloured, if not the contrary of the truth, and who do not render him that applause which in other audiences he may seek. I do not intend to follow the Hon'ble Member into all his statements, but one thing I do object to, and that is the perpetual iteration of the words 'it is admitted that this is so and so, it is admitted that that is so and so.' I do not know who it is that admits it; I know for myself not only do I not admit it, but I am prepared to prove that the facts are the opposite. Nor do I think it necessary here to enter into a controversy as to the treatment the Government of India and people of India receive from Her Majesty's Government in the matter of financial assistance. These questions are before a Committee which has been appointed by the House of Commons—the supreme authority in these matters—for their investigation, and I think it is due to that Committee, before they have delivered their decision, to abstain from denouncing the conduct of the Government in England as unjust and ungenerous, or declaring that the people of this country contend with reason and with justice that they are being treated unfairly and arbitrarily by Her Majesty's Government.

"Very little, my Lord, has been said about the figures of the Financial Statement which I had the honour to lay before this Council. It is not necessary for me, therefore, to enter upon their defence. My Hon'ble friend Pandit Bishambar Nath is not able to accept them, and does not feel any confidence in them. I trust that before the end of the year my confidence in them will be justified by the results, and of one thing I can assure my friend, and that is that if they fail as in this country unfortunately it is perfectly possible they may, I shall be able nevertheless to show in what particular they have failed, and how the estimates, although it is possible that from circumstances beyond our control they

may fail before the end of the year, are nevertheless perfectly justifiable as estimates now. I think it is too often forgotten that the estimates which I lay before the Government of India are no mere guesses of what is to take place in the future. They are the compilation of information gathered from all quarters, from officers of low degree as well as officers of high degree. Everything has been tested in every possible way by reference to the officers who possess the information upon which the figures depend, and if, as I say, any of them fail, I shall not say that some gross figure has failed in some indefinite way, but I shall be prepared to point out the precise item in that figure that has failed, the precise information which I got regarding it when I now lay it before the Legislative Council, and the reason why that information has proved to be incorrect. I cannot pretend to judge with as great accuracy of the future as I can judge of the past. I saw one Calcutta newspaper the other day talk of the marvellous incorrectness of the estimates which I had laid before the Council last March. They said that I was actually out by 28 lakhs of rupees. How could people trust the kind of estimate in which such a great blunder had occurred? Well, I admit that last year I estimated certain revenue over nine thousand lakhs of rupees. I estimated certain expenditure also over nine thousand lakhs of rupees; total about one hundred and ninety thousand lakhs of rupees. In that estimate of one hundred and ninety thousand lakhs of rupees, I was out by 28 lakhs of rupees, that is to say, by something like one and a half per mille. I call that extremely good estimating, and if any person will attempt to make a similar estimate of his own income, I would advise him to try it, and see if he can beforehand state what his income is to be within a fraction of one and a half per mille.

“The greater part of the criticisms which have been directed against my Statement have had reference to the review of twenty years' finance with which that Statement concluded. It has been told me that my figures were not complete, and they would not be complete until I had made a review of the whole progress of taxation and very many other things during those twenty years. If I had time, I perfectly admit I could lay before the Council pages and pages of reviews based on the twenty years' finance, but my object was nothing of that kind. My object was to meet the allegation, which Hon'ble Members know is perpetually made against us, that our finance is one of a continual recurring deficit, and that we cannot pay our way. I have produced twenty years' figures, and these twenty years' figures taken together show that we have paid our way. Under these

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circumstances, there is no ground for the allegation which nevertheless is continually made that our finances year after year land us in a deficit.

"The main objection which has been made to this twenty years' statement is that, if we have paid our way, we have paid our way only by perpetual additions to taxation. I think the words used are 'large additions to public burdens by imposing new and enhancing old taxation.' These are the words quoted which I took down at the time from the speech of my friend the Hon'ble Rai Bahadur P. Ananda Charlu, but they have been repeated once or twice by other Members also. I desire to join issue on this very point. I shall now do what my critics consider I ought to have done before—give some short review of the progress of taxation during the past twenty years, and I shall show that there is no justification for the allegation that during those twenty years we have been continually imposing new taxes and enhancing old. I think Hon'ble Members sometimes are taken aback by the big figures which our estimates continually involve. I admit that our figures are big. India is a big Empire. I admit if you take the total now and the total of twenty years ago you will find that the revenue is much greater. The Hon'ble Mr. Sayani has quoted figures which are for practical purposes correct—that during those twenty years the amount of our revenue, that is, revenue of all kinds, has increased from 67 crores to 97 crores, but before conclusions as to additions to burdens are based upon a statement of this character it is necessary to look a little below the surface and to ascertain in what respects it is that the increase has taken place. I can quote one item in the increase, and that one item covers half of the whole amount : it is the revenue from railways. The revenue from railways at the beginning of the period was about six crores ; the revenue from railways at the end of the period comes to 20 crores. To call that an increase of burdens upon the people or to call it an enhancement of taxation seems to me to be preposterous. Every mile of railway benefits the country, and it is very natural that we should obtain a greater income from the 20,000 miles of railway that are open now than we did from the 6,000 miles of railway that were open twenty years ago. If you were talking of a Railway Company instead of a great Government like the Government of India which possesses railways, you would call the increase a sign of prosperity and good management. I cannot understand how when you are criticising the action of Government as an owner of railways you call this an increase to the burdens of the people.

"I need not go into the other items from 67 to 97 lakhs, but I wish, with the permission of the Council, to go through some of the heads of revenue and show exactly what enhancement of taxation has taken place under them. I shall be also

obliged, strange as it may appear, to show to the Council what remission of taxation has taken place. The first head is that of land-revenue, the most important head in our accounts. The land-revenue has, of course, increased during twenty years. If it had not increased, it would have been a sign of the most miserable mal-administration on the part of the Government. I do not intend to enter upon the question of the proceedings of Settlement-officers or to indicate my disagreement with those Hon'ble Members who think that a Settlement-officer is let loose upon the country purely for the purpose of plundering it. Two years ago I had to refer to the same subject in answer to one Hon'ble Member. I pointed out from actual records, quoting from official documents, that every renewed settlement meant the appropriation for Government of a less and less share of assets of the land. The consequence is that every rupee by which our land-revenue is increased indicates a larger proportion of increase still left in the hands of the people. I do not intend to go over this province by province, but I happen to have recently seen the figures for Lower Burma. They passed through my hands the other day, and I shall quote them as a very fair example of what is meant by an increase of land-revenue. Burma is a province where the land-revenue has increased more than it has in any other province. The land-revenue in 1881-82 was 65 lakhs of rupees; in 1896-97 it was 116 lakhs of rupees, nearly twice as much; but let us go back to the basis upon which it was assessed. The land-revenue in Burma is a direct assessment upon cultivated land. The cultivated land in 1881-82 upon which it was assessed was 3,450,000 acres. The land upon which the year 1896-97 was assessed is 6,780,000 acres. If Hon'ble Members will make a calculation upon these figures, they will see that whereas in 1881-82 the land-revenue was an assessment of 1'9 of rupees upon each acre, in 1896-97 it is an assessment of only 1'7 rupees; so true is it that an increase of the total assessment of the land-revenue is a decrease of the burden upon the land. Moreover, a calculation which was made at the same time, and which I may say was not made for my purposes in the least, but was made in the Revenue and Agricultural Department in the course of a discussion regarding settlement which was going on there,—it happened to pass through my hands, and I laid hold of it for the present purpose. According to these calculations the average price for the last two years of rice in Lower Burma has been such that the assessment of land-revenue is only equal to 8 per cent. of it. The meaning of this is that for every ₹8 of land-revenue increase which have come into the pockets of Government, there have been ₹92 of increase which have gone into the pockets of the cultivators. I think that any statement that the land-

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revenue burdens have been increased during these twenty years is entirely put out of court by the figures which I have quoted.

"I pass on to the next head of revenue, which is opium. I do not know whether Hon'ble Members consider opium revenue to be taxation or not. It is paid chiefly by the people in China, but if it is taxation it has, I am sorry to say, diminished very much during these twenty years. On the expenditure side, the raiyat in this country, whereas at the beginning of the period he got Rs 5 for his seer of raw opium delivered, now gets Rs 6.

"The next head of revenue is salt. I have here a statement showing at what rate the salt-revenue was levied at the beginning of the twenty years to which I make allusion. The rate was in Bengal Rs 3-2, in Madras and in Bombay it was Rs 2-8, and in Northern India it was Rs 2-12. Well, these rates were slightly decreased from 1878 to 1882. From 1886 we again took a portion, but a portion only, of the amount by which the rate had decreased. The result is that during the last ten years of the twenty years period the salt-duty has been levied over Northern India, Madras, Bombay and over continental India at a rate of Rs 2-8 only, whereas at the beginning of the period it was levied at various rates from Rs 2-8 upwards to Rs 3-2. Here also, therefore, I point out to Hon'ble Members that the duty is now and has for a long time been taken at a lower rate and not a higher rate than at the beginning of the twenty years, and my twenty years show not an increase but a decrease of taxation. I may remark that in Burma, which is very lightly taxed, and which contributes a very small portion of the salt-revenue, there has been a small increase as compared with the rate there current in 1878, but the rate of taxation in Burma is Re. 1, whereas in continental India they say Rs. 2-8. I wish to be scrupulously exact in my statement, and therefore, while claiming this remission of salt-duty during the twenty years over India generally, I admit the small increase which has taken place in Burma.

"The next head of revenue is stamps. The stamp-duties have been practically the same during the whole of the twenty years. The Government of India has no power except with the sanction of the Legislative Council to increase the duties on stamps. They have very ample power to remit and to decrease it, and they have made in details very ample use of that power. So that so far as any change has taken place in the levy of duties, it has been in the direction of a decrease of the rates and not an increase.

"The next head is the head of excise, and there I admit there is a very large increase of revenue. Any person in this country who wishes to indulge in a glass

of grog has, I admit, to pay more for it now than he did at the beginning of the twenty years; but I do not think it necessary to justify this as an increase of taxation. I fancy that the Hon'ble Members who have denounced the increase of taxation during the twenty years will admit that the increased excise-revenue is a perfectly legitimate burden to impose upon the people who pay it.

"In the case of provincial rates again, the rates have during the whole of the twenty years been practically the same. The Provincial taxation was imposed by legislation in 1874, 1877 and 1878. From 1878 forward there have been hardly any changes in the rates, but of course the total amount slightly increased. It increases chiefly with the land-revenue, and the rate of increase of it is, as in the case of land-revenue, less than the rate of increase of the assets upon which it is charged.

"In the case of customs again there has been no increase of taxation. The customs-duties were levied up till 1875 at the rate of 7½ per cent. From that year the general rate was 5 per cent. In 1879 and in 1882 the customs-duties were gradually remitted. Recently in 1894 we were obliged to put them on again, but what I wish to point out is that the rate we put on was 5 per cent., which was exactly the rate which was in force at the beginning of my twenty years' statement. There therefore also has been no increased burden to the people. The petroleum which is included with our customs is, I admit, an increased duty, but it is only an increase for this reason that petroleum hardly existed as an import at the time when my twenty years began. As one of the Hon'ble Members talking to-day of this duty denounced it as being levied on one of the necessities of existence, I desire to point out that, comparing the position of 1898 with 1878, the inhabitant of India is better off in respect of having petroleum, even though he does pay a small duty on it, than he was in 1878 when he had no petroleum at all.

"And that reminds me that in talking of the salt-duty I ought to have mentioned one thing which is extremely important, namely, that by the increase of railways and of railway communication throughout the country, the price of salt paid by the ordinary native has been enormously reduced. I pointed out that the salt-duty had been decreased during the twenty years; even if it had been largely increased, the *burden* of the taxation upon salt would be much less than it was at the beginning.



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"Assessed taxes I shall deal with separately. I admit an increase there.

"Forests and registration are the two other heads, and I need say nothing about them. There has been no increase in the case of forests and registration. In the case of forests we are conserving a large property for the natives of this country and saving them from the disastrous results of the depletion of the forests, and in the case of registration the tendency has been rather to decrease than to increase the fees.

"Now as regards assessed taxes. I am not going to say much about them, because I have the good fortune to be able to refer to a concise statement that was made on the imposition of the income-tax in 1886. This tax is the only instance during the twenty years in which there has been an increase of taxation. Sir Auckland Colvin in introducing the License Act Amendment Bill said :—

'In the first place, it is built on the foundations laid nine years ago for the license-tax, and is not an introduction but an enlargement, an extension and equalisation of the direct taxation. Next, it will be found that it leaves the present license-tax undisturbed in the case of the lowest class of incomes except so far as it adds professions and offices to trades and dealings. It aims at maintaining an average assessment of 2 per cent. on incomes below Rs. 2,000, the rate at and above Rs. 2,000 being about 2½ or five pies in the rupee, but falls at a sensibly lower average rate on all incomes between Rs. 500 and Rs. 1,250. It exempts, like the present law, all incomes below Rs. 500 per annum from taxation. Of the present assesses, 122,000, so far as we can at present calculate, will have their present assessment entirely undisturbed, the assessment of about 100,000 will be more or less raised. It takes no account whatever of land assessed or liable to be assessed to revenue whether in the permanently or temporarily settled provinces. The combined schemes will not affect more than about 300,000 persons only, officials included, out of the whole population of British India.'

"In short, an increase of taxation, which affects only one out of every thousand of the inhabitants of British India, is the sole instance of increase of taxation upon the population of India which has taken place during these twenty years. I hope that I have been able to answer my critics in respect to this point.

"Then my critics, especially those of to-day, have been talking about the tremendous burden imposed upon them by new loans. I should have thought it unnecessary for me to point out that the surplus we have shown in our Budget has absolutely nothing to do with the loans, and that the loans are entirely outside it. Loan money does not enter into our revenue account at all. The

loan money that we raise is appropriated to railway construction and other purposes. My answer to those who talk of this increased heavy burden upon the people is that they should look at their figures a little more narrowly before they bring them forward. The burden of debt is very easily ascertained: you have only got to look at the figures under the head of interest. If you do so at the beginning of my twenty years, you will see that the net amount chargeable upon the revenues of India was Rx. 4,900,000. If you look at the account to-day, you will see that the net interest charged is Rx. 2,400,000; that is to say, a reduction of the burden under the head of interest on the ordinary account by Rx. 2,500,000. The figures I have shown in my twenty years' statement show a net increase in the account of burden of railway debt of Rx. 500,000. If you deduct that from the burden as measured by the interest on ordinary debt, you will find that the net relief which during these twenty years the revenues of India have obtained in respect of the debt we have raised, amounts to exactly two crores of rupees. Here also I have to point out, therefore, that my critics are entirely wrong in talking of the heavy additions we have made to the burdens of the people; we have really greatly decreased them.

"I think, my Lord, I have now given my answer on what I may call the general subject of the debate, and I trust the Council will excuse me if I refer for a short time to particular matters which have been alluded to by one or two Hon'ble Members. They are, some of them, really very small matters, but I desire even in small matters to show how absolute is our justification for what we have done. I find myself, or rather the Government of India, attacked in respect of the lateness of the date at which year after year we bring forward the Estimates. I shall ask Hon'ble Members to listen to the explanation I give of the manner on which that date is fixed. We are not responsible for it in this country. The time is practically fixed for us by an Act of Parliament. Section 53 of 21 & 22 Victoria, cap. 106, imposes upon us this obligation:—

'The Secretary of State in Council shall within the first fourteen days during which Parliament may be sitting next after the first day of May in every year lay before both Houses of Parliament an account for the financial year preceding that last completed,  
 \* \* \* together with the latest estimate of the same for the last financial year.'

"So that what has been the substance of my Financial Statement has to be laid by the Secretary of State before Parliament during the first fourteen days of May. That necessitates its being despatched from this country

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early in April. Now what we have got to send is the latest estimate we can make of the accounts of the 'last year,' or rather what is at present the current year 1897-98. Well, if we were to make an estimate of 1897-98 in January or February, we might be very far out indeed. They are months of very active expenditure, and they are also months of extremely active revenue. We cannot profess to show to Parliament any accurate estimates for the year 1897-98, until we have the complete figures for at least eleven months. That is what we do. We have the complete figures of eleven months in our possession, collated, compiled and examined, by about the 15th of March, and if Hon'ble Members will take the 15th of March as the earliest date of our possible compilation of the estimates which we prepare for Parliament, and say the 7th of April as the latest date on which we can send on the same figures for presentation to Parliament, they will see that it gives us very little margin of time in which to lay the matter before the Legislative Council and to have it discussed. It is not out of *malice prepense* and to hurry up discussion that the Government of India put off presentation of their estimates to the last possible moment. They are compelled to do so, simply because it is between the two dates I have mentioned that they are obliged, in consequence of the Act of Parliament, to do the whole work.

"I have taken a note of the speech of my Hon'ble friend Mr. Chitnavis, who is such an ardent champion of the rights of his province. He tells us that the one thing required for the salvation of that province is that we should be very generous to the malguzars and to the raiyats. He tells us that our business there is to introduce improved methods of cultivation, and above all things to introduce the permanent settlement. He points to what he calls the heavy assessment of the Central Provinces, and thinks apparently that that assessment is so heavy that the time has come to put a final limit to it. I have also some published figures on this point to lay before the Council gathered from various sources, which show the pressure of the land-revenue upon the various provinces of India. The pressure per cultivated acre in Bombay is a little over one rupee. Last year, or rather 1895-96, it was as high as Re. 1-5, probably owing to arrear collections, but for the two or three years before it was Re. 1; so it is usually, say, about Re. 1-2 or Re. 1-3. In the Madras Presidency the rate is still higher; it is about Rs. 2, which is paid by each cultivated acre. In the North-Western Provinces the assessment very nearly approaches that of Madras—it is about Re. 1-12. I suppose Hon'ble Members will think that when the Hon'ble Mr. Chitnavis talks of the heavy assessment of the Central Provinces he refers to an assessment of something like Rs. 3. The fact is that the assessment there is

6 annas—a fifth part of what is paid by Madras, and a third part of what is paid by Bombay. If ever the time comes for extending the permanent settlement to the Central Provinces, the assessment must be raised first of all to a much higher level than that at which it at present stands. It is impossible for a province under-assessed as the Central Provinces is to expect that the resources of other provinces will continually be drained towards it, and that it should contribute nothing whatever to its own advancement out of its own revenue. I do not understand, I admit, why some Hon'ble Members think that the permanent settlement is in any way a remedy for famine; or even that the permanent settlement in any way contributes to the comfort of the raiyat. Bengal is a permanently-assessed province, but I think no person will contend that the raiyat in Bengal is better off than the raiyat in the temporarily-assessed provinces. In the temporarily-assessed provinces the raiyat has Government for his landlord, and although I am afraid I am contradicting the prepossessions of some Hon'ble Members, still it is a fact Government is a very much more tolerant landlord than the zamindar himself is. I can quite understand the zamindar or middleman longing for the permanent settlement, because the permanent settlement is a restriction of the demands of the Government upon him. If at the same time you add to that the condition that his demands upon his subordinate tenant should be similarly restricted, I think the position might be arguable, but when the zamindar or middleman argues that his assessment should be finally limited, but his power of enhancing the assessment of rent on his subordinate tenure-holders should be left as it is, I think he is asking more than for the good of the country it is desirable to give to him.

"I listened with very great interest to the remarks of the Hon'ble Mr. Nicholson upon a subject upon which he is pre-eminently qualified to advise the Government, *vis.*, agricultural banks and agricultural advances. I sincerely hope that the result of his investigations on this subject will be such as to ensure some progress in the direction he indicates, but upon the general subject all that I can say, I am afraid, is this, that it is one of the very many things that it is extremely desirable that we should do, but which from want of funds we cannot do. We are a benevolently disposed Government, but as the Hon'ble Mr. Sayani and other gentlemen tell us, our benevolence can only be carried into effect at the risk of imposing burdens of taxation upon the people of India, and where we have the choice of continuing our administration upon our present lines and launching out into new expenditure, however excellent that may be, I am afraid considerations of taxation would make us for the present take the less wise of the two courses.

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"Now I come to the challenge which was thrown out by my Hon'ble friend Sir Henry Prinsep. I am extremely sorry that I am in the same position as I was when he spoke on the subject a short time ago, *viz.*, that, according to the rules of the Council, it is for me to give an answer to him, and he is unable to return an answer to me. But in the first place, regarding the criticism I offered on the figures which were presented at the last debate, I did not apply it to the figures published in 1890, for the very sufficient reason that the figures of 1890 were compiled by myself or under my direction. The Hon'ble Sir Henry Prinsep is not correct in saying that those figures were obtained after some importunity of the mercantile community. As a matter of fact, the business was started by myself and the result was published as soon as the figures were collected and compiled."

The Hon'ble SIR HENRY PRINSEP :—"I always understood it was at the request of Mr. Steel."

The Hon'ble SIR JAMES WESTLAND :—"No, it was undertaken at the request of the Finance Committee."

"I shall read the original order for their collection ; it is an order of Sir Auckland Colvin's, 'I think it would be well that we should prepare a note on the question of the court-fees, as the High Court in their reply to the Finance Committee have put them in the foreground of their defence,' and so on."

"So I think it will be seen I am correct in stating that the collection of these figures issued out of the proceedings of the Finance Committee. The figures I challenged as incorrect were the figures put forward in the Administration Report. I have here, for example, the Administration Reports issued by the High Court on the administration of civil justice in the Lower Provinces of Bengal. I think the High Court is responsible for it. In the revenue there shown they take credit among other things for the receipts of probate-duty. The Hon'ble Sir Henry Prinsep tells us that the Courts are entitled to take that credit. I am afraid I am unable to give them that credit, for this sufficient reason, that I cannot conceive why the succession-duty should be regarded in any other way than the ordinary stamp-duty. It is part of the revenue of Government, and in no country that I am aware of is it put down as one of the receipts of the Courts of Justice. But I think I have particular reasons for excluding it from the claims put forward by my Hon'ble friend. In 1890 we were attempting to put a check upon the practice of perpetually under-

valuing estates for the purpose of escaping duty. We brought to the notice of the various High Courts the fact that there was no check exercised over the valuation of estates, and we suggested to them that the Revenue-officers might be allowed access to the documents and be given permission to challenge the valuation which applicants themselves put upon their estates. The answer we got from the High Court of Calcutta, of which the Hon'ble Member was a Judge, was :—

'In reply I am to say that the High Court think that it would be useless to require the Civil Courts to give the proposed information to the Collector, as in the event of its being given the Judges are not aware of any enactment of the Legislature by which the Collector would have power to appear in any such case, and it further appears to the Judges that the law does not impose on the Civil Courts the duty and responsibility of ascertaining in each case what is the correct value of an estate for which letters of administration are applied for.'

"In short, so far from taking credit for those collections of succession-duty, they gave us to understand that they would have no hand whatever in permitting any examination as to whether the duty was properly collected or not. I am very glad to think that the High Court now has changed its mind on the subject, and will be perfectly willing now to give us information which it refused to give us in 1890. Now as regards expenditure. I take the figures which are put forward in the report as charges of the Courts, and which I may mention are used for the purpose of showing the surplus derived from the administration of civil justice in Bengal. It includes a share of the officers' salaries, and it includes establishment and contingencies. Now I will note some items which at least are expenditure by Government and which are not included in this. There is first of all a very considerable sum indeed, which is paid in the form of pensions to Judges. (The Hon'ble SIR HENRY PRINSEP was understood to demur.) However, I do not want to enter into or combat arguments as to the extent to which the cost of litigation should be borne by the litigants and the amount of expenditure which the Government should consent to bear in giving them litigation free. I do not use the figures for that purpose. I merely use them in order to answer the claim put forward, that because there was a certain surplus shown in those figures therefore we ought to proceed to consider the claims of the Judges to higher salaries. The claims of the Judges to higher salaries are claims which I do not wish to enter upon the merits of. I merely challenge their founding their claim upon surplus receipts thus alleged. But as the Hon'ble Sir Henry Prinsep has told me of the grievous extent to which in Bengal the Civil Courts are overworked and the grievous extent to which they are undermanned, I desire also to call that statement in question. If anybody

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knew the long list of holidays which are enjoyed by Civil Courts everywhere, and if they knew the easy hours at which the Judges of Civil Courts go to their business, and the easy hours at which they come back again, and if they saw also the extent to which Judges of all degrees—Munsifs, Sub-judges and so forth—are able to get leave in addition to all those holidays, I think they would realize that the less said about their being overworked the better. The comparison between the work that is done in the Civil Courts in the country and the work that is done by the Executive officers ought, I think, to make the Civil Court judges hide their heads. Most things come before me in some shape or form, and this question of the administration of civil justice also comes before me in the shape of applications made from the High Courts, not only in Bengal but elsewhere, for additions to be made to the staff of the Civil Courts. We are told that the work has got into dreadful arrears in some districts, and we are asked to put on an extra judge to clear off these. The complaint I have made on several occasions to my friend in charge of the Home Department is that I do not consent to take the mere statement of the accumulation of arrears as a ground for the appointment of a new judge ; I want to know why the arrears have been allowed to accumulate. Cases on my initiative have not infrequently gone back to the High Courts with an enquiry not as to the arrears, but as to the amount of work done ; and I have on more than one occasion obtained from the High Court an admission that their application for additional assistance really arose from the fact that the officer in whose Court the arrears were found had, to speak shortly, been idle. I have also, talking of the Civil Courts, been struck by the number of suits in which it is calmly taken for granted that the Sub-Judge may spend, say, three or perhaps six months over a single case. Now Hon'ble Members who know anything whatever about the administration of justice in England will know that a suit which occupies six or even three months is a perfect rarity— an almost unheard-of thing. Yet in this country I have seen more than one application sent up telling us that some Sub-Judge means to spend six months in trying a single case and therefore wants some other judge sent to do his regular work. I ask what would be said by any Local Government to an Executive officer if an Executive officer said that unfortunately he had a big case, and he meant to spend six months over it, and that during the whole of that time he could not look after the business of his district.

“I am compelled, my Lord, to make these remarks because I am challenged on the ground that the Civil Courts are over-worked and under-manned. I have gathered the information which I now lay before the Council from actual cases that

have come before me, and I hope I have shown that there is a considerable margin of work still obtainable out of the Civil Courts by due use of their time.

"I have taken notes also of some of the other Members' addresses, but I desire merely to refer to two questions which have been put to me by the Hon'ble Mr. James, and to which I will, as far as I can, give answer. The first is, what is the prospect of reducing the salt-tax. Well, this is no time to attempt to enter upon the question of the reduction of taxation. We have come out of a period of two years of heavy deficit, and even if we had a swimming surplus this year we should not be justified in considering any question of remission of taxation until we found our position completely re-established. The prospect of reducing the salt-tax, therefore, is exactly the same now as it was last year, that is to say, it is a question of the future. He asked me also if I could give any indication of the further progress of the consideration of the subject of provincial contracts which was the subject of part of my speech last year in this place. All I can say with reference to that is that our ideas on the question have been worked out to completion, and that they have now been laid before the Secretary of State, and any further action depends upon His Lordship.

"And now, my Lord, I have nothing more to say except to give an answer to some allegations which have been made regarding the personal factor which is supposed to enter into my Financial Statements. It is the sixth time that I have within these historic walls laid the Financial Statement before the Council of the Governor General. It has been my object now, as it has been my object on every previous occasion, to state as plainly as I can, as far devoid of any personal feeling as I can, the actual facts of the situation. I have been too long connected with Indian finance to sing songs of triumph when a surplus appears upon my accounts. I know the pitfalls that surround every Finance Minister, and I have only too much experience of the anxieties in which his time is spent. In the same way, when I have to meet misfortunes such as fell upon me last year, I sound no note of despair. I know what the resources of this magnificent empire are. I have seen the finances rise over and over again from depths as troubled as those into which during the last two years they have fallen. My object therefore has been always, and it is now, to lay before the Council an uncoloured statement of figures gathered from the best sources of information which are available to me; and anyone who knows what the process of the compilation of our estimates is: how from the smallest beginnings they pass up through all the officers best acquainted



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with the facts and come finally into my hands for completion and for exhibition to the Legislative Council,—anyone who knows what these processes are, will know that it could only be by a piece of active personal dishonesty that it would be possible for me to lay before the Council figures which I am not able to justify, as estimates, down to the last rupee.”

His Excellency THE PRESIDENT said:—“ I think my Hon'ble colleague has reason to be well satisfied with the manner in which this his sixth Financial Statement has been received by Council. It is one which is typical of the experience of the Hon'ble Member since he assumed his present office. Storm and fair weather find their place in it ; and he is to be congratulated that the latter predominates at the close. The Hon'ble Member's skill in the management of his Department is known to all, and as the last survivor of the Government on whose behalf he introduced the Budget of 1894, I can testify, as no one else here can, to the manner in which the troubles of these troublous years have been met by him. My Hon'ble friend, I know, neither needs nor desires any eulogy from me, but I cannot let this occasion pass without putting on record the feeling which I, in common I am sure with all my colleagues, have entertained, that no matter how unexpected the emergency, how serious the call, we could trust implicitly not only to his power of resource and mastery of his subject, but to his determination to subordinate every other consideration to the necessities of the Empire. It is no light thing for a Finance Minister who has begun to entertain the hopes which the prospect of a big surplus must inspire in a Finance Minister's breast to find his expectation disappointed and his surplus scattered to the winds by causes altogether beyond his own control. But no word of complaint has ever come from my Hon'ble friend. He has faced the altered conditions with the same cheerful persistence as before, and he has never failed us.

“ I make these remarks out of consideration, not only of what is contained in my Hon'ble friend's Budget Statement, but also of what it has been attacked for not containing. The Hon'ble Mr. Arthur has complained on behalf of those whom he represents, because they are not put in possession of the details of any scheme which we may have in contemplation for the establishment of a gold standard. Now, as I have said, the Hon'ble Sir James Westland is a man of prompt action, and he possesses the full confidence of the Government to which he belongs. If then this had been a case in which the question was one for the Government of India alone, it might perhaps be asked, why should you not proceed ? But let Hon'ble Members turn their thoughts back a few short

months to the mission of the American Deputation to Europe, and they will recognise that this is a case in which it would be easy enough to stir the embers of controversy, and where the utmost circumspection is necessary. The months that have intervened have been for all parts of the Government of India full of work of the most engrossing character, not least for the Financial Department, which has to find the sinews of war, and I think the record of what notwithstanding has been done in connection with this subject is one of which the Hon'ble Member need not be ashamed. The Despatch dealing with the American proposals itself marked an immense step in advance, and it is one that the Hon'ble Mr. Arthur has on behalf of his constituents heartily approved. The Despatch which we have now sent enters into a subject of so much complexity that I do not see how it can be denied that it is reasonable that we should desire, and the Secretary of State should desire, to have the propositions put forward tested by experts. Nowhere in the world can that enquiry be so efficiently made as it can in London, and nowhere so appropriately, for I maintain that this is essentially an Imperial question in the widest sense of the term. At the same time, I fully agree with the Hon'ble Mr. Arthur that the enquiry should not be one made by partisans, and I fully believe that provision will be made for the representation of Indian interests, both in the composition of the body to which our proposals will be referred, and among the witnesses whom that body will examine. I believe it is the intention of the Secretary of State to publish our Despatch as soon as the Committee is appointed; so that there will be ample opportunity for all those concerned to consider and criticise our proposals. I can entirely appreciate the anxiety felt by the commercial community here that something should be done to avert the inconveniences and dangers that have attended the conditions of the money market during the last two years; but remember that a step that was premature or in the wrong direction would probably bring about still graver disasters. That the Government of India and the Secretary of State should make every effort to arrive at a solution of these difficulties as speedily as possible I entirely accept. That they should be urged to proceed at a more rapid rate than they consider prudent or without the most competent advice is to my mind unwise.

"My Hon'ble friend Mr. Sayani referred in the course of his remarks to something which had fallen from me in the discussion of last year with reference to measures for the amelioration of the condition of the people. I think he did not quite appreciate what I then said, because he seems to ask me to state now whether that programme should be formulated

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or adhered to. What I then said was that the programme which we had set before us had been knocked on the head by the calamities of the years 1896-97, but I added that that took away from me the hope of seeing legislative measures passed during my term of office, though I hoped something might be done to pave the way for them. I think I may say on behalf of the Government that they have done something in that direction. As Hon'ble Members are aware, a Tenancy Bill for the Central Provinces has been introduced into this Council, and if it had not been for the pressure of other work would have been discussed this session. Besides that at the last meeting of the Council Sir John Woodburn introduced a measure for amending the Contract Act which we believe will have a very distinct effect upon the position of the agricultural population. And for the rest I have only to say that we have been still paving the way, and I very much hope that my successor, when he addresses the Council next year, may be able to look forward to even more legislative action than I have been able to speak of to-day.

"Several Hon'ble Members have referred to the operations on the Frontier, and perhaps they will expect me not to ignore this subject, which I admit is a perfectly legitimate subject to introduce into this discussion, considering the extent to which it affects the financial situation. At the same time it is obviously impossible for me with the time at our disposal to-day to deal comprehensively with the very wide range of topics which any such attempt must imply. For instance, I have no intention of waking the echo of a controversy which at one time seemed likely to involve serious imputations on the Government of India and myself in particular,—the more so as for us in India it was an exotic plant that germinated and perished after a sickly existence far out of our sight, and I only mention it in order to acknowledge, on the one hand, the warm and generous advocacy of the Noble Lord the Secretary of State, and on the other with like pleasure the declaration of personal friends that their words were never meant to convey the imputation which they had seemed to imply. I willingly pass from this ; but there have been other charges levelled against men who have served the State long and faithfully with which I should dearly love to grapple. The fact is that now and again a spirit of self-abasement seizes on the British nation, and it seems almost to welcome any story of misconduct or mismanagement however wild and uncorroborated. Never, I think, has the confidence of the public been more grossly abused than on the present occasion, and I offer my respectful sympathy to those officers whose

honour and credit have been attacked by traducers who, as a rule, have not even the courage to append their names.

"One misconception of a more general character it may be worth while to clear up. The picture has been drawn of a General and his troops, sitting in forced inactivity in their camp, while the civil officer was inditing long epistles to a distant Foreign Office. I am sorry to interfere with the artist's composition of these pictures, but the officer writing ought to be painted in a General's uniform. It is quite true that a civil officer of wide experience, Sir R. Udny, was attached to Sir W. Lockhart's staff with the title of Chief Political Officer, but his position was carefully defined by myself, with the full concurrence of all concerned, as being analogous to that held by the Chief of the Staff on the military side. I am glad to say that both distinguished officers have since assured me that this arrangement worked without the slightest friction and to their mutual satisfaction. But the foundation on which it rested was that with Sir W. Lockhart remained control in political matters as fully and completely as in military. It was of course the business of the Government of India, in consultation with Her Majesty's Government, to prescribe the objects for which the military operations were undertaken and the limits within which they were to be conducted, but within those limits the amplest discretion was given to the General Officer Commanding, and I feel certain that he would be the last man to say otherwise. I must not be taken, if I refer specially to the political side, to mean that it was different as regards military arrangements. I am concerned personally with things for which I am responsible. But as my gallant friend, Sir George White, is not now here to speak for himself, I may add that I know the support he gave to the Officer Commanding in the field was on this as on all other occasions untiring and ungrudging.

"But it is said the expedition was a failure. I deny it. Remember we had not in all respects a free hand. If we could have chosen our own time, the spring, when the crops were ready for cutting, would have been our opportunity, followed or preceded by a rigorous exclusion of the tribe from its winter quarters; but in the circumstances of September last it was our unanimous opinion that we could not delay active operations so long. The decision was not taken with a light heart, for an invasion of the country of this powerful tribe could not, it was well known, be undertaken without risk. It might be that the Afridis would make a stand on the passes that gave entrance to the sacred maidan of Tirah. If so, there was the chance

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of something like a pitched battle, of a decisive victory and of a speedy submission, it may be with heavy losses, but a success which would strike the eye. But no one with any knowledge of frontier warfare could have failed to see that the other alternative was at least as probable, *vis.*, that the tribesmen would decline to face overwhelming forces and by retiring into their fastnesses use the opportunity which the nature of their country gave for prolonging the contest. And, if so, he must also have foreseen that the only course then open to us would be to withdraw from the uplands when the weather became too severe and establish our troops in a position to effect the blockade of which I have already spoken. And this was the withdrawal which was skilfully designed and carried out by Sir William Lockhart; so that it might be known to all men that from the slopes of the Safed Koh and the country of the Para Chamkanies, old offenders in Kurram, on the one side, and the Rajgal Valley on the other, down the course of the Mastura and Bara rivers to the confines of British India, our troops starting from the sanctuary of Bagh in the heart of Afridi Tirah had penetrated into and traversed the whole of the untrodden land of the Afridis and Orakzais so completely that, with the subsequent exploration of the Bazar Valley and occupation of the Khyber, scarcely a glen remained unvisited. That mistakes were made and that lamentable losses were incurred ought not to be allowed to obscure the value of the end attained. Let those who criticise first make themselves acquainted with the difficulties and dangers of passes and defiles of which my Hon'ble friend Sir Griffith Evans has spoken, which even those of us who know something of the outskirts of the Himalaya perhaps scarcely appreciate to their full extent. Whatever others may think, the tribes themselves make no secret about it, but confess themselves beaten. As their custom is, they have haggled over terms, and tried our patience severely, but their submission is now all but complete in every section. This submission, I would have you note, has not been secured by any slackening of the terms offered to the tribes. If we had diminished the tale of rifles and rupees originally demanded, it might be said with some truth that the objects of the expedition had not been fully attained. But that is not the case. I have every reason to believe that in the course of not many days our terms will have been satisfied in full, to the last rupee and the last rifle.

"Well, I am not going to weary Council by referring to the fighting on any other part of the frontier. As a military operation it has been admittedly

successful. The net result was referred to by the Hon'ble Sir Griffith Evans, and it is this. Hitherto in dealing with the frontier we have constantly had to do with tribes who had never seen British troops or realised the force we could send into the field. That state of things has come to an end for ever, and within the whole of the sphere of influence which our treaties secure to us, there is now scarcely a corner left where it has not been demonstrated that the forces of the Queen-Empress can and will come, if they are bidden. I say this in no spirit of vain glory, as an end I either contemplated or desired, but as a solid fact which can be taken into account, and will, in my judgment, have a lasting influence on the policy of the future.

"I do not intend to detain you by entering into an examination of the causes which led to the recent outbreaks or the policy which is now to be pursued. I should be obliged to repeat a great deal that has been exhaustively said elsewhere. As to the policy of the future Her Majesty's Government have spoken in their Despatch of January 2nd to which Hon'ble Members have access. I concur in that policy and the explanation of it given by the Prime Minister in the House of Lords, and the Secretary of State and Mr. Curzon in the House of Commons. My own feeling throughout has been that while our obligations of whatever kind must be maintained, it was possible to do this with a minimum of interference with the internal affairs of the tribes, and that the avoidance, so far as possible, of direct administration was in every way desirable. I think, however, that there is a tendency to generalise too much in these matters. There are facts which have an important bearing, but are not always taken into account. I do not allude to elementary geographical facts, as when gentlemen on platforms place the road to Chitral and the Hindu Kush on any point of the frontier convenient to their argument. But it is material to know whether the country is a tract of inhospitable waterless hills where the people are miserably poor and naturally seek to improve their position by plundering their richer neighbours or anybody who comes within their reach, or whether it is a succession of fertile valleys producing more than sufficient for the wants of its inhabitants. It is material to know something of the political history of the country, whether the rule is personal or oligarchical, or so purely democratic that in every village each man is as good as his neighbour, and is as likely to be shot by his neighbour as by anybody else. It is material to watch carefully any movement, social, religious or political, that may affect the demeanour of a people naturally and by custom liable to periods of great excitement. This is difficult work, but it is being

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done and often done exceedingly well by our frontier officers. I do not altogether accept the statement of the Hon'ble Sir Griffith Evans that we never know what is coming upon us. One of the greatest of our difficulties is to discover the exact moment at which an ebullition may take place; but the best of our frontier officers do succeed in keeping their finger on the pulse of the temper of the people. That it is dangerous work the lamentable incident lately reported from Baluchistan shows. The fate of Colonel Gaisford, cut off at the moment when he was preparing for the rest earned by long and arduous service, is specially sad, and I feel deeply for his family in their bereavement. It reminds us that frontier officers take their lives in their hands when they go out to their duty in isolated posts, and as, in a sense, the head of the department to which they belong. I enter my protest against much that has been said regarding them. The fact is that where a Political Officer combines firmness with patience and sympathy for the people with whom he is brought in contact, the difficulty before him is not how to increase his influence and interference, but how to keep it within bounds. Far from resenting his presence, the people when not excited welcome an impartial friend and adviser.

"We are sometimes told that our policy has broken down. I cannot admit it. It might be true if we had really professed the policy of annexation and absorption with which in some quarters we have been credited. So far as I know, no Government of India has ever professed that policy: it has never been raised in my time. During the time I have known the Government of India, I maintain that we have never made an advance or sent out a military expedition which was not forced upon us by obligations which we could not honourably ignore, and I feel bound to add that in our deliberations the first voice for peace where it was honourably possible was that of the late Commander-in-Chief.

"It might be true that our policy had broken down if we had been professing the policy of jealous exclusion, where each offence must be followed up by a punitive expedition; but that has not been our policy, and in my judgment it is a barbarous policy far more likely in the end to lead to the necessity for a career of conquest and repression than any other.

"No, our policy has not broken down, for it has been the same that has been once more defined by Her Majesty's Government, and has in truth guided the Government of India for many years. I suppose that of all my distinguished

predecessors few had more genuine sympathy with native races and their feelings than Lord Mayo. I suppose there were few men who have spoken in this Chamber whose opinion on Indian politics carries more weight than Sir John Strachey. I desire to quote a short passage from a minute in which Sir John Strachey describes Lord Mayo's foreign policy :

' Having once satisfied himself that an expedition was unavoidable, he threw himself with all the energy of his nature into the measures necessary to make it a complete success. He was determined that there should be no repetition of previous mischievous failures. At the same time he was careful to prescribe that the expedition was not to be a measure of pure retaliation. The main end in view was to show the tribes that they are completely in our power; to establish friendly relations of a permanent character with them; to make them promise to receive in their villages, from time to time, Native agents of our own; to make travelling in their districts safe to all; to show them the advantages of trade and commerce; and to demonstrate to them effectually that they have nothing to gain, and everything to lose, by placing themselves in a hostile position towards the British Government: in short, the expedition was to be preliminary to the adoption of general and wider measures of policy.'

" From the spirit of that declaration, so far as I am concerned, I have not consciously departed: I am willing to conform to it now. I do not pretend to say that the task of the Government of India or of its officers will be an easy one in the near future. I do not conceal from myself that, however cautious and sympathetic our policy, outbreaks like those of last year must be expected from time to time, and if they occur they must be promptly and vigorously put down and punished. But I do think that in this policy lies the best hope of peace, because it is founded on reason and justice, inasmuch as while on the one hand abstaining from all arrogant assertion of authority, and on the other recognising that it is one of the first duties of the Government of India to adapt the measures it undertakes to the resources of the country, it does not shut out from all hopes of improvement and progress men whose chief fault is that they have never come under the civilising influences which established peace and order and some measure of prosperity bring with them.

" I must not conclude without a word of acknowledgment to my Hon'ble friends who in the course of this discussion have made personal reference to me in terms for which I am most grateful. I remember well that the first time I sat in this Council I bespoke the forbearance of Hon'ble Members, while I endeavoured to carry on the business that came before us. No man can without a feeling of pride carry away with him the remembrance



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of presiding for five sessions in the Council which is charged with the legislative business of this great Empire, but it must add greatly to the satisfaction of that remembrance if there is no record in his memory of any break in the cordiality of the feelings between himself and his colleagues. For that I have to thank the kindness and support I have ever met with from Hon'ble Members in this Chamber."

## PETROLEUM BILL.

The Hon'ble MR. CHALMERS (in the absence of the Hon'ble SIR JOHN WOODBURN) moved that the Report of the Select Committee on the Bill to further amend the Petroleum Act, 1886, be taken into consideration.

The motion was put and agreed to.

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

The motion was put and agreed to.

The Council adjourned *sine die*.

CALCUTTA ;

The 30th March, 1898. }

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*