

*Wednesday,
21st March, 1900*

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

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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

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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 21st, March, 1900.

PRESENT:

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

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

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

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

The Hon'ble Mr. C. E. Dawkins.

The Hon'ble Mr. T. Raleigh.

The Hon'ble Mr. Denzil Ibbetson, C.S.I.

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

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

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

The Hon'ble Mr. G. Toynbee.

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

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

The Hon'ble Maharaja Rameshwara Singh Bahadur of Darbhanga.

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

The Hon'ble Kunwar Sir Harnam Singh Ahluwalia, K.C.I.E., of Kapurthala.

The Hon'ble Mr. J. T. Woodroffe.

The Hon'ble Mr. H. F. Evans, C.S.I.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Mr. Allan Arthur.

THE LATE SIR WILLIAM LOCKHART.

His Excellency THE PRESIDENT addressed the Council as follows:—

“ Before we proceed to the business of the sitting, I must say a few words concerning the sorrowful fatality which has robbed us, since our last meeting, of

[The President; Rai Bahadur Ananda Charlu.]

one of the most distinguished Members of this Council. The late Commander-in-Chief, Sir William Lockhart, had only been for less than a year and a half a Member of this body. So far as I remember, he never once spoke here, and I dare say, had his life been spared to the full limit of his term of office, would never have spoken. He did not care for speech-making; and his keenest interest did not lie in administration. He was essentially a man of action, whose character had ripened, and whose reputation had been won, on the battle-field and in the camp. It was among the wild tribes of the frontier, and amid the soldiers of the Army, whom he loved and led to so many victories, that the gift of leadership, which he combined with a singular gentleness of disposition, was best seen, and was most widely known. By force of this ascendancy, he rose to the great position of Commander-in-Chief of the Army in India, an office which he filled not merely by titular appointment, but in an equal degree by popular acclaim. He has not lived to continue to the Army in his exalted station the services which he had already rendered to it in so many campaigns. In the prime of life, and in the plenitude of his powers, an inscrutable destiny has struck him down. But he leaves a record of combined gallantry and judgment in the field, and of the power of inspiration over his followers, which are among the attributes of great Commanders, and which entitle him to a high place in the illustrious roll of Indian Captains. It may be permitted to myself, who had known him for many years, long before a happy fortune made me his Colleague in the Government of India, to add that, by his premature death, we have lost not only a brave officer and gifted General, but a chivalrous and noble minded gentleman, and a most lovable man."

QUESTIONS AND ANSWERS.

The Hon'ble RAI BAHADUR ANANDA CHARLU asked :—

"1. Will the Government be pleased to state whether, since the brief discussion in March last in the Council, they have received any memorial or representation from, or on behalf of, the Native Christian Community of Madras complaining of hardships entailed on them in the shape of succession duties, etc., by and under the Indian Court-fees Act?

"2. Will the Government be pleased to state whether the Government, in recognition of the said hardships, either wholly or partially, contemplate any legislation to remedy the same?

[*Rai Bahadur Ananda Charlu; Mr. Denzil Ibbetson; [21ST MARCH, 1900.]*
Mr. Allan Arthur; Mr. Dawkins.]

"3. Will the Government be pleased to state whether, in case legislation is contemplated in that behalf, it will be convenient so to arrange as to admit of the same being discussed and passed at the next cold weather session at Calcutta?"

The Hon'ble MR. DENZIL IBBETSON replied:—

"In July, August and September last the Government of India received through the Government of Madras several memorials from Native Christian Communities in that Presidency regarding the hardship caused to them by the incidence of the succession duties.

"2. The Local Governments and Administrations have been consulted upon various suggestions which have been put forward for the alteration of the law. Until their replies have been received and considered, the Governor General in Council is not prepared to make any announcement as to the course which will be pursued."

The Hon'ble MR. ALLAN ARTHUR asked:—

"Will the Government of India be pleased to state whether it is their intention to pass an Act having for its object the renewal, on its expiry on 30th July next, of Act II of 1898, commonly called the Gold Note Act?"

The Hon'ble MR. DAWKINS replied:—

"Yes, it is the intention of Government to prolong Act II of 1898, which expires in July next, for a further period of two years from that date. But it must be distinctly understood that this prolongation implies no undertaking on the part of the Secretary of State to sell remittances under the Act at any specified rate."

CENTRAL PROVINCES SETTLEMENTS.

The Hon'ble MR. IBBETSON said:—"I beg to lay upon the table information regarding¹ settlements of the Central Provinces, which the Hon'ble Mr. Bose asked for on the 16th February last."

¹ See Appendix attached.

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"Accounts of 1898-99.

"3. Turning now to the examination of the total results of each year, the differences between the Accounts of 1898-99, which were published two months ago, and the anticipations formed in March 1899, will be seen in the following table:—

REVENUE.		Revised Estimate.	Accounts.	Accounts, better.	Accounts, worse.
India	Rx.	101,217,400	101,062,361	...	155,039
England	Rx.	232,500	242,561	10,061	...
Exchange	Rx.	116,200	121,771	5,571	...
TOTAL		Rx. 101,566,100	101,426,693	...	139,407
EXPENDITURE.					
India—					
Imperial, Provincial, and Local	Rx.	71,603,300	71,510,267	93,033	...
Adjustment of Provincial and Local Surplus or Deficit	Rx.	+1,417,900	+1,467,351	...	49,451
NET		Rx. 73,021,200	72,977,618	43,582	...
England	Rx.	16,323,700	16,303,197	20,503	...
Exchange	Rx.	8,161,800	8,184,568	...	22,768
TOTAL		Rx. 97,506,700	97,465,383	41,317	...
SURPLUS		Rx. 4,059,400	3,961,310	...	98,090

"The differences are small and do not call for comment. It will be noticed that the figures in the above table are set forth in a different form from that adopted in the statements in the Appendices to this Budget Statement. The change in the form of the Appendices is the result of a decision to make an important change in the form of the Estimates and Accounts which I will now explain. The table in the preceding paragraph is the last place in which the now familiar but much misunderstood headings of "Rx." and "Exchange" will appear in this or in future Financial Statements.

"Change in the Form of Accounts.

"4. The method in which our combined accounts of transactions in India and in England have hitherto been stated may be shortly described as follows. In respect of Revenue and Expenditure, including Expenditure not charged against Revenue, we had, first, columns showing the rupee transactions in India in tens of rupees; secondly, a column showing the sterling figures in pounds sterling; thirdly, a column headed "Exchange" showing the addition required to the sterling figures in order to convert them into rupees, or rather tens of rupees, this addition being the difference between the equivalent of the sterling at a conventional rate of exchange of 2s. the rupee and at the average rate obtained for Council Bills for the year; and, lastly, a column which gave the figures of the preceding columns added

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[Mr. Dawkins.]

together and exhibited the total of the rupee and sterling transactions in tens of rupees. These entries showed with absolute accuracy the figures for rupee and sterling transactions both separately in tens of rupees and in pounds sterling, respectively, and when combined, in tens of rupees, while the rupee equivalent of the sterling figures was readily ascertainable by adding together the columns for £ and "Exchange." Nevertheless the method of stating exchange in a separate column gave rise to misapprehension. The figures under the head Exchange, of great magnitude since exchange fell largely below the former rate of 2s. the rupee, were frequently confounded by the public with real losses by exchange. To prevent this misapprehension, the meaning of the word Exchange, as used in the Accounts and Estimates, was clearly explained in footnotes, but these did not suffice wholly to disabuse the public, or even English financial experts, of the erroneous impression. Footnotes are not always read. Moreover, the separation of a portion of the rupee equivalent of the sterling figures under the title of "Exchange" was often criticised on the ground that it was based on the assumption of a fictitious rate of exchange, namely, 2s. the rupee, and that the figures in the column did not really represent Rx. or indeed any other monetary unit. However, in the absence of any stable rate of exchange between India and England, it was not till now found practicable to devise a better method of converting and combining the rupee and sterling accounts. Next, in respect of the figures falling under the Debt and Deposit heads, the rupee figures were shown in one column headed "Rx." and the sterling figures in another headed "£", figures relating to exchange being shown in the "Rx." column, but not distributed over the separate heads; the sterling figures and the ten rupee figures, without any addition for exchange were, however, added together in the column for the total. These combined totals under the separate heads indicated no precise facts, for they represented neither a stated number of tens of rupees nor of pounds sterling, and in recognition of this the total column had no heading assigned to it. The Government of India had always recognised that this plan of stating the combined accounts was open to serious criticism, but they acquiesced in its continuance, because complications of this nature seemed inseparable from a system wherein transactions stated in two currencies having no stable relation in value are combined in one account.

"5. The adoption of a gold standard for India, on the basis of $R15 = £1$, having linked the Indian currency with that of Great Britain, and having given a stable rate of exchange that will only vary within the gold points on either side of 16d. to the rupee, it has been decided to remove the misapprehension connected with the present method of statement of exchange in our accounts, and to outflank the difficulty of stating the totals of the Debt and Deposit figures, by the simple expedient of stating the figures in fifteens of rupees instead of tens of rupees. This is equivalent

to converting the whole account of revenue and expenditure into sterling at the rate of 16*d.* the rupee, and the combined figures under the Debt and Deposit heads represent with close accuracy so many pounds sterling. Advantage of the opportunity has been taken to discontinue altogether the use of the symbol "Rx," with which the misapprehensions described above were undoubtedly connected.

"The main changes in the form of the estimates and accounts are—

- (1) The Imperial and Provincial-Local Revenue and Expenditure in India are shown in separate columns in rupees instead of in tens of rupees as formerly;
- (2) The totals under each head in the India columns are stated in £ at the rate of R15 to the £;
- (3) The column headed "Exchange" is omitted;
- (4) The "total" column is the sum of the Indian total column and the sterling column;
- (5) Any small differences connected with exchange caused by variations of the actual rates from the fifteen rupee standard are brought to account through the heads XXIV.—Exchange as Revenue, or 31.—Exchange as Expenditure, as the case may be.

"6. Having thus explained the reasons and nature of the change of form, I give in the new form the same comparison that was given in the old form in the table in paragraph 3:—

	Revised Estimate.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.				
India	£ 67,478,300	£ 67,353,254	£ ...	£ 125,046
England	232,500	242,561	10,061	...
TOTAL	67,710,800	67,595,815	...	114,985
EXPENDITURE.				
India— Imperial, Provincial, and Local	47,735,500	47,673,511	61,989	...
Adjustment of Provincial and Local Surplus or Deficit	945,300	978,234	...	32,934
NET	48,680,800	48,651,745	20,055	...
England	16,323,700	16,303,197	20,523	...
TOTAL	65,004,500	64,954,942	49,558	...
SURPLUS	2,706,300	2,640,873	...	65,427

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"The final result is not of course affected by the change in form. The surpluses of £2,706,300 and £2,640,873 in the new form are the equivalents at 16*d.* the rupee of the surpluses of Rx. 4,059,400 and Rx. 3,961,310 in the old form. The same is true of the total Revenue and of the total Expenditure in any Accounts and Estimates in which the average rate of exchange is taken at exactly 16*d.* the rupee, but not in any in which the average rate differs from that standard. The rate was 16*d.* the rupee in the Revised Estimate of 1898-99, and the total Revenue shown in the new form, £67,710,800, is the equivalent at 16*d.* the rupee of the total Revenue shown in the old form, R1,01,56,61,000, and the total Expenditure, £65,004,500, the equivalent of R97,50,67,000. But in the Accounts the average rate of exchange slightly differed from the standard rate, being 15·9784578*d.* the rupee. The total Revenue in the new form, £67,595,815, converted into rupees at 16*d.* the rupee, is less than the total in the old form by R3,29,700; the total Expenditure, £64,954,942, similarly converted is less than the total in the old form, R97,46,53,830, by the same amount. These differences are caused by the alteration in the treatment of the difference in the equivalents of the sterling figures when converted at 16*d.* the rupee and at the actual average rate. That difference under the old form was distributed over the various heads of Revenue and Expenditure, and under the new form is not so distributed but brought to account through the head XXIV or 31.—Exchange.

"The Famine Relief and Insurance Entry.

"7. Before leaving these arid questions of Accounts, I should also like to draw attention to the change (in the Revised Estimates of 1899-1900 and the Budget Estimates of 1900-1901) in one entry, under the head of Famine Relief and Insurance, which may have escaped Honourable Members. The recent Famine Commission suggested that the full amount of one-and-a-half crores or £1,000,000 should be provided in the Estimates for the Famine Grant, a recommendation in which the Government entirely agreed. That is to say, the Famine Grant, or the unappropriated balance thereof, will, in ordinary years, when receipts exceed expenditure, be a surplus within the surplus. But the allocation of this first surplus in recent years has been obscured by the practice of charging against it expenditure on works which are not exclusively of a protective, *i.e.*, famine character. To make the situation clear it has now been decided that protective works, the cost of which may be charged against the Famine Grant, shall include only such works as may be sanctioned solely and exclusively in view of their value as a protection from famine. This is an extension to Railway works of a practice which has been uniformly followed in respect of Irrigation works. The programme of purely protective Railway works has been practically exhausted, and that of Irrigation works has been much reduced of late years, and, though the latter may be capable of some expansion, the expenditure on these works will not be large, while the

amount required to cover the loss on the Indian Midland and Bengal-Nagpur Railways, which it was specially decided to charge to the grant some years ago, will not usually exceed Rs 30,00,000. There will therefore, now that the grant is relieved from charges for such Railways as the East Coast and South Indian, be a large balance in normal years when there is no direct expenditure on famine, a balance likely to increase as the loss on the Indian Midland and the Bengal-Nagpur lines diminishes. It has hitherto been the practice to show this unappropriated balance under the heading of Reduction of Debt, a heading which has puzzled people who ask how there can be a reduction of debt in a year when fresh loans are raised or in which no debt is discharged? We hope to clear up the difficulty by altering this heading to that of Reduction or Avoidance of Debt. It may lead people to grasp more readily what is actually happening in a normal year. In such a year the Indian Government raises more revenue than it actually requires to meet its ordinary charges against revenue by the amount of the unappropriated balance of the Famine Grant. This amount is devoted to expenditure on public works which would otherwise have to be provided by loan. For instance, in a normal year, in which ordinary revenue and expenditure balanced, the Government of India instead of raising a loan of three crores for public works would be able to reduce the three crores by the unappropriated balance, say a crore, of the Famine Grant. Less debt would be incurred in normal years and the credit of Government would be higher, when it was compelled to borrow.

"Part I and Part II.

"8. Another change is introduced into the Financial Statement this year. Honourable Members are aware that Part I of the Financial Statement is the only part which is actually inflicted on their suffering ears. Part II, Details of Accounts and Estimates—on which no doubt they fling themselves eagerly when this meeting terminates—was separated off from the main statement some ten years ago, in order to release the main statement (Part I) from being overloaded. Sir David Barbour, a master of clear exposition, effected the separation. Since that time Part II has always been compiled by the Financial Secretary but has issued under the signature of the Finance Member. I think sufficient experience has been obtained to show that the permanent relegation of the Details of Accounts and Estimates to a second chapter or part is useful. It is proposed to continue this practice and to publish Part II with Part I. But as Part II is prepared by the Financial Secretary, it should bear his signature, and its relation to Part I should be explained.

"Revised Estimates of 1899-1900.

"9. It has already been stated that the surplus of £2,621,800 taken last year, which there was so much reason to think would be exceeded, has remained practically the same, being £2,552,800. Receipts improved by £607,400, but the expenditure

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increased by £676,400, reducing the anticipated surplus by £69,000. The principal differences will be seen in the following statement:—

“ Estimates of 1899-1900.

Principal Heads of Revenue.	REVENUE.		
	Budget Estimate.	Revised Estimate.	Difference, + Better — Worse.
Land Revenue	£ 18,427,900	£ 17,240,800	£ —1,187,100
Opium	4,002,500	4,403,800	+ 401,300
Salt	5,838,100	5,879,100	+ 41,000
Stamps	3,264,700	3,231,700	— 33,000
Excise	3,852,200	3,860,600	+ 8,400
Customs	3,099,100	3,153,300	+ 54,200
Other Heads	6,000,700	5,959,700	— 100,600
TOTAL PRINCIPAL HEADS	44,544,800	43,729,000	— 815,800
Interest	619,000	604,600	— 14,400
Post Office, Telegraph, and Mint	2,043,400	2,466,300	+ 422,900
Receipts by Civil Departments	1,183,700	1,175,300	— 8,400
Miscellaneous	522,200	545,300	+ 23,100
Railways	15,640,600	16,464,300	+ 823,700
Irrigation	2,300,700	2,415,200	+ 114,500
Buildings and Roads	458,800	441,800	— 17,000
Receipts by Military Departments	611,800	690,600	+ 78,800
TOTAL REVENUE	67,925,000	68,532,400	+ 607,400
	EXPENDITURE.		
	Budget Estimate.	Revised Estimate.	Difference, + Better — Worse.
Direct Demands on Revenue	£ 7,568,300	£ 7,467,500	£ + 100,800
Interest	1,964,400	1,954,500	+ 9,900
Post Office, Telegraph, and Mint	1,985,100	1,972,100	+ 13,000
Salaries and Expenses of Civil Departments	10,913,400	10,782,200	+ 131,200
Miscellaneous Civil Charges	4,072,400	4,051,900	+ 20,500
Famine Relief and Insurance	753,100	2,072,900	— 1,319,800
Construction of Railways (charged against Revenue in addition to that under Famine Insurance)	2,400	2,400	Nil.
Railway Revenue Account	16,133,400	16,472,700	— 339,300
Irrigation	2,223,200	2,241,800	— 18,600
Buildings and Roads	4,536,000	4,130,800	+ 405,200
Army Services	15,768,000	15,029,600	+ 738,400
Special Defence Work . . . . .	...	200	— 200
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	65,919,700	66,178,600	— 258,900
Add—Provincial Surpluses . . . . .	...	247,000	— 247,000
Deduct—Provincial Deficits	616,500	446,000	— 170,500
TOTAL EXPENDITURE CHARGED AGAINST REVENUE	65,303,200	65,979,600	— 676,400
Surplus	2,621,800	2,552,800	— 69,000

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"10. Revenue shows a falling-off of £1,187,100 or 178 lakhs under the head of Land Revenue. This is mainly due to shorter collections and to remissions rendered necessary by famine. The principal losses occurred in the Central Provinces 35 lakhs, Punjab 37 lakhs, and in Bombay 84 lakhs. The collections in Madras also fall short of the Budget Estimate by about 19 lakhs owing to scanty crops. Opium, however, has come to the rescue with 60 lakhs owing to Bengal Opium fetching better prices. Customs show an increase of over 8 lakhs; a loss in the excise duty on cotton goods on the Bombay side and in the export duties on Burma rice diverted to India, is more than counterbalanced by the new countervailing duty on beet sugar and a larger import of spirits. Receipts from Post Office, Telegraph, and Mint improved by £422,900 or over 63 lakhs. The Mint brought in over 45 lakhs, 32 lakhs came from the profit on new silver coinage, and the remainder was derived from profits on a large coinage of copper coin required for famine relief, and on an increased dollar coinage for the Far East. An increase of 13½ lakhs occurred also under the Telegraph earnings, due to the great number of telegrams relating to the war in South Africa and to transactions in grain, many of them speculative. The famine was also largely responsible for an increase in gross receipts of nearly £820,000 or nearly a crore-and-a-quarter under Railway receipts. The real increase from this cause was even larger than this figure would make it appear, for the Railway earnings had fallen off in the earlier months of the year, and there was a good deal of lee-way to be made up in the autumn. The Railways that contributed principally to this result, taking the difference between the Budget and Revised Estimates of their net earnings, were the—

	Lakhs.
Rajputana-Malwa with a net improvement of	30
East Indian	26
Bengal-Nagpur	16
Oudh and Rohilkhund	12
Indian Midland	7

"On the other hand, the check in the export trade to our western seaboard, due to plague and famine, resulted in a net loss on the Great Indian Peninsula of 30 lakhs and on the North-Western of 13 lakhs. The net increase in the total Railway receipts, in spite of the large increase in gross receipts, did not exceed 73 lakhs or £484,400. There was also a net improvement under Irrigation of over 14 lakhs, largely owing to the failure of rain in the Punjab.

"11. There is not much to arrest the attention of any one running his eye down the comparative column in the Expenditure figures, until the entry of Famine Relief and Insurance is reached, except a satisfactory reduction under Salaries and Expenses of Civil Departments of about 20 lakhs, due almost entirely to the fact that the reserve for Plague expenditure was scarcely touched upon, the Provincial Governments

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having generally kept the expenditure on plague within their Provincial grants. The difference shown in the statement above in the entries in the Budget and Revised Estimates under Famine Relief and Insurance is £1,319,800 or nearly two crores. This is, of course, the difference under that entry. But, with reference to my previous explanation, I may point out that the entry under Famine Relief and Insurance does not show the whole of the Famine Grant. To any critic who might ask where, then, in the Budget Estimate is your total crore-and-a-half, the answer is that part of the Famine Grant is shown in the Railway Revenue Account. It may be well to clear up this matter, once for all, since there has been some misunderstanding about it, by running through the total provision for famine purposes made in the Budget and Revised Estimates. Last March the total Famine Insurance Grant, £1,000,000 or one-and-a-half crores, was appropriated as follows: 113 lakhs to Famine Relief and Insurance, including Famine Protective Works and Avoidance of Debt, while 37 lakhs was taken in the Railway Revenue Account to cover the net loss on the Bengal-Nagpur and Indian Midland Railways. The total provision made for famine purposes in the Revised Estimate is £2,162,400 or 324 lakhs. Of this, £2,054,800 or 308 lakhs will, it is expected, be devoted to direct famine relief in British districts. A small sum of £18,000 or 2½ lakhs will also be applied to certain Protective Irrigation Works. Both of these sums are charged under Famine Relief and Insurance. An amount of £89,500 or 13½ lakhs taken in the Railway Revenue Accounts will suffice to make good the interest on the Bengal-Nagpur and Indian Midland Railways owing to the improved earnings, mainly on the former Railway. Of the expenditure on direct famine relief the Central Provinces, where the famine made itself earliest felt, absorb 154 lakhs, Bombay takes 110 lakhs, the Punjab accounts for 22 lakhs, Ajmere 17 lakhs, and other Provinces 4 lakhs.

" I may also mention here that loans have also been made to Native States to the amount of 48 lakhs, but these are, of course, not charged against Revenue.

" The increase of £339,300 in the Expenditure chargeable to the Railway Revenue Account was required to earn the larger Revenue. The large saving of £405,200 in the grants for Buildings and Roads represents the usual lapses from the grants for Civil Works which were especially large this year owing to the exigencies of famine requiring greater attention to relief works and to economies in ordinary expenditure. Army expenditure shows a reduction of £738,400 owing chiefly to the despatch of troops to South Africa, Ceylon, and Singapore, the cost of which will be borne

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by Her Majesty's Imperial Government, and a considerable decrease in the payments for Ordnance stores in England also contributed to the result. The correcting entries after "Total Expenditure, Imperial and Provincial," relate to the net improvement in the Provincial Accounts as compared with the Budget Grants. The Famine expenditure has been mainly Imperial, and certain Provinces, principally Burma and Bengal, exempt from famine, have participated in the general improvement that, apart from famine, has taken place, to the extent of some 70 lakhs.

"Before dismissing the fiscal history of the passing year, it may be noted with satisfaction that we were not obliged to have recourse to a loan. My predecessor left me with high balances, and it was decided last March to husband the anticipated surplus of the year in view of the pending report of the Currency Committee. We have not found it necessary to use a single rupee of the surplus for the purposes of our currency reforms, and it was therefore available and sufficed for all our other purposes."

"Rate of Exchange.

"12. The rate of exchange taken for the Budget Estimate last March was 15½*d.* I think Sir James Westland would be the first to admit that he caused some surprise by taking so modest a figure. However that may be, the average rate during the first six months of the year was 16'002*d.*, but the average rate up to February 28 was 16'069*d.* The expectation is that this year will exemplify the oscillation of the rate in future; that is to say, that in the slack season it will be lower and may approximate to 1*s.* 3½*d.*, and in the busy season it will be steady at 1*s.* 4½*d.* We expect, when this year closes, to have remitted by Council Bills, including those issued against gold received in London, £19,000,000 equal to 2,837 lakhs of rupees.

I need hardly say that for next year we have taken 1*s.* 4*d.* as the rate, and with this remark I may pass to the Budget Estimate.

"Budget Estimate.

"13. It has already been stated that the Budget Estimate for 1900-1901 gives £70,155,800 as the Revenue, £69,995,500 as the Expenditure, and £160,300 or 24 lakhs of rupees as the Surplus. Following the usual practice I may now run through the various heads, illustrating them by comparison with the same heads in the Revised

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Estimate of the year which is still with us. The statement below will make the comparison easy:—

"Budget Estimates of 1900-1901 compared with the Revised Estimates of 1899-1900.

	Revised Estimate, 1899-1900.	Budget Estimate, 1900-1901.	Difference, + Better — Worse.
Revenue—			
Principal Heads of Revenue—			
Land Revenue	£ 17,240,800	£ 18,078,700	+ 837,900
Opium	4,403,800	4,559,800	+ 156,000
Salt	5,879,100	5,845,100	— 34,000
Stamps	3,231,700	3,267,400	+ 35,700
Excise	3,860,600	3,819,300	— 41,300
Customs	3,153,300	3,134,200	— 19,100
Other Heads	5,959,700	6,019,000	+ 59,300
TOTAL PRINCIPAL HEADS	43,729,000	44,723,500	+ 994,500
Interest	604,000	627,300	+ 22,700
Post Office, Telegraph, and Mint	2,466,300	2,397,500	— 68,800
Receipts by Civil Departments	1,175,300	1,177,500	+ 2,200
Miscellaneous	545,300	544,200	— 1,100
Railways	16,464,300	17,131,500	+ 667,200
Irrigation	2,415,200	2,406,200	— 9,000
Buildings and Roads	441,800	443,900	+ 2,100
Receipts by Military Department	690,600	704,200	+ 13,600
TOTAL REVENUE	68,532,400	70,155,800	+ 1,623,400
Expenditure—			
Direct Demands on the Revenues	7,467,500	7,637,100	— 169,600
Interest	1,954,500	1,961,800	— 7,300
Post Office, Telegraph, and Mint	1,972,100	2,111,100	— 139,000
Salaries and Expenses of Civil Departments	10,782,200	11,089,600	— 307,400
Miscellaneous Civil Charges	4,051,900	3,934,100	+ 117,800
Famine Relief and Insurance	2,072,900	3,368,300	— 1,295,400
Construction of Railways (charged against Revenue in addition to that under Famine Insurance)	2,400	85,200	— 82,800
Railway Revenue Account	16,472,700	17,616,900	— 1,144,200
Irrigation	2,241,800	2,300,400	— 58,600
Buildings and Roads	4,130,800	4,162,800	— 32,000
Army Services	15,029,600	16,258,800	— 1,229,200
Special Defence Works	200	...	+ 200
TOTAL EXPENDITURE, IMPERIAL AND PRO- VINCIAL	66,178,600	70,546,100	— 4,367,500
<i>Add</i> —Provincial Surpluses: that is, portion of Allotments to Provincial Govern- ments not spent by them in the year	247,000	...	+ 247,000
<i>Deduct</i> —Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial balances	446,000	550,600	+ 104,600
TOTAL EXPENDITURE CHARGED AGAINST REVENUE	65,979,600	69,905,500	— 4,015,900
SURPLUS	2,552,800	160,300	— 2,392,500

"14. Land Revenue, it will be seen, has been taken at £837,900 or one crore and a quarter higher in the Budget than in the Revised Estimate. It is hoped that famine will have disappeared by the end of next September. The increases in the different Provinces are, Bombay 67 lakhs, Madras 31 lakhs, and Punjab 27 lakhs. There is not much that calls for comment under the other Principal Heads. We have taken Opium at £4,559,800 or 684 lakhs. It is very difficult to forecast the course of prices. But the average price this year has been Rs. 1,221 a chest, and recent prices have been so good as to warrant us taking an average price of Rs. 1,200 a chest next year. The small decreases under other Principal Heads are due to famine. Passing further down the columns there is a decrease of £68,800 or over 10 lakhs under Post Office, Telegraph, and Mint. It will be remembered that there was an item of 32 lakhs in the Revised Estimates, profits on silver coinage. To what extent we may have to issue fresh silver coinage next year, after the very large additions that have been made to the volume of our rupee currency this year (this subject will be gone into more fully in another place), is uncertain. But meanwhile we are equipping ourselves with a further half million pounds worth of silver. The Secretary of State has bought this amount, which we expect to receive in April. The profit on coining it is taken at 32 lakhs, the same amount as this year. Profits from copper coinage, however, are not likely to be as large as this year, and we take 3 lakhs less under Telegraph revenue. The anticipated receipts from Railways require some explanation, and it is necessary to cast a glance down to the Railway Revenue Account entry below under Expenditure. A great part of the increase in the receipts is only nominal, because in the last nine months of the year the Great Indian Peninsula will be a State Railway. In the case of a Guaranteed Railway, which the Great Indian Peninsula will continue to be for the first three months, the net receipts only are shown on the Revenue side of the account, and the working expenses are not shown in our expenditure. In the case of a State Railway, gross receipts, of course, are shown on the Revenue side, and working expenses on the Expenditure side. The acquisition of the Great Indian Peninsula, therefore, means a larger addition to either side of the account. Apart from this change in accounting, the Railway Revenue for the year is 53 lakhs less than the Revised Estimates, but we hope that grain traffic will not again be stimulated by famine.

"15. To pass to Expenditure, under Direct Demands on Revenue there is an increase of 28 lakhs, 18 lakhs of which occur under Land Revenue mainly owing to Famine establishments. The increase of £139,000 or 21 lakhs under Post Office, Telegraph, and Mint is attributable to the normal growth of the first two Departments. Any increase under Salaries is usually jealously noticed. The increase of 46 lakhs in respect

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of Civil Departments is due to a variety of causes. Eight lakhs under Jails are due to Famine, *i.e.*, high prices of food grains; 15 lakhs under Police are largely due to the same cause; Scientific and Minor Departments get 14 lakhs, of which 7 lakhs will go to Census, and the increased expenses of Law Courts will take over 7 lakhs. The striking item in the expenditure columns is, unfortunately, famine relief. I have explained how the total expenditure of £2,162,400 or 324 lakhs in the Revised Estimate is arrived at. The total expenditure for famine purposes of all kinds next year will be £3,505,400 or 526 lakhs, of which all but 5 lakhs will go to direct famine relief in British India, while 20½ lakhs will be provided to make up the loss on the Indian Midland and Bengal-Nagpur Railways. Bombay alone requires over 248 lakhs and Central Provinces 180 lakhs. The Punjab demands 37 lakhs; Ajmer will want 16 lakhs, and other Provinces, chiefly Madras, will want 19½ lakhs. We are meeting the demands of the Provincial Governments in full. We are also assisting the Native States by loans to the amount of nearly 75 lakhs. Grants under the head of Buildings and Roads have been generally reduced in the Provinces owing to famine, but Burma, where the Provincial finances are prosperous, proposes to spend an additional 21½ lakhs out of its wealth on these objects. Military Works expenditure has once more been confined within 115 lakhs. Army Services show an increase of £1,229,200 or 184 lakhs. Of this amount, 37 lakhs must be put down to higher prices of food supplies for men and animals, 22 lakhs are on account of replacement of additional horses sent to South Africa which will be eventually recovered from Her Majesty's Government, and 13 lakhs are on account of the Troopship Service, the cost of which was abnormally low this year owing to the partial suspension of the Home reliefs. Eliminating these items, I may state the increase to Military Estimates at 112 lakhs, of which the re-armament of the Native Army absorbs more than a third. The increase in the Military Estimates is, of course, a payment towards National Insurance. The Military Estimates, and their bearing on our Military policy, are explained by the Honourable Military Member in his Memorandum.

"Railway Construction.

"16. Under existing arrangements it is the practice of the Government of India to prepare triennial programmes of Railway Construction embracing all Capital expenditure for which Government undertakes any financial responsibility or gives any direct guarantee. The figures for any year included in the triennial programme are also examined in October or November of the preceding year, and the programme of expenditure of the ensuing year is then finally settled in communication with the Secretary of State with reference to immediate requirements for expenditure and to the general Ways and Means of Government.

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"17. The last triennial programme of Capital outlay on Railways was prepared in November 1898 and contemplated an expenditure of just over 20 crores in the three years from 1899-1900 to 1901-1902 distributed as follows :—

		₹
1899-1900	. . .	₹4,515,100 equivalent to 6,77,27,000
1900-1901	. . .	₹4,485,600 " " 6,72,84,000
1901-1902	. . .	₹4,547,300 " " 6,82,10,000
		<u>13,548,000</u> <u>20,32,21,000</u>

For reasons already explained by Sir J. Westland last year, it was decided in 1899-1900 to add to the amount originally contemplated, a considerable amount which, as he said, might 'be regarded as arrears of the old programme handed on to the new one' and the grant announced in the Budget Statement was for ₹8,82,27,000. But this increased grant has been exceeded, and we found ourselves obliged to make additional grants of 46 lakhs during the year to meet expenditure beyond their allotments in which the East Indian and the Assam-Bengal Railways had involved themselves.

"18. The expenditure of ₹6,72,84,000 proposed for the year 1900-1901 in the triennial programme adopted in November 1898 included 1½ crores for new projects. But when, in October last, we resurveyed the programme in the light of the situation at that date, it was found impossible to restrict the expenditure on open line Capital, and on projects already begun, to the amounts contemplated in November 1898. It would have been necessary, in order to meet this class of demand, and also to provide for the new projects set down for the year, to increase the total expenditure on Railway Construction to ₹8,22,84,000. The enormous demands for famine which were looming on the near horizon, prevented any thought of expansion. All new projects had, to our great regret, to be swept aside, and even outlay on works in progress did not escape some reduction. Instead of increasing the figure of ₹6,72,84,000 we reduced it in October to ₹6,54,00,000, but special additional provision has been made for the Assam-Bengal Railway since October, and the final figure for next year will be ₹7,30,84,000 or ₹4,872,300. The totals, ₹6,188,500 or ₹9,28,27,000 in the Revised Estimates and ₹4,872,300 or ₹7,30,84,000 in the Budget, are distributed as follows :—

	Revised, 1899-1900.	Budget, 1900-1901.
	₹	₹
I. State lines managed by the State or Companies	5,25,29,000	3,80,14,000
II. Lines of Old Guaranteed Companies and extensions	1,00,80,000	49,96,000
III. Lines of other Guaranteed or Assisted Companies	2,87,32,000	2,96,24,000
IV. Branch lines on firm guarantee	14,80,000	4,50,000
TOTAL	<u>9,28,27,000</u>	<u>7,30,84,000</u>

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"Capital Expenditure on Irrigation.

"19. For some years it has been the practice to provide a fixed grant of 75 lakhs a year for Capital expenditure on Irrigation Works. In the Budget Estimate of the current year the grant was raised to 85 lakhs. We desired to raise the grant substantially during the year, but our necessities curtailed the proposed increase to some 5 lakhs which, moreover, the Department undertook to spend on works providing labour in famine districts. This year's grant will, therefore, absorb about 90 lakhs. Looking to the very remunerative character of the greater part of our Irrigation outlay, and to the immense value in times of scarcity of the food supplies which can be relied upon with confidence to come from the irrigated areas, the Government of India has resolved to spare no effort to make ample provision for irrigation. In pursuance of this policy it has been decided, in spite of our difficulties, to raise the irrigation grant in the Budget to a full crore.

"20. The following are the details of the estimates :—

	Revised, 1899-1900. R	Budget, 1900-1901. R
Mandalay Canal	11,00,000	9,00,000
Lower Ganges Canal (including Fatehpur Branch)	9,45,000	4,16,000
Chenab Canal	9,15,000	7,90,000
Jhelum Canal	26,86,000	34,14,000
Jamrao Canal	12,07,000	7,51,000
Other Projects	21,26,000	37,29,000
TOTAL	89,73,000	1,00,00,000

"Remittance and Debt.

"21. The following are the usual details of the requirements of the Secretary of State:—

(A)

<i>Requirements on Government Account—</i>	Revised, 1899-1900. £	Budget, 1900-1901. £
Excess of expenditure on Revenue Account	16,249,700	17,071,500
Expenditure not charged to Revenue	644,000	6,835,900
Net payments on Remittance Account, etc.	—419,700	330,000
Total Requirements	16,474,000	24,237,400
<i>Transactions of Railway Companies—</i>		
Net receipts on account of Capital	1,606,300	3,413,500
Payments for Stores, etc.	3,054,400	2,740,600
Net Outgoings	1,448,100	—672,900
Net Funds required	17,922,100	23,564,500

"The following figures show how the above requirements will be met :—

(B)

	Revised, 1899-1900.	Budget, 1900-1901.
	£	£
By sale of Council Bills	19,000,000	16,440,000
Transfer of gold to or from Currency under Act II of 1898	—1,500,000	500,000
Purchase of silver for coinage	—500,000	...
By addition to Permanent Debt . . . . .	...	5,922,400
Increase of Temporary Debt . . . . .	...	500,000
Reduction of Cash Balance	922,100	202,100
	<u>17,922,100</u>	<u>23,564,500</u>

"According to the programme announced in the last Financial Statement the Secretary of State intended to renew £4,500,000 Temporary Debt on the security of India Bills, and no addition to the Permanent Debt of Government was intended. This intention has been carried out, but the amount of Temporary Debt created and discharged has been £6,500,000 owing to some of the India Bills having been issued for six months and having consequently to be replaced twice within the year.

"22. The heavy trade demands for remittances during the year enabled the Secretary of State to raise his drawings on India from £17,000,000 to £19,000,000, but owing to the Famine expenditure, the treasury balances in India were not sufficient to meet the demand in full, and £1,500,000 out of the total drawings were met out of the Currency reserve, the gold being set apart in England under Act II of 1898. The Secretary of State has also employed £500,000 of the proceeds of Council Bills for the purchase of silver for coinage into rupees, the Government of India having decided that a further coinage of rupees, in addition to the coinage of the present year, is desirable. Thus the net addition to the Home Treasury balances by means of Council Bills in the year has been £17,000,000, the same amount as was entered in the Budget Estimate. A sum of £650,000 will be received from Her Majesty's Government in repayment of the disbursements in India in connection with the despatch of Troops to South Africa. With other insignificant differences the total reduction of cash balance during the year is now estimated at £922,100 against £1,487,100 taken in the Budget Estimate.

"23. It will be seen from Statement A in paragraph 21, that the gross requirements of the Secretary of State for 1900-1901 amount to £24,237,400. The first item is "Excess of Expenditure on Revenue Account" £17,071,500. The second item,

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£6,835,900 opposite "Expenditure not charged to Revenue," is exceptional in character. Part of this expenditure is, as usual, for stores, but the far greater part, £5,922,400, is really a book entry connected with the purchase of the Great Indian Peninsula Railway, and will be explained below. The gross requirements are reduced by the surplus of the money raised by Railway Companies over the issues to be made to them (that is, by £672,900). Therefore the net requirements become £23,564,500. Statement B will show how it is proposed to meet this net requirement. The Secretary of State's drawings will be limited to £16,440,000 to which are added £500,000 from an increase in Temporary Debt in the form of India Sterling Bills, while £202,100 will be taken from the Cash Balance in London. In addition, the Secretary of State will receive a further sum of £500,000 from gold forming part of the Currency Reserve, but held in London, on the payment of the equivalent in India into the Currency Reserve here from silver purchased this year for coinage in India. The entry opposite Permanent Debt of £5,922,400 completes the £23,564,500. It represents the Debentures and Debenture Stock of the Great Indian Peninsula Railway Company, which will be purchased on June 30. This is really no increase to the Permanent Debt, and no new liability, for, when the Great Indian Peninsula was a Guaranteed Railway, the Secretary of State was always ultimately liable. It is in fact a book entry: and balances a book entry of a corresponding amount included under the item of £6,835,900 in the statement of the Secretary of State's gross requirements. Owing to the assistance procured in these various ways the Secretary of State avoids raising fresh Permanent Sterling Debt.

"We estimate that in India we shall have to borrow for Ways and Means up to three crores of rupees.

"24. These announcements, both as regards the amount of Council Bills and as regards loans in England and in India, are made with the usual reservation of entire liberty to the Secretary of State and the Government of India to vary the amounts as may be found convenient.

"Financial Changes in 1899-1900.

"25. In turning to the financial changes of the year, it must be premised that under the pressure of famine Government can do little more than cope with immediate difficulties, and mark time so far as the fiscal system is concerned. Nevertheless, this year has witnessed the working of new economic legislation destined, perhaps, to be far-reaching in its effects. I refer to the Tariff Amendment Act whereby countervailing duties were imposed on bounty-fed beet sugar. The Act received the assent of the Governor General on March 20, 1899, but, as it did not apply to sugar in transit, its actual operation dates from the current financial year. Responsibility for the

actual introduction of a more momentous measure belongs exclusively to the twelve-month now terminating. India has at length emerged from a period of transition in her currency, has reached the goal to which she has been struggling for years, has established a gold standard and a gold currency, and has attained that practical fixity in exchange which has brought a relief alike to the private individual and to the Government finances. Yet, it is not only as regards currency that India has been called upon to set her house in order. Her equipment as regards banking is admittedly unsatisfactory and retards her development. There is, indeed, unanimous agreement on this point, although, as is natural, in a matter of extreme intricacy and where divergent, or apparently divergent, interests are concerned, there are various opinions as to the really weak places in the equipment, and as to the remedies to be applied. The outgoing year has witnessed no legislation on this important subject, but there have been discussions which, I venture to think, have contributed to clear up some of the issues involved, and the Secretary of State has the views of the Government of India now under consideration. I may perhaps beg the indulgence of Council if I proceed to touch in some detail on these three important events which distinguish the year, countervailing duties, currency legislation, and the examination of our banking position.

" Countervailing Duties.

" 26. The countervailing duties on bounty-fed beet sugar came into force, as I have said, in the current year, practically not until May. We have, therefore, the experience of less than a year to guide us, and indeed the figures from May 1899 to January 1900 are all that are now available. It is most unfortunate that trade was conducted under abnormal conditions of plague, or of plague and famine, during this period, and we cannot, in consequence, even look to these months as throwing light on the effect of the measure under normal conditions. Nevertheless, the figures will have considerable interest for Council, though I should myself like further experience, under more normal conditions, before drawing any final conclusion. Austria is our great purveyor of beet sugar. The total exports of beet sugar from Austria-Hungary to all the world are worth about £5,500,000, and constitute one-twelfth part of that empire's entire exportations; Austria-Hungary is therefore likely to fight hard for this trade. The total amount 498,484 cwt. received by India from Austria during the nine months I have taken was 26 per cent. less than the amount in the corresponding period of 1898-99 and 25 per cent. less than that of 1897-98. German beet sugar, which had been largely displaced by its Austrian rival before our legislation was undertaken, dwindled from 300,604 cwt. in the nine months of 1898-99 to 31,138 cwt. in the nine months ending last January. The total imports of beet sugar, 530,705 cwt., the additional duties on which are expected to yield in the whole year some 7 lakhs, were accordingly 44·6 per cent. less than in the corresponding months of 1898-99 and 63·5 per

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cent. *less* than in the corresponding months of 1897-98, but they were 63·3 per cent. *more* than the average in the same months of the five preceding years. The fluctuating character of the importation is very noticeable. Nevertheless, the diminution in the imports this year compared with the last two years is striking, and taken by itself the decline might be held to indicate that the import of beet sugar had been arrested; but, at the same time, it must be remembered that there was a quite sudden and abnormal expansion of imports in 1897-98, that stocks were unusually large in Bombay in 1898, and that the entire decline in the imports of beet sugar has occurred in Bombay and Karachi, indicating also, I am afraid, that the purchasing power of the people on our Western sea-board has been sadly reduced by their accumulated disasters. The total import of sugar into India during the nine months was beet sugar and cane sugar together, an aggregate of 2,308,432 cwt. or 11·7 per cent. less than in the previous corresponding nine months, 22 per cent. less than in the same months of 1897-98. The value in sterling was £1,681,138. The decline in beet has been in part made up for by larger imports of cane sugar. As regards these, I find that the imports from Mauritius are smaller than last year but larger than the year before; those from Java and China rose considerably. Passing to the influence of the Act upon prices, it is notable that prices rose immediately after the Act, though they are now tending to decline, and the rise in prices may, I think, be assigned principally to the measure. Producers of cane sugar in China and Java have profited by the rise in price. How far it has benefited Indian producers it is impossible as yet to say. We are awaiting replies from the Local Governments on this point, and are not yet able to say whether native refining industries have received any stimulus.

"Trade and the 1s. 4d. Rate.

" 27. Before proceeding to the second event, which distinguishes the financial year, the introduction of the gold standard and gold currency, I would, as a preliminary, invite attention to the volume of trade in the past ten months. Special reason exists for looking closely into these figures both with regard to the trade balance on which India depends to meet her foreign obligations, and with regard to the sterling rate fixed for the rupee. Strong objections were taken to stereotyping the rupee at 1s. 4d. on the ground that the trade of 1898-99 was altogether unprecedented and abnormal, that such a volume of trade was unlikely to recur, and that the normal volume of trade required a rupee at a lower sterling ratio. It was further urged that a rupee appreciated to 1s. 4d. would check exports, and would, in particular, exercise an evil influence on our opium revenue and trade with China. How far have these objections been supported by facts, how far do the figures of the year indicate what is the normal volume of Indian trade? The answer to these questions will, I think, dispel any apprehensions that may still linger as a consequence of the objections mentioned. It might, indeed, have

been expected that our trade would not have kept at the level of 1898-99. It has been carried out under conditions which have certainly checked anything like a normal rate of growth. Plague has been with us the whole time, the failure of the rains and famine came early, and the cotton-spinning and weaving industry has been more or less in a critical condition owing, I think, to over-production in relation to the Chinese market. In spite of these adverse conditions the total volume of our trade, excluding Government transactions, measured in sterling compares as follows with the trade of the corresponding ten months of preceding years:—

First Ten Months.	Imports.	Exports.	Total Trade.
	£	£	£
1897-98 . . .	48,932,487	55,976,774	104,909,261
1898-99 . . .	44,252,991	65,045,099	109,298,090
1899-1900 . . .	50,367,975	64,993,058	115,361,033

The import trade completely recovered from its depression, at any rate as far as the earlier months of the year were concerned. Some part in this increase is due to fresh capital coming out to India, and the imports of gold, in sovereigns from Australia and in gold yen from Japan, play a large part. But it was the effect of the 1s. 4d. rupee on the export trade that was chiefly dreaded, and it was in respect of exports that 1898-99 was declared to be an unprecedented year. The figures do not bear this out, although there has been a serious decline in the export of wheat and in the export of rice, owing, as regards the latter, to the rice, which would otherwise have been exported to foreign countries, being diverted to the famine districts in India. Nevertheless, in spite of this, the decline in the whole value of the exports is a very small fraction. Whether February and March, with the continued diversion of rice to India, and the failure of cotton and oil-seeds in Western India owing to the drought, will yield results on the same scale as the months under review, is doubtful. But I think it is clear that our exports, even under the depressing circumstances of this year, show that 1898-99 was in no sense an exceptional year, and that their expansion in happier times may confidently be counted upon. I have alluded to the diversion of Burma rice to India. The extent to which Burma is becoming the food reservoir of India is remarkable, as the following figures will show:—

First Ten Months.	Total quantity of Burma rice produced. Tons.	Quantity of rice sent to India. Tons.	Value of Burma rice crop [based on Rangoon prices in the rice season]. £
1896-97 . . .	2,384,000	168,500	12,800,000
1897-98 . . .	2,611,000	500,300	12,400,000
1898-99 . . .	2,243,000	254,000	10,650,000
1899-1900 . . .	2,790,000	427,700	14,100,000

Rice indeed is our premier export crop. The hopes that were once founded upon wheat have been disappointed. In the last six years the average annual value of the

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wheat trade has been about £2,700,000, that of the rice trade over £8,500,000. Wheat in India is a very uncertain crop, and the demand for it hardly exists except when crops are short elsewhere. But Lower Burma has never known a failure of the rice-crop; the demand for Burma rice is constant, and the Burma crop is a dominating factor in the markets of Europe, Asia and South America. Looking further into the figures of our exports it is notable that the export of food grains is about £5,050,000 less than last year, but other articles have come to the rescue, including, amongst many others, tea, raw sugar, wool, jute and its manufactures, coffee, hides, opium. The increase in the last item but one, hides, is not, however, a matter for congratulation, as it is largely due to the mortality among cattle in consequence of drought. But the statistics for opium do not support the allegation that the enhancement of the rupee, and the fall in the China exchange on India, would check the opium revenue. The demand in China has been brisker, and the average price Rs. 1,221 realized per chest is higher than the average prices Rs. 1,023 and Rs. 1,055 in 1897-98 and in 1898-99. I trust that this examination of our trade will be considered sufficient to allow me now to pass to the gold standard without further discussion of the sterling rate adopted for the rupee.

"Gold Legal Tender.

"28. The measure passed on the 15th September to make gold legal tender in India was the outcome of the Indian Currency Committee's Report. Clear and convincing as the Report was, and desirable as it seemed to give immediate effect to its recommendations, the Government was subjected to considerable pressure to defer action when the Report appeared. We received urgent representations from several important quarters to hold our hands. It was contended that in making the sovereign legal tender Government abandoned the advantages which the monopoly position of the rupee gave for attracting gold; that the moment the sovereign was legal tender, it would cease to reach Government, it would be absorbed, would disappear like rain into the sea, etc., so that the gradual accumulation of gold would be arrested, and that Government would be driven into borrowing for its stock of gold. We considered these objections carefully, but decided that the case for postponing action was not made out, and believed that exchange would tend to settle, at any rate in the busy season, at the maximum level possible under our policy, and that gold would not be deflected but would still reach us. The result is well known. The alarmist predictions of our friends have not been verified. Instead of gold ceasing to reach us we have almost been swamped with gold. Difficulties, of a temporary character, it is true, have arisen from its plethora, not from its scarcity, so true is it that the unexpected always happens.

"29. I do not venture to claim for one moment that Government foresaw the enormous inrush of gold which has been brought about by the withdrawals of silver up-

country on account of famine relief by unusual movements of grain, and by the requirements of an exceptionally large rice crop in Burma and also by capital coming out to India. But it is not unfair to claim that the reasons which decided Government to take instant action have proved sound, and that, independently of the abnormal causes to which I have alluded, the operation of other causes on which Government relied has not disappointed us. As I have said, we have been nearly swamped (temporarily) by gold. The amount in our currency reserve on April 1, 1899, was £2,030,000. It stood on March 7, 1900, at £7,069,800; the amount accumulated in London under Act II of 1898 stood at £1,500,000 making the aggregate £8,569,800. The difficulty has been that of meeting the demand for rupees in exchange for notes or gold tendered to us. To meet this demand we could rely in the first place upon the silver liberated from the currency reserve by the gold taking its place. But it is obvious that a certain number of rupees must be kept to meet the needs of the public, and that the stock of rupees must not, therefore, be unduly reduced, while the amount of gold that can conveniently be kept in the actual currency reserve in India must depend partly on the extent to which gold will pass into circulation. It has been decided as a tentative measure to hold £5,000,000 in our reserve in times of low balances, though this normal amount may be increased in the time of high balances, and to pay out any gold in excess of the £5,000,000 minimum reserve. Now, if we had only paid out silver up to the extent of five millions of gold, we should of course have released $7\frac{1}{2}$ crores of rupees. But the gold which has been passed into us for silver in India amounted up to the 10th of March to £7,208,000 and has drawn out from us 10 crores and 81 lakhs of rupees. In addition there was the amount paid out on account of gold received in London, so that our balance of coin in silver rupees began to run low. We decided, therefore, to re-coin some uncurrent silver we had by us and also to buy new silver for coinage. Our new rupee coinage will amount to about $2\frac{1}{4}$ crores. We neither propose to add more rupees than are necessary of new coinage to the circulation, nor to hamper trade by refusing rupees for gold or notes presented.

"To sum up, before the beginning of the present year we had added 305 lakhs from our reserve to the volume of silver circulation in exchange for gold presented to us. In this year we have added 776 lakhs in exchange for gold presented in India, and 225 lakhs in exchange for gold paid in at home, a total for the year of 10 crores 1 lakh. To enable us to make these additions we have had to coin new rupees, amounting to about $1\frac{1}{2}$ crores, and to ensure our meeting further demands we have decided upon supplementary coinage to the extent of 1 crore, a total, as stated above, of $2\frac{1}{2}$ crores.

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[*Mr. Dawkins.*]**"The Rupee Currency.**

"30. This brings us to the important question of the relation of the silver currency of India to the functions which it has to perform. Perhaps it is not rash to assume that in 1893 the silver currency was redundant. It is impossible to arrive at mathematical accuracy on this subject; but its importance is extreme, and although I am aware that I shall be treading on controversial ground, it is not right to pass by on one side. There are such enormous deductions to be made from the quantitative theory in western countries amply equipped with credit money, with progressive transport, and with constant reductions in the number of hands employed in given industries, that the theory virtually disappears from sight, and that the quantity of standard coin offering in the market probably operates only in so far as Bank reserves may be concerned. But in India where these deductions cannot be largely made, and where other conditions do not change rapidly, the quantity of currency being supplied and offering in the market must have a very material effect in regulating its value in exchange with other commodities. Therefore the relation between the volume of the currency, and the duty that is thrown upon it, is very important in India, not only as regards rupee prices in the country, but as regards exchange through the influence of rupee prices on exchange. I am not of course denying that exchange also depends upon the relation between our exports and imports, but it must not be forgotten that the volume of currency as influencing rupee prices is another material factor. To put it in an extreme form, could it be denied that if the quantity of currency offering in the country was suddenly doubled, other things being equal, that is to say, other conditions remaining unchanged, prices would not also tend to double, and exchange to fall in a corresponding ratio? Therefore our currency policy, as a whole, must be affected by the relation between the volume of currency and the number of transactions, and it is essential that the currency should adapt itself automatically to the requirements of trade. Looking to the events of this passing year my own impression is that the redundancy or superfluity of the silver currency that formerly existed has been absorbed. At the same time the normal march of affairs has been complicated by unusual factors, such as the famine and drain of silver to relief works, and there is need for caution. We shall be in a much better position to form a sound opinion as to the sufficiency or otherwise of our silver currency when silver coin flows back to trade centres from famine districts, and when we have had the experience of contracted trade in the summer months. The influence of the return of this silver and of the after-effects of famine must be awaited with some anxiety on the part of Government—an anxiety which, however, will be mitigated by the fact that the accumulation of gold, available for foreign remittance, has been much larger than we could have reasonably expected. I say the after-effects of famine because I believe, though it may seem paradoxical, that famine stimulates exchange. Or, rather, that this is the immediate effect of famine owing to the withdrawal

of rupees from trade centres and the consequent greater demand for the rupees left in those centres, while the curtailment in exports resulting from shorter crops does not influence exchange until some months after famine has made its appearance and after the expenditure on famine relief has begun. However, under our present system the volume of the silver currency may be fairly regarded—under normal circumstances, for I must except famine demands—as adjusting itself automatically to the duty thrown upon it ; in other words, to the demands for it. I should indeed shudder if it were left to the Government to determine, with nothing to guide it, whether the currency was or was not redundant, and to take action accordingly. It would be more than difficult to steer a middle course between the Scylla of stringency with lowering of prices and the Charybdis of dilution of the currency with depression of exchange. But henceforward the Government will be guided by the trade demand for our silver-circulating medium, for our notes printed on silver as we may really regard our rupees as being, the trade demand expressing itself in the presentation of gold. As long as Government refrains from coining rupees, except upon the demand of trade, there can be no dilution of the currency. There can be no contraction, as long as trade, if it needs rupees, has only to tender a sovereign to obtain silver coin in exchange, coin already in our balances or new silver coin if the balances will not suffice. The only difficulty will consist in closely watching the times and seasons so that the supply may be there to meet the demand and not be forestalled, as rupees take time to coin. But experience will soon supply indications for the future. It has already been stated that we are in process of equipping ourselves with additional silver to the value of one million sterling. The only other intervention of Government that I can foresee will possibly be recourse to shipping surplus gold to Europe as a temporary corrective in abnormal times, such as upon the return from up-country of silver coins after a famine. It might, under such circumstances, be desirable to restrict Council Bills temporarily. But the inflow and outflow of gold through private agency, according as the demand varies in either direction, is expected to become a regular factor in Indian business.

"Gold in Circulation.

" 31. Having thus dealt with the general question of our currency, I may now turn to an interesting point: how far gold coins are passing and are likely to pass into general circulation? It has been said that we resolved when our gold reserve exceeded the fixed minimum of £5,000,000 to pay out gold. We began to give out gold on January 15. I may perhaps explain that Government has no intention of forcing gold upon a reluctant public, although, now that the public has spontaneously taken a certain number of sovereigns, we thought it was not unjustifiable to familiarize people more widely with gold by cashing Postal Orders in Presidency-towns of the value of R15 or £1 in gold coins, and we also propose to pay certain salaries in gold

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in the Presidency-towns. Recipients of these gold coins can, of course, always get silver for them, if they really desire silver, by tendering them at the Currency Offices. The amount of gold taken out from the Currency Offices voluntarily by presenters of notes from January 15 to March 10 has been £130,700. Calcutta easily ranks first on the list of towns that are taking to the use of gold. Calcutta has absorbed £84,309. I believe that the rate at which gold is taken is likely to increase slowly, and that gold will pass gradually into general circulation in our sea-ports and large towns. No expectation was ever formed, nor is there any reason to desire, that gold would penetrate into the interior, or that the large mass of transactions in the country would ever be conducted except through the medium of silver and copper. Gold is behaving very much as we anticipated. We have been frequently told, and with perfect justice, that we could never claim to have a true gold standard in India until we were prepared to exchange gold for rupees as well as rupees for gold. By being prepared to exchange I do not mean that we should accept a legal liability to give gold for rupees, but that in practice, as for example in France, anybody who wanted gold for internal purposes should be able to obtain gold freely, without let or hindrance. Theorists, indeed, argue that neither France nor the United States possess a gold standard in the full and complete sense of the words. But I think no one will dispute that if we can advance to the same position as France we shall have attained a gold standard for all practical purposes. A year ago it seemed that we should probably have to sit for a long while under the reproach of our critics, and put up with what has been termed an 'exchange standard.' It then appeared impossible that in twelve months we should be paying out gold to anybody who asked for it. We are doing so now. Whether we shall be able to continue to do so without check or interruption, whether now we have once started giving gold for rupees we may not have to suspend temporarily, is not a matter about which confident prediction can be made. But it would be reasonable to say that the auguries are not unfavourable for our being able to pursue the path on which we have entered. Our position in respect of gold is strong. In India and in London we have accumulated nearly £8,600,000. We have, as I have explained, set aside £5,000,000 for the present as our minimum reserve against eventualities, against the contingency of the Secretary of State's being obliged to restrict or curtail his drawings and to ask us to ship home gold to enable him to meet his obligations. Any gold received in excess of this minimum, or of such minimum gold reserve as may, with further experience, be established, we shall be ready to pay out as we are paying it out. But the probability is that the gold reserve, ultimately available for foreign remittance, will continue to exceed the minimum experimental reserve. Gold is still coming in, though the inflow is expected to slacken, and may, with confidence, be expected to reach us at least in every busy season. And in addition to the gold received from abroad, we may reckon upon the gold mined in India. It has been decided to constitute a branch of the Royal Mint

at the Bombay Mint for the coinage of gold. The terms of the proclamation to be issued under the Imperial Coinage Act have been settled, and we are merely awaiting now until the Royal Mint has satisfied itself as regards the Mint premises and appliances at Bombay. A representative of the Royal Mint is starting this week for Bombay to report. The gold from the Mysore mines is, indeed, already reaching us in anticipation of coinage, and we count upon receiving an annual increment to our stock of gold of from one-and-a-half to two millions from this source. And may I perhaps express satisfaction in passing that we have been able to assist the Indian gold mining industry by saving it the freight and charges incidental to the transmission of its gold to London?

“Exchange and Telegraphic Transfers.

“32. It is but a few years ago, since a Finance Member exclaimed at this season ‘Exchange is still the only burden of my song,’ and on looking back through the Financial Statements and discussions of the last twenty years exchange is writ large, very large, on every page. There is little to be said about exchange this year. The object of the Government, a stable exchange between the gold points, *i.e.*, an exchange varying between 1s. 3½d. and 1s. 4½d. or, in the case of telegraphic transfers, 1s. 4½nds., has been maintained. Indeed there would be nothing to be said about exchange, were it not for the fact that for a brief period, and for exceptional reasons, exchange advanced above 1s. 4½nds. I refer to the action of the Secretary of State in deciding in January to limit telegraphic transfers under Act II of 1898, whereby silver can be obtained from the currency reserve against the deposit of gold in London: to limit them, I should explain, by progressively enhancing the price for such accommodation. The situation that dictated such action was to some extent caused by the Exchange Banks, who, as profitable employment for money existed in London, had not brought out money to India at the beginning of the season. Indeed the Exchange Banks in December urged that any loans which Government might be able to make to the public should be made to them as well as to the Presidency Banks, or failing this, if the loans were made through the Presidency Banks, they demanded to have a first refusal of this money to the exclusion of merchants, European and Native. The request was refused.

“33. The season opened, therefore, without the assistance of the money that is usually brought out before Christmas by the Exchange Banks. But after Christmas, when rates grew easier in England, there was a sudden demand for transfers to obtain money here, while at the same time there were unprecedented demands for coin to move a record rice crop in Burma, together with an increasing drain of silver to the famine districts, and an inflow of gold exceeding expectations. The silver coin reserve of Government in consequence rapidly neared a point at which it was impossible to continue to meet unlimited transfers. Therefore the Secretary of

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State decided to limit the demands by gradually raising the rate, thus meeting the most urgent demands, and weeding out the less urgent, while warning those whose demands were not so urgent to ship gold to India. No other course was practical. The liability of the Secretary of State to keep the tap turned on indefinitely at 1s. 4s¹/₂nds. has been asserted. But I cannot see that any positive liability exists, and I wonder if those who assert its existence would have preferred that the stability of our currency (whose situation they were well able to appreciate and follow) should have been affected by the reserve of rupees being dangerously reduced? There is another observation to be made, though I am afraid it may be resented in certain quarters because it is inconveniently true. The incident exemplifies the difficulties which Indian trade is likely to run into, if the Banks and merchants trust to Government always meeting their demands from its resources instead of supplying themselves with funds.

“Banking Discussion.

“34. I have already stated that the current year has been marked by much discussion on the banking situation in India. It was inevitable that this discussion should arise. Recent years in India have abounded in periods of stringency, and more than one exceptional measure, such as the reduction of the silver in the currency reserve, has been taken to deal with an imminent crisis. It has long been clear that something is amiss, if not actually rotten, in the State of Denmark. Writing in December last the Bengal Chamber recorded a deliberate opinion that its members ‘are convinced that in the busy season the banking facilities of India are not sufficient for the trade and satisfactory development of the country, and at times of pressure the existing arrangements for giving relief seem to them to be quite inadequate.’ These are grave words. That discussion indeed has not supervened earlier may be attributed to the existence of general hesitation while India was passing through the transitional stage immediately following the closure of the Mints. But the moment India emerged from that stage the subject pressed for consideration, and this is an answer to the somewhat wild statement that Government has forced on this question, because the establishment of a gold standard was not proceeding fast enough in its judgment, in order to hasten this desired consummation. In so far as the establishment of a gold standard (which has perhaps proceeded even faster than our desires) has had any influence on the matter it is this. We have been told to expect with a stable exchange that British capital will more readily seek investment in India, and indeed there are more than indications that reasonable expectations will not be disappointed, for a not inconsiderable amount of capital has come out. The tide has turned. But if capital seeks India more readily, investments will no doubt be made in mines, railways and industrial enterprise generally, and there will arise a demand for banking facilities in connection with these investments. The revision of our banking situation was, therefore, in nowise part of a design to hurry

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on the gold standard, but followed upon the initiation of that standard. The matter was brought to a head by a request, and a very natural request from the Presidency Banks, for the extension of their statutory powers. We thoroughly sympathized with that request; not so much in the interests of the Banks, as in the interests of the development of India. But a doubt existed, and had previously found expression, how far, in view of their capital and resources, it was prudent to extend the operations of Banks which are the custodians of the public balances, and in whose cash balances the Government account bulks so largely. The Bank of Bengal stated in a letter of the 2nd of December last that the Directors were of opinion that the restrictions imposed on their operations might be 'withdrawn with safety and advantage without *in ordinary times* overtaxing the resources of the Banks,' and added that they 'would not be disposed to countenance any great extension of the Bank's investments in securities which might not be easily realizable.' But we have to legislate for extraordinary as well as for ordinary times, and the securities of Assisted Railways and District Boards will probably not be easily realizable for some time to come. The discussion of the banking situation to my mind has been of great utility, and I cannot believe that the discussion, to which valuable suggestions have been contributed from many quarters, and in which the public has taken so much interest, will not, sooner or later, result in some important improvement. The Government of India for its part carefully considered the various representations and arguments that have been made, and has submitted comprehensive recommendations to the Secretary of State. No answer has yet been received, nor, considering the importance of the subject and the shortness of the time, could an answer have been received. As anything which can elucidate the subject is not amiss, I may perhaps before leaving the question offer one explanation. Considerable criticism has been directed against the proposed project of a 'State Bank.' It was not unnatural perhaps that some misconceptions should arise until the exact recommendations of the Government are made public. But, on the other hand, nothing has been stated by the Government, nothing was said by myself, when I had the honour to explain in Council, in answer to the Honourable Mr. Arthur, the suggestions I should make to Government, on which an allegation could be founded that the creation of a State Bank was contemplated. It is right to say this to remove the apprehensions that have been expressed in certain quarters of State intervention, State competition and other unspeakable horrors. What I then said I would suggest to Government for consideration was that a Central Bank of India, with branches possessing large local autonomy, might be formed by the amalgamation of the three Presidency Banks; that this Bank might, under certain conditions and restrictions, have access to London; and that to this Bank, as to an Agent, might (though this is not an essential condition) be entrusted the management of the Paper Currency. The arrangement as regards the note issue would be analogous to that which obtains in England. As regards its banking side,

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the Bank would have, as the Presidency Banks have now and as the Bank of England has now, the custody, at any rate to a large extent, of the public balances; and as in the case of the Bank of England, the profit derivable from the Government balances would be considered in fixing the remuneration of the Bank for doing the public business. If anybody cares to call a Bank framed on these lines, a Bank in which the Government holds no shares, on whose Board it has no Director, in whose banking profits it has no interest—if there is anybody who desires to term such an institution a State Bank, and to detect behind it the gruesome spectre of State competition, of course he is at liberty to do so. But he must then be equally prepared to call the Bank of England a State Bank, which it notoriously is not in the accepted meaning of language.

“ Government Balances.

“ 35. There is yet another question at which I beg leave to glance in connection with the history of the year. I mean the utilisation of the Government balances in the busy season. It may be as well, perhaps, though the matter has been frequently discussed and explained of late, to go over the ground once more. Government keeps its working balance in the Government Treasuries, the Reserve Treasuries and the Presidency Banks. Government Treasuries are maintained where there are no Presidency Banks or their branches. The Reserve Treasuries were instituted by Lord Northbrook to give Government control over a certain sum of money for emergencies, Government having been resisted and hampered on two occasions when it required to withdraw its own funds from the Banks for pressing needs. As regards the Presidency Banks, Government keeps a balance at their Head Offices maintained at a fairly constant figure, and this balance may, in fact, in so far as it exceeds what is really required for treasury purposes, be considered as additional to the real working balance of Government. But there are seasons when the Government receipts exceed the amount required for its working balances and for the constant balance at the Banks. It might be supposed that this excess should naturally go into the balances at the Presidency Banks, and that the Government balance should shrink or expand according to the receipts or outgoings of Government. It has, however, been the arrangement, and a deputation from the Bengal Chamber of Commerce in 1898 recognised that it was advantageous, to have a fairly constant balance with the Presidency Banks, while the excess receipts of which I have been speaking flow into the Reserve Treasuries which, rather than the Banks, are thereby primarily exposed to the sudden and fluctuating demands which war and famine and all the exigencies of a great Government may entail. So far, therefore, as the Government balances in the Presidency Banks do not, as might be expected, mount up in the busy season, which is also the season of revenue collections, the Government is not open to the reproach of locking up its balances. I do not see that the arrangement could be changed under present circumstances,

and Government could hardly move in the matter except at the request of the business community who were a party to it. Whether it would be not more natural to pass in all the Government receipts if the Banks had a larger capital and larger resources, and the Government could always count on getting its own money without serious disturbance, and whether the Reserve Treasuries are not an anomaly, but a disagreeable necessity, due to existing circumstances, are other and larger questions. If the Reserve Treasuries did not exist, if there was a Bank powerful enough to ensure Government obtaining any money it called for, a larger part of the money collected by Government would be returned into ordinary channels and be available for trade. The real gist, however, of the accusation that Government locks up its balances is concerned with the granting or refusal of temporary loans in the busy season from those funds which I have described above as the receipts in excess of our working balance. That was a subject which was gone into last year, and the Secretary of State has laid down and made public the conditions under which such loans may be granted. There is no unreadiness to make loans under those conditions; but the history of this year enforces the danger of relying on such loans. We had one application this year for a loan for 30 lakhs to Bombay to avert, so we were assured, a most imminent crisis. We were not in a position to make the loan; and moreover those who principally urged us to make the loan, who were representatives of the Exchange Banks, could always have procured funds for their customers through the Secretary of State's telegraphic transfers. Indeed this was admitted: but it was urged that transfers at the rate at which the Secretary of State was then selling were to be boycotted. The crisis was conjured without our assistance: but I refer to it as showing the danger of relying upon Government assistance and indicating doubts as to the sufficiency of banking strength in Bombay. To have a crisis threatened in an Imperial City of the importance of Bombay for want of Rs. 30 lakhs points to a very narrow margin.

" Conclusion.

" 36. Famine has left a deep impress upon the financial history of this year, and will make an even deeper impress upon the year we are shortly entering. But looking back on the past twelvemonth we may congratulate ourselves, at least, on having passed to a gold standard through the continued closure of the Mints and the ordinary operations of trade without having added to the indebtedness of India. The uncertainties in both public and private finance owing to a fluctuating and falling exchange have, it may be hoped, become a thing of the past. In the year now passing away India has been able not only to relieve the suffering population in her midst, but to invest revenue in productive public works. She will not be able to escape borrowing in the coming year. But the difficulties will be chiefly those of Ways and Means. Nevertheless, after providing for famine and after making a substantial addition to the payment for national insurance, the Indian Government can count upon a surplus with reasonable confidence."

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LOWER BURMA COURTS BILL.

The Hon'ble MR. IBBETSON moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to the Courts in Lower Burma be taken into consideration.

The Hon'ble MR. WOODROFFE said:—"When this Bill was before the Select Committee a representation was made by the Chamber of Commerce of Rangoon setting forth that, in order to avoid the necessity of appeals from a Judge of the Chief Court to another Bench of that Court, it was desirable that there should be a clause inserted in the Bill empowering the Chief Court to direct the trial of important cases by a Bench of two Judges in the Chief Court and thus give an appeal direct to Her Majesty in Council. I believe I may say that the desirability of avoiding such appeals commended itself to my Hon'ble Colleagues no less than to myself, and I desire to explain that the reason why we did not need to insert any special provision to that effect in the Bill was because it seemed to us that what the Chamber of Commerce desired can be obtained under the Bill as it stands. By clause 9 of the Bill it is provided that the jurisdiction of the Chief Court may be exercised by a single Judge of the Court subject to any Rules made under this Act and by section 14 provision is made for the hearing of an appeal from a single Judge of the Chief Court. There is no right of appeal from a Bench consisting of two or more Judges. If therefore under the power given in clause 9 of the Bill the Chief Court shall, on any particular occasion on which it may seem to it desirable to do so, direct that a Bench shall be formed of two Judges to hear any important case, an appeal will lie direct to Her Majesty in Council. In this way the object which the Chamber of Commerce had in view will be attained. That, my Lord, is the practice which obtains in the High Court at Calcutta. In any important case the Chief Justice is moved to appoint a Bench of two Judges to sit upon the Original Side, and if those two Judges agree, there is no further appeal in India. The appeal lies direct to Her Majesty in Council. I desire, my Lord, to make these few observations in order that the Chamber of Commerce may not be under the impression that the very desirable suggestion, so far as it was in substance made by them, had not been taken into consideration. It is in fact attained by the Bill as it stands. Subject to the notes of dissent recorded by the Hon'ble Mr. Smeaton and myself I venture to think that this Bill is one which may well be passed by this Council."

The motion was put and agreed to.

The Hon'ble MR. WOODROFFE moved that the word "ordinarily" in clause 5 of the Bill, as amended by the Select Committee, be omitted. He

said:—"The word to which I take exception is, it is true, to be found in Punjab Chief Court Act, but of the great and growing importance of Burma there can be no doubt and it is a province of the Empire in which a condition of things exists as markedly different from those that prevail in the Punjab as north is from south. In Burma we have great centres of commercial activity. The country is a largely exporting country. As we have just heard the rice trade of Burma forms one of the most important items of Indian export and there are therefore constantly arising in the great commercial centres of Burma, and notably in Rangoon, a class of cases requiring that knowledge and experience which is obtainable only, or mainly at least, in the Courts. It therefore seems to be desirable that this 5th clause should provide that two at least of the Judges of the Chief Court should be Barristers of not less than five years' standing and that the people of Burma should have the security of knowing that two Judges of the Chief Court will always be Barristers. I do not put forward this amendment solely or even mainly in the interest of the profession to which I have the honour to belong. It is true that the Bar in Burma represented the desirability of securing that there should always be at least two Barristers on the Bench of the Court. Such a representation, had it stood alone, might naturally have been received with some distrust, but with the Bar memorial there was also placed before the Select Committee that which struck me at least as of far greater importance than the representation of the Bar—the representation of the Chamber of Commerce to the identical effect of the proposition which was put forward by the Bar. Indeed with the Burma Bar, I should have liked to have had it secured that not less than one half of the Judges should be Barristers. It was represented, however, to us that if the Chief Court should consist of five Judges, that might unnecessarily hamper the Government, who under such a clause would be bound to appoint three Barrister Judges. Yielding to that argument I have limited my amendment to the extent in which it now appears. The Select Committee have observed in their Report that it is clear that the term 'barristers' is meant to denote practising lawyers and not merely titular members of the legal profession. The general public, I have no doubt, attach some occult and mysterious influence to that which is known in my profession as 'eating dinners.' I venture to assure them that there is no necessary connection between eating dinners and learning law, and to re-assert the unanimously expressed opinion of the Select Committee that these Barrister Judges should be appointed only from those who have actually practised their profession, either here or at home, in one of the Supreme Courts. With these observations I beg leave to move that the word 'ordinarily' be omitted from this section so as to secure that there shall always

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be at least two Barrister Judges in that Court. I may add, my Lord, that there is another reason which occurs to me for accepting this amendment, namely, that until this Bill shall become law an appeal lies in most cases from the Courts in Burma to the High Court in Calcutta. There was thus secured to the people of Burma the advantage of having cases of any considerable magnitude tried and determined by a Bench of the High Court in Calcutta, on which in most cases coming from Burma, as involving questions of Commercial law, it is almost invariably the practice of the Chief Justice to place a considerable number of Barrister Judges. I think that the people of Burma, if they are not to have an appeal to the High Court in Calcutta, ought to have in the Chief Court, which is now about to be constituted, the advantage of having that professional assistance in the decision of their cases which my amendment involves."

The Hon'ble MR. IBKETSON said :—" My Lord, I cannot advise the Council to accept this amendment. I fully recognise the great importance, on the broadest possible grounds, of that special knowledge and experience to which the Hon'ble and learned Advocate General has alluded being fully represented on the Bench of the Chief Court at Rangoon. Section 5 of the Bill provides that of the four Judges of the Court, two shall be Barristers of not less than five years' standing. That is the intention of the law and that is the intention of the Government. But instead of providing, as the Hon'ble Mr. Woodroffe would have it provide, that the two Judges shall be *always*, it provides that they shall be *ordinarily*, Barristers of not less than five years' standing. Now the word 'ordinarily' was deliberately inserted in the section, not with any idea of leaving a loophole by which the plain intention of the law might be evaded, but in order to provide for difficulties which have been felt elsewhere, in respect of temporary vacancies. Chief Court Judges, like other hard-worked men, occasionally require short leave. Now there are obvious objections, which I think will be patent to all, to a member of the local bar ascending the Bench for three or four months, and then resuming his pleadings before the Court of which he was but recently a member. On the other hand, it is not always possible to persuade a competent Barrister to leave Calcutta, or Madras, or wherever his avocations may lie, and to move to Rangoon for the sake of officiating for a few months only as a Judge of the Chief Court. And if the Council accept this amendment, the practical result will too often be, I fear, to make it impossible for the Barrister Judges to take leave at all, because of the difficulty of replacing them.

" It is true that the difficulty might often be surmounted by appointing what the Select Committee call a ' titular ' Barrister—that is, one who is a Barrister

[*Mr. Ibbotson ; Mr. Mehta ; Mr. Smeaton.*] [21ST MARCH, 1900.]

in name only. But in the first place, even a titular Barrister may not always be available for the temporary vacancy. And in the second place, the Government of India would rather not be compelled to adopt a course which is at best a merely nominal compliance with the law. They would prefer to recognise the fact, honestly and openly, that it is occasionally impossible to procure a suitable practising Barrister to fill a temporary vacancy, and to reserve to themselves a certain discretion to meet this difficulty. In that preference, I believe the Council will support them."

The Hon'ble MR. MEHTA said :—" I beg to support the amendment of the Hon'ble the Advocate General. I confess I have always a very great dread of the use of such loose words like 'ordinarily' in a legislative Act, because they can be easily made to mean anything but ordinarily. My learned friend, the Hon'ble Member in charge of the Bill, says that the power is intended only for exceptional cases, but there is nothing in the section which would limit the operation of the word 'ordinarily' to such exceptional cases, and we find that it is not at all uncommon that advantage is taken of the use of a loose word like 'ordinarily' to do something which is not ordinary."

The Hon'ble MR. SMEATON said :—" This matter was discussed in considerable detail by the Select Committee, and I found myself obliged with some reluctance to enter a note of dissent with regard to the word 'ordinarily.' I feel myself bound, from my knowledge of the different conditions of Burma from those of the Punjab, on the model of whose Chief Court Act this Bill has been framed, to adhere to the dissent which I have recorded, and to support the amendment which has been proposed by the learned Advocate General. The intention seems to me, both from the text of the clause and from such of the correspondence as has been available, to have been that there shall always be two Barrister Judges, and I cannot see why, if that be the intention, there should be any word or phrase in the section which would cause a misunderstanding. In my opinion there should always be two Barrister Judges on the Bench of the Chief Court in Lower Burma in view of the circumstances of Rangoon and the ports which are, as Your Excellency knows, widely different to those of the Punjab. The difficulty about an officiating vacancy I confess I can hardly think is likely to be greater than in the case of a corresponding officiating vacancy in the ordinary revenue or judicial administration. Both classes of work require experts, and I fail to see that there is any lack of competent men from whom to choose, either from the local Bar or, as I can understand has not unusually been the case elsewhere, from the Bench of the Small Cause Court. No one, my Lord, esteems and admires

[21ST MARCH, 1900.] [*Mr. Smeaton ; Rai Bahadur Ananda Charlu.*]

the qualities of the members of my own service more than I do, but I am free to admit that officers who in Burma are charged with three or four different classes of functions, as Revenue Officers, Executive Officers, Judicial Officers, Police Magistrates, and so forth—I certainly should not be surprised to find that these busy and often overworked officers if suddenly confronted with an officiating vacancy in the Chief Court of Burma would find extreme difficulty in disposing of the very thorny shipping, and delivery, and other contract disputes which constantly arise in Rangoon and in other large ports of Burma—disputes arising on arbitrations under the rules of the Chamber of Commerce—of a highly technical character—disputes as to freight and Insurance, Insolvency and Admiralty business, etc. I should not be surprised if an overworked and overloaded member of the Civil Service should find himself in extreme difficulty in dealing with matters of this kind. These to my mind, and I think the Council will agree with me, need a trained practitioner to deal expeditiously with them, and a long officiating appointment of a civilian layman might very seriously retard work, and as we are all aware the law's delays has been very grievously complained of in Rangoon for the past 10 or 12 years. But besides these grounds on which I support the amendment of the Hon'ble the Advocate General, I find a Statute of 1867, No. 16, which was enacted to remove doubts as to the power of the Governor General in Council to appoint persons to act temporarily as Judges. The Act runs as follows:—"In every case in which the Governor General in Council or the Local Government, as the case may be, has power under any Act or Regulation to appoint a Judge of any Court in British India, such power shall be held to include the power to appoint any person capable of being appointed a permanent Judge of the said Court to act as a Judge of the same Court for such time as the Governor General in Council or the Local Government, as the case may be, shall direct." This, subject to the better opinion of the Hon'ble the Legal Member, appears to me to indicate that officiating appointments to the two Barrister Judgeships should be of Barristers only because, as I take it, only they, that is, Barristers, can be held to be capable of being appointed permanent Judges on these two reserved places. If this interpretation is correct—and I say so with some diffidence—then it seems to me that the word 'ordinarily' is in conflict with the law of 1867, which law I understand is still in full force. With these remarks, my Lord, I support the amendment moved by the Hon'ble the Advocate General."

The Hon'ble RAI BAHADUR ANANDA CHARLU said:—"I had, and still have, my doubts on this point. At the Select Committee it was my vote that

[*Rai Bahadur Ananda Charlu ; Mr. Raleigh ;* [21ST MARCH, 1900.]
The President.]

settled the question. I have been talking the matter over with the Hon'ble the Advocate General, and I think it, on the whole, safe to support his amendment."

The Hon'ble MR. RALRIGH said :—"The object of requiring that two Judges in the new Chief Court should be Barristers is to have Judges who are qualified in point of experience to deal with important questions of mercantile law, which are likely to arise in such a centre as Rangoon. As to the importance of this provision of the Bill I entirely agree with every word that has been said by the Hon'ble the Advocate General and by the Hon'ble Mr. Smeaton. The object of inserting the particular word now in question is simply to give those who appoint the Judges a rather freer hand than they would have if the word were not there in supplying temporary vacancies. I think that if Mr. Ibbetson, who is in charge of the Bill, were to bring us some of the correspondence in his Department and to show the Council in detail what the difficulty of providing for these temporary appointments is, that the Council would be almost convinced that this word ought to stand. The difficulty of providing for the temporary appointment of a Barrister Judge is very great indeed. You are asked, perhaps, to appoint a member of the local Bar, and then you find the local objections are too strong to be overcome. You then try to get a competent member of the Bar of one of the High Courts, and you find that a short appointment is not sufficient to induce him to interrupt his work. You then perhaps fall back upon a Barrister Judge of one of the Small Cause Courts, and immediately you have a complaint that you are taking him away from important work which may fall into arrears, and that what he is doing is quite as important as the work you require him for. It is simply in consequence of these personal difficulties, often very serious, that it is thought desirable to have a certain freedom, if the necessity cannot be avoided, to appoint a Civilian for a short time to take the place of a Barrister Judge. It is not contemplated that a layman should be appointed for a long time to take the place of one of the Barrister Judges, still less is it intended that there should be a succession of temporary appointments. Any such succession of appointments would, I think, be an abuse of the Act, because it would deprive Rangoon for a considerable period of the very advantage which the clause intends to confer upon it, but simply in view of the extreme difficulty which has been found in making these temporary appointments, I think we are justified in asking the Council to allow the word 'ordinarily' to stand."

His Excellency THE PRESIDENT said :—"I should like only to add one word to this discussion. I hope I may regard myself as a reasonably impartial

[21ST MARCH, 1900.] [*The President ; Mr. Ibbetson.*]

person in the matter, and, having listened without any previous prejudice or prepossession to the remarks made on both sides, I must say that the case as submitted by the Hon'ble the Advocate General, and supported by two or three Hon'ble Members, seems to me to rest in the main upon a vague suspicion of what the conduct of the Government may be in the future. An idea seems to linger in their minds, though I hope not born of previous experience, that the Government may, in future, endeavour to evade the ordinary application of the law, and in particular, the clearly defined import of this particular Bill. Such a suspicion on their part I regard as both ungenerous and unfounded. On the other hand, the Hon'ble Mr. Ibbetson, who is in charge of the Bill, has stated with the utmost clearness—and has been followed and supported in the same line by the Hon'ble Mr. Raleigh—what appears to me to be an unanswerable objection to the omission of the word 'ordinarily.' He has given the grounds on which that word has been introduced, and the reasons for which the Government cannot consent to its removal. To that statement on behalf of Mr. Ibbetson I must confess that I have not yet heard any reply on the part of the Members who have taken the opposite view; and in so far as I am entitled to give an opinion, I would, with the utmost confidence, recommend the Council to support the Hon'ble Mr. Ibbetson, and to reject the amendment that has been submitted."

The motion was put and negatived.

The Hon'ble MR. IBBETSON moved that the following amendments be made in clause 19 of the Bill, as amended by the Select Committee, namely:—

(1) that before sub-clause (a) the following sub-clause be inserted, namely:—

"(a) declaring what persons shall be permitted to practise as petition-writers in the Courts in Lower Burma, regulating the conduct of business of persons so practising, and determining the authority by which breaches of rules under this clause shall be tried."

and the present sub-clauses (a) to (d) be renumbered (b) to (e) respectively:

(2) that to the clause the following sub-clause be added, namely:—

"(2) Whoever commits a breach of any rule made under sub-section (1), clause (a), shall be punishable with fine which may extend to fifty rupees."

He said:—"As a matter of courtesy to my Hon'ble Colleagues on the Select Committee which considered the Bill, I must briefly explain the circumstances under which I bring forward this amendment. The provisions which I now

propose to insert formed part of the Bill as introduced. When they came under consideration in Committee I was in favour of retaining them. But I think I was alone in that view. At any rate, a majority was against me, including my hon'ble friend who specially represents the interests of Burma. The provisions in question were therefore omitted. When I found that the Report of the Select Committee put prominently forward views that were the exact opposite of those which I held, I felt obliged to qualify my signature by a few words of dissent; but there the matter ended, so far as I was concerned, and I never dreamed for one moment of pressing my opinions upon the Council, in opposition to those of my colleagues.

"On Sunday night, however, the Hon'ble Mr. Raleigh received a telegram from the Lieutenant-Governor of Burma to the effect that His Honour, the Recorder of Rangoon, the Judicial Commissioner of Lower Burma and the Government Advocate, were all of opinion that it was very desirable to re-insert these provisions if possible. He felt that, on what is after all mainly a matter of administrative detail, the wishes of the responsible head of the Province were entitled to the very greatest consideration. And he therefore suggested that I should submit the matter to the judgment of the Council by moving the amendment to which I am now speaking.

"As for the merits of the matter, the case, as I understand it, lies in a nutshell. In a very great part of the business even of the subordinate Courts, and still more in the miscellaneous transactions of the Government offices, there is no need whatever for the costly aid of the professional lawyer, and nothing could be more undesirable than that the villager should be compelled to resort to it. At the same time, he requires some assistance in preparing his written applications, and in complying with the technicalities of official procedure; and that assistance he receives, of a quite sufficiently skilful nature, and at a very reasonable charge, from the petition-writer. I fear I must admit that the character of the petition-writer is not always above suspicion, and that some of the fraternity are responsible for a good deal of the chicanery that goes on in the Courts of India, as in those of other countries. But on the whole he discharges very useful functions; and at any rate, he is absolutely indispensable and unavoidable.

"This being the case, the question is whether we should, or should not, take power to control his doings. The argument of the majority of the Select Committee is, that if the Chief Court does this, it creates (I use the words of the Report),—it 'creates a class of practitioners, possessing no proper qualification, but enjoying a kind of professional status by reason of their being licensed

[21ST MARCH, 1900.] [*Mr. Ibbetson; Mr. Woodroffe.*]

by the Chief Court.' Now in the first place, it seems to me that it does not 'create' them. They are there already and cannot be got rid of. In the second place, the proposed power will enable the Chief Court to insist upon some moderate measure of 'qualification.' And if there are scoundrels among them, so much the more reason surely for enabling the authorities to get rid of, at any rate, the worst of them. The proposed power of regulation will apply only to those who habitually 'practise' as petition-writers; and it will still be open to every petitioner to write his petition himself, or have it written by a friend; though I am afraid the old adage will often hold good, that 'The man who is his own petition-writer, has a fool for his client.' At any rate, it seems to me that it is absurd for us to shut our eyes and pretend that we cannot see the petition-writer; to refuse to 'recognise' him, and by so doing, to deprive ourselves of the opportunity of keeping him in order. I am old enough to have seen both systems at work in the Punjab; and I have no hesitation in expressing my opinion that, while there are objections to each, the balance of advantage is strongly on the side of regulation."

The Hon'ble MR. WOODROFFE said:—"I would support the Bill as it last left the Select Committee. The clause of the Report of the Select Committee sets forth the circumstances of the case sufficiently aptly. It is there stated, 'Clause 19, sub-clause (1) (a), of the Bill referred to us gave to power to the Chief Court, with the sanction of the Local Government, to declare what person should be permitted to practise as petition-writers and to regulate the conduct of business by such persons. It appears to us that the effect of such an enactment would be to create a class of practitioners, possessing no proper qualification, but enjoying a kind of professional status by reason of their being licensed by the Chief Court. The petition-writer is a familiar adjunct to the Courts in Burma and elsewhere; but we are disposed to think that litigants who deal with him should be left to make their own bargains.'

"I am not, my Lord, in the short observations that I propose to make, at all oblivious of the due weight which should be given to the recent representation of His Honour the Lieutenant-Governor of Burma, but this matter is one which probably has not come before His Honour in any such manner as to give him personally any experience of petition-writers. The Legal Practitioners Act deals with various classes of practitioners. There are advocates, vakils, and mukhtars. I venture to think, from an experience of many years, we have gone quite low enough. The Report speaks of the petition-writer as a familiar adjunct to the Court. There are, unfortunately, about the Courts in India unclean animals of every sort,

[*Mr. Woodroffe; Rai Bahadur Ananda Charlu.*] [21ST MARCH, 1900.]

and I know hardly any more unclean, certainly none that tend more to bring the administration of justice into disrepute than such persons as are here intended to be provided for. We know them not in the High Court of Bengal. They now, I think, find a place in the definition of the word 'tout,' in the Legal Practitioners Act. They are, I believe, to be found in the purlieus of the Police Courts of this city. The slightest acquaintance with the character of these persons would, I think, be sufficient to satisfy Members of Council that the Select Committee acted most wisely in saying that they would not give these gentry any sort of professional status whatever. There is no necessity whatever for doing so, and it is open to anybody who desires to present a petition, and who does not desire to avail himself of what the Hon'ble Member in charge of the Bill describes as costly professional assistance, to get any of his friends, or neighbours even, to draw up his petition; but why we should go to the extent of giving persons of this kind a professional status in the Chief Court of Burma I cannot conceive. In this matter the Hon'ble Member in charge of the Bill has correctly stated that he was alone in his view, and the condemnation of that class of persons was effected by the otherwise unanimous vote of the Select Committee, including the Hon'ble the Legal Member."

The Hon'ble RAI BAHADUR ANANDA CHARLU said:—"The motive of this amendment is unexceptionable, but its utility or its remedial capacity is more than questionable. There can be no such class as practising petition-writers: and it is not easy to see what qualifications can be laid down as proof of fitness. All that a petition-writer has to do is to put the facts and arguments, relied on by a petitioner, into decent English or Vernacular. This measure of ability is possessed by some who—underpaid in their respective callings—earn a few pence by writing petitions. It is inadvisable to discourage men of this sort; for they are likely to be cheaper and better qualified than such as may set up for professional petition-writers. This latter class is doomed as such, and it is everywhere else dwindling in numbers and status. To recognise it—even for the purpose of chastening it—will, too surely, be to give it a lease of life, which will not belong to it in the natural course of things. The legal profession is ramifying all round, and may sooner or later—sooner than later I think—put an end to the proscribed class. The better ones will get absorbed by the profession as assistants, clerks, etc., while the incapables will die out. So long as we cannot take power—and I do not see how we could—to authorise rejection of petitions, emanating from others than those we recognise, I fail to perceive how any good can be sensibly wrought. The petition-writer does

[21ST MARCH, 1900.] [*Rai Bahadur Ananda Charlu; Mr. Rees; Mr. Smeaton.*]

not sign, and some one else's caligraphy might be utilised. The game we wish to go after will keep out of the Court or Cutcherry precincts and will virtually degenerate into creatures of high subordinates and will both elude our grasp and evade our laws. Nothing so satisfactory as leaving such things to laws as to natural selection and as to the survival of the fittest."

The Hon'ble MR. REES said :—"My Lord, considerable prejudice against petition-writers is common to Judges and Magistrates, both of the Barrister and Civilian class. Certainly I share it, whether coming under the former class, or that which 'has eaten dinners,' a process which I regret to hear the learned Advocate General say argues the possession of no legal knowledge whatever.

"I should have thought too that in Burma, more than elsewhere, in a happy land with no undenominational education, where everyone can read and write, the Courts could have done without the amateur vakil, which is what the petition-writer practically is.

"I would therefore have voted for leaving this Bill as the Select Committee left it, though in 1896 I ventured to say, when the Touts Bill was before Council, that I did not think the whole class was quite so outrageously bad elsewhere, as it was represented to be, and as the Advocate General represents it to-day to be in Bengal.

"I am, however, much impressed by the telegram received since the Select Committee reported the Bill, and am unwilling to vote against the consensus of the highest legal authority in Burma, backed by the Lieutenant-Governor, who must, it is presumed, have had the same opportunities as other public servants for forming an opinion of this class.

"It seems to me, moreover, that the argument that what is good for the Punjab may not be good for Burma, which was forcibly stated on the last amendment, is of equal application here, and that the experience of Bengal should not necessarily prevail in regard to the neighbouring Province across the Bay."

The Hon'ble MR. SMEATON said :—"The Hon'ble Mr. Ibbetson has very frankly stated the whole [of the *pros* and *cons* on this particular amendment. In the Select Committee I took the view of the *cons* for the reasons which he has so frankly stated, and which have been enlarged upon by the

[*Mr. Smeaton; Mr. Mehta; Mr. Raleigh; [21ST MARCH, 1900.]*
Mr. Ibbetson.]

Hon'ble the Advocate General. To the view I then took I still adhere, but in the face of the remarkable consensus of official opinion telegraphed from Rangoon, and, in particular, the desire of the Lieutenant-Governor that the sub-clause be restored, I shall, with Your Excellency's permission, abstain from voting."

The Hon'ble MR. MEHTA said :—"The object of the amendment is no doubt excellent. But my hon'ble friend the mover has himself shown that the amendment will not succeed in accomplishing that object. He told us that it was not intended that parties should be precluded from drawing up their own petitions or taking the assistance of their friends to do so. In that case, the petition-writers have only to keep clear of the immediate purview of the Court to render the amendment absolutely nugatory."

The Hon'ble MR. RALEIGH said :—"On this particular question I voted against my hon'ble friend in charge of the Bill in Committee. It is usual for Members of the Executive Council to settle their domestic differences before appearing in public. But I ought to say a few words as to the history of the amendment. The sub-clause by which petition-writers were to be regulated was objected to by the body which represents the Bar at Rangoon, and I had a certain amount of professional sympathy with what they said. You require your legal practitioners to undergo certain examinations to prove themselves fit to practise and you reward them with a monopoly of recognition of the Courts. We all know that there are irregular legal assistants of various kinds, but so far as I am individually concerned I would have been perfectly content that the petition-writer should not be regulated by law. But the matter presents itself to my mind now in this way. Nobody can say that this question is a question of first importance. It is a matter in which we must all defer to local opinion, and when I find that the Lieutenant-Governor of the Province, the Judicial Commissioners, and the Recorder of Rangoon all ask for the inclusion of this sub-clause, I simply give way and vote for my hon'ble friend's amendment."

The motion was put and agreed to.

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

The Hon'ble MR. SMEATON said :—"My Lord, I think the Council have already had enough of the Burma Courts Bill. But after hearing the Hon'ble

[21ST MARCH, 1900.]

[*Mr. Smeaton.*]

Financial Member's pregnant remarks in his very interesting and instructive Financial Statement, in regard to the dominant character of Burma trade in the markets of this world perhaps I may claim a little indulgence from Hon'ble Members to make a few remarks on a Bill which is destined, indirectly, to have no small influence on the trade of the Province.

"Before it is finally passed into law I think I may, on behalf of the Province which I represent, express our gratitude and satisfaction with the result of the labours of the Select Committee on the Bill in the final shape in which it now stands before the Council. The task of the Select Committee has been by no means a light one, because it has had to produce for Burma, a Bill on the model of the Punjab Act, although these two Provinces are in many respects altogether dissimilar. It is perhaps impossible to satisfy everybody, but on the whole, I think, the Bill as it now stands fairly meets the claim of Lower Burma, for an efficient Chief Court. Upper Burma has, for the very sound reasons given by the Local Government, and which I need not here recapitulate, been wisely left out of the Bill and kept under its existing and very efficient judicial administration. The Chief Court has two functions: an appellate and revisional jurisdiction as well as control throughout Lower Burma, and an original jurisdiction in Rangoon. In respect of the first of these functions, I desire to emphasize two features of the Bill which are of paramount importance. The first will be found in sub-clause (a) of clause 18, which requires periodical personal visitation and inspection, by a Judge of the Chief Court, of the subordinate Courts, throughout the Province. There is, so far as I know, no such precise obligation imposed by law, on any High Court or Chief Court in India: but I entirely concur in the Hon'ble Mr. Ibbetson's declaration in Select Committee that there is no more important clause in the Bill than this. The necessity of such visitations and inspections [is fully recognised by all who have the interests of justice in Burma at heart. Unfortunately the reputation of many of the subordinate Courts in Lower Burma, at present, is far from what it should be, and complaints are rife. A faithful compliance with the requirements of the clause which I have just quoted, will, it is hoped, remedy this; and no doubt the Local Government will see to it, that the Rules made by the Chief Court under clause 19 (g) for the visitation and inspection] of the subordinate Courts, are adequate for the purpose, and punctually carried out. In Upper Burma, to my personal knowledge, the reputation and the work of the subordinate Courts at present compare not unfavourably with those of Lower Burma, although the Upper Province can only be said to have had a properly equipped judiciary for about ten years—whereas

Lower Burma has been under settled rule, and under a regular judicial system for nearly half a century. One, if not the chief, reason of this is that in Upper Burma the Judicial Commissioner has always kept up and still keeps up a periodical personal inspection of the subordinate Courts, and is in touch with every judicial officer. The second feature of the Bill which (in full agreement with the Hon'ble Member in charge of the Bill) I desire to emphasize is the wise latitude given by section 30 for second appeals on the facts in land suits, and in certain other unclassified suits which are of very great interest and importance to the people. Burma is not to be judged by Indian standards. The Burmese are not so litigious as the people of India, and their land suits properly so called are usually of small money value, though none the less of importance to the people themselves. There is no class of big landlords as in Bengal and in the North-Western Provinces; the holdings are all small, and mortgages, often of a doubtful and puzzling nature, and conditional sales, are frequent. The second appeal on the facts in these suits will be a guarantee that justice in respect of rights in land shall not miscarry.

"I would here however parenthetically point out that the subject of rights in land will hardly be adequately dealt with in the absence of a Tenancy law. At the present time there is no such law in Burma. There are hundreds of thousands of agricultural tenants, holding under petty landlords, but they have no legal status, and they are entirely at the mercy of their landlords, both as regards their rents and the occupation of their lands. A Bill however is I believe under consideration for remedying this state of things.

"Sub-clause (b) of the proviso to section 30 is a most useful and valuable provision, and will be appreciated by the Burmese, inasmuch as it allows a second appeal in suits connected with marriage, divorce and inheritance. These matters, which touch the most intimate domestic relations of the people are governed by the text of the Buddhist scriptures modified by custom. The customary law is only now slowly crystallizing, and it is of very great importance that the process should be aided by well-considered judgments of a competent Supreme Court on the various groups and kinds of facts brought before it.

"In respect of the second function to which I have referred, I think that the Court which the Bill establishes will be a good working tribunal for disposal of the somewhat intricate questions of commercial law and practice, which frequently arise in the rapidly growing commercial centre of the Province. With these remarks, my Lord, I beg to support the motion that the Bill be passed into law."

[21ST MARCH, 1900.] [*Mr. Woodroffe; Major-General Sir Edwin Collen.*]

The Hon'ble MR. WOODROFFE said :—" Before this motion is put, I desire speaking for myself, to state that I absolutely disclaim the existence in my mind of any such unworthy suspicion as has been referred to by His Excellency the President. I trust this disclaimer may be accepted in the same frank manner as I make it."

The motion was put and agreed to.

CURRENCY CONVERSION (ARMY ANNUAL) ACT, 1899, CONTINUANCE BILL.

The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN moved that the Bill to amend and provide for the further continuance of the Currency Conversion (Army Annual) Act, 1899, be taken into consideration.

The motion was put and agreed to.

The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN moved that the Bill be passed.

The motion was put and agreed to.

The Council adjourned to Wednesday, the 28th March, 1900.

CALCUTTA ;
The 24th March, 1900. }

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