

*Wednesday,
28th March, 1900*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XXXIX

Jan.-Dec., 1900

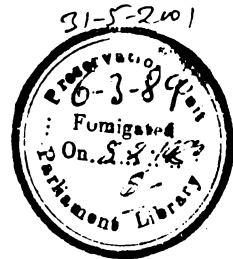
ABSTRACT OF THE PROCEEDINGS
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA:
ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS

1900

VOLUME XXXIX



Published by Authority of the Governor General.



CALCUTTA
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA,
1901

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 & 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 28th 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. 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, Vidya 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. H. F. Evans, C.S.I.

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

The Hon'ble Mr. Allan Arthur.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1900-1901.

His Excellency THE PRESIDENT said :—" It has been suggested to me by more than one Hon'ble Member that it may be a convenience, both to the Member concerned and to the rest of Council, if, in the case of his having a speech of great length to make, he be given permission to lay it upon the table and to deliver only a summary of it, or such portion of it as he may find desirable. Whilst I have no wish to curb the natural eloquence of any Member

[28TH MARCH, 1900.] [*The President; Mr. Dawkins; Mr. Allan Arthur.*]

Members, I think that this is an excellent suggestion, and, if any Hon'ble Member proposes to take advantage of it to-day, I will not stand in his way. The speech, even if not delivered here, will, of course, appear in its entirety in the Press, and will thus appeal to the wider audience for whom it is probably intended."

The Hon'ble MR. DAWKINS moved that the Financial Statement for 1900-1901 be taken into consideration. He said:—"I do not propose to make any general remarks at this moment. I think it will be better to wait for the observations of Hon'ble Members and then to supply any information in answer to these observations, which it may be in my power to give. But there is one matter which perhaps I may call attention to. The Government has just concluded an arrangement with the State of Marwar for converting the local currency into British rupees. We have undertaken to convert up to two crores of local currency into British rupees, the Durbar engaging to deal with any excess that may be found to exist over that amount. The Government has had much satisfaction in making this arrangement although our finances derive no profit whatsoever from the transaction, but it will be of great assistance to the people of the State, whose difficulties in these days of famine have been much increased by the existence of this depreciated and depreciating currency. I venture to hope that the intelligent and public-spirited action of the Maharaja of Jodhpur may find imitators. Considerable difficulties, I believe, exist elsewhere owing to these depreciated currencies, but this is not a matter in which Government can take the initiative; that must be left for the Native States, though I think I can say that if any Native States care to approach the Government they will be sure of meeting with treatment as liberal as our duty to our own taxpayers permits us to afford."

The Hon'ble MR. ALLAN ARTHUR said:—"My Lord, as junior member of Your Lordship's Council, it affords me much pleasure to congratulate the Government of India on the state of their finances as disclosed by the Budget. It has been pointed out by a leading newspaper that the Government have to thank certain fortuitous circumstances for the satisfactory position shown, but, when it is considered that a famine of unprecedented magnitude, following closely on another of great severity, has to be provided for in order to avert terrible disaster, it will be generally admitted that, given normal seasons, the finances of India are in a condition to enable the Government to resume expenditure, temporarily suspended, on Railways, Roads and other works, to the advantage of the country, and thereafter to show a handsome surplus. I should like to congratulate the Hon'ble Member

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of the very interesting statement he has made in laying his figures before the Council, and to mention that the reception by the Mercantile community of his first statement is tinged with the regret that it is also his last. The innovation the Hon'ble Member has made in showing the various items of revenue and expenditure in pounds sterling is a welcome change to those who were puzzled by the mystical 'Rx.' It simplifies the Budget, and is to be welcomed as apparently the first indication the Government of India have given of their entire confidence in the success of their currency policy. The Government might further indicate this confidence by guaranteeing interest on Government Paper at 1-4 Exchange. The main objection would appear to be that the change would put a considerable profit into the pockets of present holders, but it would start a move in the direction of English investment and would simplify to an extraordinary degree the question of borrowing in rupees.

" My Lord, the question of the Gold Note Act is one which has a considerable interest for the Mercantile community, and my remarks upon it are of considerable length. I take advantage of Your Excellency's permission to lay on the table a note¹ on the subject. The Hon'ble the Financial Member may wish to make some remarks on points upon which I have touched and I would summarize them very shortly. With reference to a remark of his that the season opened without the assistance of the money that is usually brought out before X'mas by the Exchange Banks, I point out in fairness to these Banks that for the last three months of 1899 much heavier remittances were made from England than were made during the same period in the preceding five years. I then go on to show that the result of the Secretary of State's Notification in connection with the Gold Note Act was to force Exchange up to 1s. 4½d., and that owing to the over-financing, which the Notification caused, the rate has since declined to a point below 1s. 4d. to the disadvantage of the Government of India. I suggest that the refusal of the Secretary of State to have a maximum rate may be taken as a sign of weakness, and that a sudden retreat from a situation he had taken up cannot fail to constitute an unsolid foundation in the public view. I refer to certain remarks made by Your Excellency on the great advantages of attracting British capital to India, and on the necessity of Government doing everything in their power to minimize fluctuations in Exchange, so that capital may flow freely between England and India. I point out that, in order to prevent excessive fluctuations, Government should fix on a maximum rate of Exchange, beyond which the rupee must not be allowed to go, and that in order to make the Gold Note Act operative, the Government, seeing that they are responsible for the laws

¹ *Vide* Appendix I.

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and regulations under which money can be imported from abroad or manufactured locally, should be prepared to give rupees in exchange for gold to an unlimited extent at the maximum rate fixed upon, which facility would only be availed of in times of pressure. And, finally, I suggest that Government should take power to purchase silver for coinage purposes against gold deposited under the Act, so that they may have no difficulty in meeting the demand for rupees, which they have recently experienced, and place the profit on such purchases to a special account for the maintenance of the Currency policy as recommended by the Indian Currency Committee.

"The concluding part of the note deals with the absence in India itself of a really effective last resort. The Bank of Bengal have advocated the desirability of the Presidency Banks being given access under certain restrictive terms to the Paper Currency Reserves in times of extreme pressure. I agree that there are difficulties as suggested by the Hon'ble Member, but think that the facility asked would be seldom, if ever, availed of, that the knowledge that there is a really effective last resort in India would be of immense assistance to those who are responsible for the financing of the internal trade of the country, that the difficulties the Hon'ble Member foresaw may not be so great as he anticipated, and that, as the facility asked for would be of great benefit to the internal trade of the country, the proposals of the Bank of Bengal should not be finally rejected.

"My Lord, there are two points in the Budget, which appear to me to be most satisfactory. They show a progressive spirit, and cannot fail to have the approval of those who believe in insurance against misfortunes. I refer first to the increased grant to Irrigation works. It has sometimes been said that the Government of India played with the important question of Irrigation, but this is a reproach which can no longer be levelled at them, and in this connection it is very satisfactory to learn that an officer of great experience is being put in charge of the Irrigation Department. The other point is in connection with Military expenditure, and the Military Department are to be congratulated on having prevailed on the Government to agree to re-arm the native army and the Volunteers with the Magazine rifle, to establish a cordite and a central gun carriage factory, to increase the number of officers with native regiments, and to ensure the greater mobility of the artillery. I notice that no mention is made in the Hon'ble the Military Member's interesting statement as to when the Volunteer re-armament is to take place, and I should like to point out that the arms issued to Volunteers are in many cases so worn out that it is most desirable to replace them with as little delay as possible. I should also like to draw

[*Mr. Allan Arthur; Rai Bahadur B. K. Bose.*] [28TH MARCH, 1900.]

attention to the fact that Calcutta with its thousands of Volunteers has most scanty and inconvenient accommodation in the matter of rifle ranges.

"My Lord, there is only one other matter I should like to touch upon, and that is the very handsome Revenue Surplus from the Telegraph Department. It is somewhat ungenerous to adversely criticize a Department which has done and does splendid service throughout the Indian Empire, but, when I know that a friend of mine, who despatched a deferred telegram from Simla at the same time as he left Simla himself and arrived at my house in Calcutta just three days before the telegram, which is only one of many similar instances that I could give, and when I see a surplus on Telegraph Revenue account of 49½ lakhs of rupees, I cannot help remarking, to quote from my hon'ble friend's Financial Statement, that there is something not altogether right in the State of Denmark. I notice that a deficit is budgetted for for next year in the Department, but that is after debiting Capital Expenditure to Revenue, and I trust that no erroneous idea that the deficit is a real deficit and that the Department is working at a loss will be allowed to stand in the way of money being spent on additions to the Signalling staff or whatever is required to ensure a deferred telegram being transmitted from one to another part of the country more quickly than a railway passenger."

The Hon'ble RAI BAHADUR B. K. BOSE said :—"My Lord, the remarks I am going to submit will be confined to matters relating to the Province I have the honour to represent.

"In explaining the Financial Statement for 1899-1900, Sir James Westland laid before the Council two statements showing the progress of Provincial Finance from 1892 to 1899. Regarding the Central Provinces the following remarks occur: 'Fairly continuous progress,—a small drop in 1894-95 due, as the details show, to failure of land revenue. Recovery in 1895-96. Then a serious loss of revenue in the two famine years, 1896-97 and 1897-98. But complete recovery in the early future is anticipated.' The hope that the Province was about to enter on an era of renewed prosperity has not unhappily been realised. The year opened with disappointment and threatens to end in disaster. 1893-94 was the last year when the Province enjoyed as a whole the blessings of a good harvest. The fairly unbroken progress made till then was, in my humble opinion, due to the far-seeing and generous policy of a long-term settlement coupled with an assessment which, on the whole, was moderate and in many districts exceptionally so, for the advantages accruing during the continuance of the settlement from extension of cultivation and rise in prices remained

[28TH MARCH, 1900.] [*Rai Bahadur B. K. Bose.*]

with the people. As the official records of the period show, a contrary policy had brought the country to the verge of ruin. A succession of bad seasons has, however, undone to a great extent the good results of that generous policy. To add to the difficulties of the people, the cycle of bad years has synchronized with the period during which many of the enhanced assessments of the new settlement have come into force. The Budget for 1900-1901 shows under receipts a smaller sum as land revenue, though the basis of the estimate is the revenue as enhanced, temporary remissions and suspensions accounting for the decrease. The percentage of enhancement inclusive of the resulting enhancement in cesses, but exclusive of the increase in the rating of sîr land from a low to

For details *vide* annexures A and B to the a full valuation, has been in one district note in Appendix II. 111 per cent. on the old demand, 70 to 99

per cent. in seven, 50 to 61 per cent. in five, and below 35 per cent. in two districts. The last two are districts where the percentage of assets taken as revenue and cesses at the old settlement was as high as 80. The above enhancements are said to be warranted by the progress of cultivation and rise in prices since the old settlement. Admitting the full force of this statement, the question still arises whether, in view of the altered circumstances of the country, the policy which led to these enhancements should not now be reviewed. I beg to be permitted to lay on the table a note¹ dealing with this subject in some detail.

"Under the circumstances set forth in the note, I venture to hope that there will be a re-adjustment of both revenue and rent charges on land on a basis more in consonance with existing facts. In order that the agriculturists may reap the benefit of such a policy, if generously adopted, the next step needed is to relieve them of their present burden of debt. In some tracts they were so swamped with debt that no measure which did not bring about a settlement of their existing liabilities could save them from a position of virtual serfdom to their creditors. Mr. Commissioner Fuller, with the approval of the then Chief Commissioner, the Hon'ble Mr. Ibbetson, elaborated a scheme, which has been most successfully worked in some of the worst tracts. The scheme involved a settlement of debts through Panchayats working under control of Government officers. As would appear from the Government Resolution of November last, the creditors were found so reasonable that in one tract they gave up debts amounting to about 10 lakhs. In another tract out of debts aggregating about 40 lakhs and owed by about 15,000 tenants and 'pattidars' about 28 lakhs, a sum nearly equal to ten times the revenue, were remitted. The conspicuous success of the experiment would justify its

¹ *Vide* Appendix II.

[*Rai Bahadur B. K. Bose.*] [28TH MARCH, 1900.]

wider application. The secret of success was that by working through the people, the local public opinion was enlisted in its favour. But there is always a small minority of creditors, who are not amenable to reason. It is these men who bring discredit on the whole class and who need looking after. Whether in selected localities, composition on a fair basis through conciliators acting under Government control should not be provided for by statute where the voluntary system fails, in the case of agriculturists whose debts exceed a certain number of times the rental, is a question worthy of consideration. I believe that worked with caution and with due regard to the interests of both debtors and creditors, such a measure for settlement of debts which are impossible of repayment and which injure the former without benefiting the latter, would do good to all.

"The position of the agriculturist thus assured, the next step must be to provide him with loans for cultivation on fair terms. This was done in the case of those relieved under Mr. Fuller's scheme, who needed such help, by 'takṣāvi' loans. 'Takṣāvi' operations have, much to the benefit of the country, largely increased within the last 12 years. In 1889 the sum loaned was under half a lakh. In 1897-98 it exceeded 10 lakhs. I am unable to make out how much has been put down for the next year. In the year following the last famine about 15 lakhs 70 thousand were advanced. Besides, 29 lakhs were given from the Charity Fund. I am afraid there will be greater need for similar help this time. One great objection to a wider application of 'takṣāvi' operations is that the State thereby incurs a responsibility which may result in loss to the public revenue. But I take leave to point out that the new Tenancy Act, as I read it, has made a change in the borrowing power of the tenant. While he cannot mortgage his holding to a private creditor, no such disability attaches to him as regards statutory loans. Except where a mortgage registered before the Act and valid under the old law exists, the land of the tenant would furnish adequate security for the sum he would ordinarily need for his cultivation. But at the same time it must be confessed that the State cannot take the place of the village Sowkar. How to provide the landholders with cheap banking facilities, so that they may borrow without hopeless and life-long embarrassment, is a question which it would be improper for me to discuss now. But all the same its importance cannot be overrated.

"If only arrangements could be made to give the landholder what he actually needs for his land at a fair rate of interest, he cannot in the future get himself involved. For the new Tenancy Law has cut down his power

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of transfer. The fall in the Registration income during 1898-99 of 18 per cent., an income the lowest realized during the past seven years, is said to be partly due to this legislation, which has practically made the cultivating right in *sir* non-transferable when the village is ancestral property and has further made non-privileged tenant-right inalienable. In my humble opinion the fetters thus imposed on the power of transfer are in accordance with the spirit of the ancient usages and laws of the people. Power to transfer ancestral property, except for certain family purposes, did not exist under the old *Mitákshará* Law. This salutary rule has, in the case of fathers, been rendered almost nugatory by recent judge-made law, and the new legislation in so far as it partially restricts the power of alienation and thus prevents to some extent dissipation of family property by the improvidence of individual members, is a step in the right direction. As a matter of fact, in pre-British days neither the *málguzár* nor the tenant had any right to transfer, and even after the country became British, this power did not exist. In the case of the former, it was for the first time brought into existence as a free gift from the Crown at the proprietary settlement. As after experience has shown, this measure, though conceived in the best interest of the people, has resulted in the extinction of many old families, the natural leaders of the village communities. The law assumed in these cases an equality of advantages and intelligence, which did not as a matter of fact exist; and the rigid enforcement of the so-called doctrine of freedom of contract undid the good expected from the conferral of absolute proprietary right. It was found in 1888 that during the 20 odd years which had elapsed since the Settlement, over one-fifth of the *málguzári* area had changed hands. Since then the evil became accentuated. The partial withdrawal of the former unrestricted right of transfer is a tardy measure of protection to the old landholding class. I admit the new law makes a village a less profitable investment to the capitalist and thus works to his detriment; but the good of the country at large demands that his interest should in this case give way to the interest of the great agricultural community, on whose welfare the progress of the country must rest.

"In addition to these measures, if irrigational facilities be increased the position of the landholders will be much assured. Your Excellency was pleased to say last year, 'The subject of irrigation is one that appeals very closely to my concern. We are all familiar with the aphorism about the service of the statesman who can make two blades of grass to grow where only one grew before; and in India we need not be reminded of the

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direct and almost immediate benefit to the agrarian class that results from an increase in the area of cultivation.' One noteworthy fact that has struck me in connection with irrigation expenditure is, that the Central Provinces do not appear to have participated in its benefit. Up to the end of 1896-97

	Rs.	the sum spent under the two main heads of productive and protective works was nearly
Productive	31,25,29,480	33 crores and a half, but as far as I can
Protective	21,09,92,530	make out, the Central Provinces are con-
TOTAL	52,35,22,010.	spicuous by their absence in the accounts relating to this expenditure. It may be

that rivers which can serve as source of supply for canals are wanting, but what I am unable to make out is, why the question of having storage-tanks has never attracted attention. It cannot be said there is nothing in the country to suggest the utility of such works. We have many such tanks, made mainly in pre-British days, in what is known as the lake regions in the Central Provinces. Here an irrigation tank is an irregular sheet of water, its bank formed by hills and its dyke shaped out of spurs from them, thrown athwart the hollow. The largest of them has a circumference of 17 miles. By two short bunds, the waters of scores of hills have been impounded into a lovely lake, which spreads its fertilising streams over large areas of surrounding cultivation. Where the crude untrained village headman succeeded, British scientific skill is bound to attain greater success. In a question like this I speak with great diffidence, but I believe that the tracts of high-lands and valleys, which abound in the Central Provinces, would, if looked into, furnish suitable sites for several such tanks. Two or three of them have been made of late years to supply drinking water to municipal towns, but their importance for irrigation does not appear to have received consideration. Probably the omission may be due to the fact that as enjoying the benefit of both the Bombay and Bengal monsoon current, agriculture in the Central Provinces was, until within recent years, considered immune. But now that this belief has been dispelled, I would respectfully draw attention to the importance of tank irrigation. As pointed out by the Famine Commission of 1880, the true value of these works should not be measured by their financial success but account must also be taken of the protection they give in years of drought, while in seasons of average rainfall they give certainty to agriculture, increase the crop-outturns and enable more valuable crops to be grown. In the Budget for 1900-1901 irrigation grant has been raised to a full crore, and I may be permitted to hope that the Central Provinces will not be forgotten when the distribution of this grant takes place. In connection with this subject, it is gratifying to find that

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more attention is being paid to irrigation-works as a measure of famine relief. These works show better results for the money spent than roads which are taken in hand merely to create employment for the people but which the country does not need, or which for want of repairs disappear in a few years after their construction.

"I cannot conclude without a word of reference to the famine which, for the time being, overshadows all other questions in my province. In replying to a municipal address, Mr. Fraser, our present Chief Commissioner, said with reference to the famine: 'But these feelings are mingled with deep anxiety and intense distress at the unprecedented calamities which have fallen upon the people. I am sustained in my anxiety and distress by the legacy which Mr. Ibbetson has left me in the elaborate instructions which, with his wonderful capacity for work, he has framed for all departments of famine administration. I am sustained by the knowledge that I am surrounded by officers not only of capacity but of high purpose. And I am also sustained by the knowledge that the officers of Government will receive from the leaders of the people generally hearty co-operation and support . . . The Government of India have declared their intention to help us in every possible way in our struggle.' It is somewhat early to speak of the success of the policy the key-note of which was struck in these words. But if a thorough grasp of the situation, if ceaseless watching of the pulse of the distressed districts and skill in combining all forms of relief on the part of the head of the Administration, and if loyal support, incessant toil and untiring devotion in the cause of humanity on the part of the local officers can command success, then is the success assured. The mortality returns are always most important guides in estimating the degree of success. An examination of these returns since the distress began discloses the gratifying fact that though overwhelmed by a calamity of even greater magnitude than that of 1896-97, when the death-rate at times went up as high as four times the normal in some tracts, the death-rate this time has not only not

Death-rate in December 1899—2'16.

Do. in December 1898—2'20.

gone beyond the normal, but has actually been sub-normal in some months in some districts. But the famine with all its sufferings will, as we hope and pray, soon be a thing of the past; but the memory of the

heroic efforts that are being made and the devotion and self-sacrifice that are being shown to repair its terrible havoc, a grateful people will not willingly let die. They are not given to noisy demonstrations, either of joy or grief; but whenever in the future, when prosperity will once more smile over the land,

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they will, after the day's toil is over, gather together of an evening at the temple of their village God and the talk would turn upon the dark days of the great famine, the kindly remembrance of all that was done for them will stir their innermost heart, and they will pronounce with the deepest veneration and gratitude the names of those who gave their life-blood to save them, and chief among these names will be that of Your Excellency."

The Hon'ble MR. EVANS said:—"Last year the late Finance Member found himself in the happy possession of a surplus of nearly four crores, and the question was raised whether the existence of that surplus called for or justified the remission of existing taxation. The soundness of the conclusion at which Your Excellency's Government arrived that any such step would be inadvisable, has been fully established by the events of the last 12 months; and Sir James Westland acted wisely in turning a deaf ear to the suggestions that were then made that he should avail himself of the opening which the prosperous condition of the finances seemed to give him of resorting to the popular step of taking off taxation. Of the two reasons then given for keeping a hold on the surplus, one has fortunately not taken practical shape, and I may be permitted to take this opportunity of adding my own congratulations to the many which Your Excellency will doubtless receive from my Hon'ble Colleagues on the complete success that has attended the introduction of a gold standard with the boon of a fixed exchange, the most important event that has taken place in the financial history of this country for many years. The second reason given by the late Finance Member for maintaining the existing taxation was based on the peculiar characteristic of the finances of this country which renders it unwise to be hasty in dealing with what may be only a temporary superfluity of funds as if it were necessarily permanent in character. Sir James Westland remarked that 'the Government of India regarded themselves as under an obligation in the face of the deficits of the preceding two years to recover their position by accumulating counterbalancing surpluses.' The revenue of this country is derived mainly from sources dependent on its agricultural wealth and prosperity. Recent years have given remarkable examples, some saddening, some cheering, of the extraordinary vicissitudes that affect the agriculture of this country. The failure of the seasonal rains in 1897 involved wide areas and a large population in the sufferings arising from scarcity and famine. Equally remarkable was the rapid recovery that occurred in 1898, in which year, speaking from my personal experience in the Province I have the honour of representing, it was difficult to believe that the country had but a few months previously gone through a crisis which had afflicted more or less seriously eight of the nine divisions of that

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Province. It was this rapid revival of the resources of the country that gave the late Finance Member the large balance in his Budget. Had it been possible or prudent to regard that return of prosperity as certain to continue even for a short time, the case would have been different. That it would not have been prudent to take such a view has been proved to our sorrow by the return in an even more extensive character of agricultural disaster and distress. But while we may feel that the events of the last 12 months have taught us the wisdom of regarding with some distrust the promises of returning prosperity, we have also the consolation that rapid and unexpected as are the agricultural catastrophes that overwhelm this country, its recovery from those disasters has in times past been equally and as wonderfully rapid and complete. If then on the one hand it is rash to presume on a continuance of good seasons, we have learnt that we should not be led by the occurrence of such calamities to despair of an early return of prosperity, and we may join with some confidence in the hope expressed by the Finance Member that famine will have disappeared by the end of next September, to which anticipation practical effect has been given by estimating the land-revenue for the coming year at one crore and a quarter above the amount which it is expected will have been realized during the current year. Turning to the figures for that year, it is a remarkable and satisfactory feature in the revised estimates that the loss in land-revenue due to the failure of the rains will have been very largely recouped by gain in the revenue derived from Railways and Irrigation; and we may hope that whenever a disastrous agricultural season occurs, there will be some considerable compensation, from a financial point of view, in the additional receipts derived from these two sources. It is also a matter of congratulation that in spite of the unexpected excess of over 1½ million sterling expended on famine relief, the surplus at the end of the current year will be nearly if not quite as great as was estimated when no fears of such a disastrous season were entertained. On the other hand, that a considerable portion of the surplus is due to what may be fairly described as an accidental saving in military expenditure and the unfortunate, though necessary, reduction in the expenditure on Buildings and Roads, is a fact that cannot be ignored. One of the many lamentable effects of an unexpected deficiency in the funds at the disposal of the Government of India, whether that deficiency be due to famine or war, has always been the inevitable reduction made in the expenditure on that useful object, Roads and Buildings. The expenditure on Roads and Buildings presents few of the attractive features of the outlay on Railways and Irrigation, but the material wealth and comfort of the people are largely affected by it. It is then all the more satisfactory to note that the expenditure on Civil Works has risen from 447 lakhs in 1896-97 to 477 lakhs in the current year.

and to 494 lakhs, the estimated expenditure on this object in the present Budget.

"The repeated occurrence of failures in the seasonal rains and the calamitous and widespread results arising therefrom naturally suggest inquiry as to the extent to which the Government of India proposes to devote its resources to the development of Railways and Irrigation, the two great weapons with which this country can strive to avert the attacks of famine, and mitigate their severity. Unmixed satisfaction must be felt by all that in spite of the difficulties arising from the demands on account of famine relief during the current year and the year before us, the outlay on Railways will, even making allowance for 'the arrears of the old programme handed on to the new one,' referred to by Sir James Westland, exceed the expenditure foreshadowed in the last triennial programme of capital outlay on Railways prepared in November, 1898.

"The North-West Provinces and Oudh are singularly favoured in the extent of their railway system, but there is admittedly still room for progress, and the Province has welcomed the construction of the line from Ghaziabad to Moradabad and looks forward to the early authorization of the commencement of work on the line from Shekohabad to Farrukhabad and the Agra and Delhi chord line. Still more gratifying is it to learn that Your Excellency's Government has resolved in spite of all difficulties to raise the grant for capital expenditure on Irrigation by one-third above the amount provided by the practice of recent years. The marvellous prosperity of a tract of country enjoying the benefits of irrigation when there has been a failure of the annual rains, as compared with the unhappy condition of other areas even in its immediate neighbourhood and subject to the same climatic conditions, which are not so fortunate, affords ample proof of the wisdom of making every effort to provide funds for this branch of expenditure. Amongst the projects mentioned in the programme of Irrigation Works to be undertaken in the coming year I am glad to find mentioned the completion of the Fatehpur Branch of the Lower Ganges Canal, which will give water to a tract that suffered severely from the want of it in 1897.

"My Lord, we have been informed that the heavy demands made by the various provinces for their support against the calamity of famine will be met in full and that a helping hand will be given to the Native States that are in the same difficulties. That Your Excellency's Government has been able to meet this strain on its resources without either calling on the tax-payers to assist by fresh contributions to the public treasury or asking for aid elsewhere must be a source of legitimate pride to all who feel an interest in the welfare of this great country."

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The Hon'ble KUNWAR SIR HARNAM SINGH said:—"My Lord, it is gratifying to observe that the Finance Member has been able to present to the Council a Financial Statement of the most remarkable character. It is remarkable in more than one sense. There is not only no deficit, but there is an actual surplus and we are led to expect a brighter future. The unique character of the statement would have been complete if some of the taxes which are pressing heavily on the people had been taken away. These would have been taken away I am sure, had it not been for the large famine expenditure which has been incurred. When it was announced that India was suffering from an unparalleled famine, people were apprehensive that there would be a heavy deficit; but the financial gloom has been dissipated by the waving of the magic wand of the Finance Member, and despondency has been converted into hopefulness. People's anxiety has been greatly relieved and the conspicuous ability with which the Indian finances have been managed during the passing year has been keenly appreciated.

"I am glad to note that it has been pointed out that the unappropriated balance of the famine grant has in recent years been employed on works which are not exclusively of a protective, *i.e.*, famine character; and that 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 a welcome departure, and the decision which has been arrived at will be calculated to remove a great deal of misapprehension which exists on the subject. In normal years there will be a large balance when there is no direct expenditure on famine. The Finance Member proposes to show this unappropriated balance under the heading of Reduction or Avoidance of debt. I do not clearly understand in what respect this would be an improvement upon the former heading of Reduction of Debt. The heading proposed will to my mind be as puzzling as the former one.

"We are told that 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. Could not the same result be obtained by investing the unappropriated balance in a separate fund, which may be called the Famine Fund, and appropriating a certain definite portion, say one crore, in aid of public works if they are of a protective, *i.e.*, famine character? The advantage of a separate fund would be, I venture to think, twofold. First, the practice pointed out by the Finance Member of charging against it expenditure which is not exclusively of a famine character, will be guarded against; and

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second, after defraying expenditure for protective works, a balance, however small, will be left behind to form the nucleus of a permanent Famine Fund, which will increase from year to year, when there is no direct expenditure on famine, and the expenditure on protective work diminishes. In making this suggestion I bear in mind the fact that substantially there would be no difference as regards the appropriation of the surplus of the famine grant, but still the method I venture to suggest might be calculated to create a better understanding of the famine policy of the Government of India.

"It seems to me that in the Budget Estimate for the coming year a rather sanguine view has been taken of our sources of revenue. These sources do not appear to me to be so elastic as they are taken to be. I am rather doubtful as to whether these sources are capable of yielding the revenue which has been estimated. I will give an illustration of what I mean. Land revenue has been taken at 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. I have considerable misgivings as regards the estimated increase of revenue in the Punjab, the Province I have the honor to represent. In 1896-97 the total land revenue realisations on account of the demand of the year amounted to 2 crores and 32 lakhs. The collections were abnormally low in consequence of the suspensions of fixed land revenue allowed on account of drought. The realisations of the next year amounted to 2 crores 51 lakhs. In the following year, which was a year of comparative plenty, following a year of drought and famine, the realizations came up to 2 crores and 63 lakhs. I would call the attention of Your Excellency to the rate of increase of revenue during these three years. The first year was a year of drought; in the second year the pressure of famine had considerably diminished, but the Province had not recovered its normal condition; the third year was a year of plenty, the arrears of revenue were to a great extent realized and the Province showed a large increase of revenue. I find from the last Punjab Administration Report that the increase during that year was due partly to a rise in the income from fluctuating land revenue occasioned by favourable seasons and good canal working, and partly to large receipts on account of *nazarana* and sales of land on the Chenab Canal. In the second year there was an increase of about 18 lakhs, and in the third year, as compared with the previous year, there was an increase of about 12 lakhs. If the large receipts on account of *nazarana* and sales of land in the third year be taken away from these 12 lakhs, the increase shewn would be considerably diminished. I am inclined to think, my Lord,

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that the realizations of the third year were abnormal, and that the Budget estimate ought not to have been based on the collections of this year. In 1897 there was only an increase of 18 lakhs as compared with the previous year, and this increase might be taken as a standard; but then it must be considered that the produce of the land would be greatly diminished after a second famine within a period of three years. The mortality of the agricultural cattle will be considerable; those which were spared at the first famine would not be spared at the second and an adequate supply of fresh cattle would be difficult to be obtained in the coming year. Large tracts of land will be lying waste and revenue realizations are sure to be affected. It should also be borne in mind that low prices following on a plentiful harvest always reduce the receipts of cultivators and their decreased income naturally influences the revenue collections. It is these considerations which lead me to think that the increase of land revenue in the Punjab amounting to 27 lakhs is, in my humble opinion, overestimated. What I have said with regard to the Punjab applies *mutatis mutandis* to other Provinces affected with famine.

"I note with satisfaction that rupees one crore has been allotted to canals and tanks for irrigation purposes.

"There can be no question that the Tariff Amendment Act will be productive of the very best results. Few measures have ever passed through this Council, to quote Your Excellency's words, 'with a greater weight of a qualified and homogeneous opinion behind them.' The Act was passed with the object of relieving India from an external competition which was shown to have already produced serious consequences upon Indian agriculture and manufacture, and which if unarrested was likely to produce a continuous and dangerous decline. An industrial and agrarian grievance was redressed by the passing of this Act and sanguine hopes were entertained that the Act would encourage and stimulate the development of an important indigenous industry which was on the verge of being extinguished. Sufficient experience has not yet been obtained of the operation of the measure to enable the Government of India to form a correct estimate of its consequences. The countervailing duties on bounty-fed beet sugar came into force in the current year, practically not until May. It is true, as the Hon'ble Finance Minister says, that trade was conducted during the latter part of last year under abnormal conditions of plague, or of plague and famine, and it is impossible to look to this period as throwing light on the effect of the measure under normal conditions. But still as the figures from May 1899 to January 1900 are available, a rough idea might have been given with regard to the immediate results of the measure. It has been shown that prices have been influenced by the Act. The

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rise in prices may have benefited China and Java, but it has not been, as it will be readily admitted, to the interest of Indian consumers. The question to determine is how far the Act has benefited Indian producers and what stimulus has been given to native refining industries. It is impossible, the Finance Minister tells us, to answer that question at present. Till that question is satisfactorily settled it would be idle to speculate on the benefits to be derived from the measure.

"I believe, my Lord, that the introduction of the gold standard and the gold currency will have far-reaching effects. It is quite true that India has at length reached the object which she is struggling for years to attain. By the introduction of this measure a practical fixity in exchange is expected to be obtained. This is certainly to the immense advantage of both the Government and the people. But, my Lord, permit me to say that this economic legislation is entirely new to the country. The people have been accustomed for centuries to the silver currency and it will take them some time to appreciate the advantages of the gold currency. The full effect of the measure passed on the 15th September to make gold legal tender in India has not yet been realized by the people. I am aware that Government has no intention of forcing gold upon a reluctant public, but still I take the liberty of saying that the recent notification issued with the object of familiarising people with gold currency by cashing postal orders in Presidency-towns of the value of Rs. 15 or £1 in gold coins, and the proposal to pay certain salaries in gold cannot but be viewed with misgivings. A sovereign is not sold for Rs. 15 in the bazar. The value varies with the current rate of exchange. The value of a sovereign will thus be sometimes more and sometimes less than Rs. 15. At present, after the issue of the Postal notification, a sovereign is sold in the bazar, I am told, with a *batta*, that is to say, its full value is not Rs. 15. The money-changers are shrewd men of business and they would on no account cash a sovereign, unless they see that some advantage is to be gained by paying the full value. Ordinary people have dealings with these money-changers and seldom or never go to the Currency Office to cash their sovereigns. When such is the situation, and when no absolute fixity of exchange has yet been obtained, would it not be expedient to take precautionary measures, and instead of pushing on gold currency, to introduce it gradually in the market after familiarising the people with its advantages? I have no doubt that the people will take to it after a time, but just now the experiment is novel and it is not looked upon with a favourable eye. There is another point in this connection to which I wish to draw the attention of the Council. There is a tendency for hoarding which will be encouraged and not checked by the present measure. I believe, however, that when sovereigns are freely and widely circulated and are easily sold in the bazar for their full value, this vicious habit will be eradicated.

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" My Lord, what has been observed by the Hon'ble Mr. Bose in regard to the Revenue Settlement in his Province deserves careful consideration by the Government of India. I am bound to admit that in my Province the Government has been very liberal, and no one can reasonably complain of heavy assessment. I am sure that in this the Hon'ble Mr. Ibbetson will bear me out. I would, however, point out in the interest of both landlord and tenants that it is desirable that the revenue settlement should be of at least thirty years' duration. I am strongly of opinion that when a district is properly surveyed, rights recorded, and lands classified, it should not be disturbed again with the view of increasing the revenue demand at the expiry of the settlement period, unless sufficient reasons, such as extension of cultivation and appreciable rise in prices of food grain, are shown. As to what trouble and harassment the people are subjected at the time of fresh settlement I would quote the words of Sir A. Colvin :—

' In 1874, twenty-six years will have elapsed from the date on which the two first of the districts now comprised in North-West Provinces were placed in the hands of a Settlement-officer. Others were begun twelve years ago and are not yet sanctioned; one of these is not yet even completed. These facts are significant to those who know what the settlement of a district means; the value of property depreciated, until the exact amount of the new assessment is declared, credit affected, heart-burning and irritation between landlord and tenant, suspicion of the intentions of the Government, a host of official underlings scattered broadcast over the vexed villages. Nothing can equal the injury inflicted by a slow, uncertain settlement, dragging its length along, obstructed by conflicting orders and harassed by successive administrations, and finally threatened with annihilation at the moment when it seems to have nearly finished its course.—Little wonder that we hear of the land needing rest !'

" So far as I understand Government policy has of late been calculated to avoid these harassments to the people, but I venture to think, my Lord, that a definite declaration should be made on the subject by the Government.

" My Lord, it is a matter for congratulation that, notwithstanding the excessive expenditure entailed by famine, the Government of India has not found it necessary to resort to any fresh taxation. It cannot, however, be safely said that the finances of the Indian Empire are in a sound condition. No country would be justified in boasting that its finances are healthy and prosperous unless it can show that in time of emergency it can fall back upon a tax or taxes which would yield sufficient revenue to meet the deficit.

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I cannot shut my eyes to the fact that India is heavily taxed and that any further taxation would be repulsive to the people.

"Let us hope, however, that the country will soon emerge from plague and famine; and with the free and wide circulation of gold, the disappearance of fluctuations in exchange and the careful husbanding of the resources of the Empire, our financial stability will be fully established, and Your Excellency's Government will then be enabled to give relief to the people in the way of reducing taxation, *e.g.*, the salt tax and the lower range of the income tax. Such a boon would be hailed by the whole country and would signalise Your Excellency's administration in the annals of India."

The Hon'ble RAI BAHADUR ANANDA CHARLU said :—"No man with a soul, not altogether dead to all finer sensibilities, will hesitate to give Your Excellency's Government the very highest praise for cheerfully and unreservedly taking upon your shoulders the entire burden of the famine expenditure in the present crisis. There are, indeed, in the Budget before us, some clear indications—I should say for the first time perhaps—of how the fund, originally designed solely as an insurance against famine and asserted year after year as applied to that object, was not always administered in *strict* adherence to principles initially declared. But, in the face of the hearty consecration, as it were, of the entire available resources of the State, by Your Excellency's Government, to safe-guard life in the present juncture and in the face of the no less colossal effort made by your predecessor's Government to seize the Indian Hydra by the throat and strangle it year before last, even the worst caviller will have no heart and no wish to quarrel with the past doings. There is further little use in crying over spilt milk. A word or two may not, however, be out of place in regard to the future treatment of famine grants. In this view I, for one, will summon up courage to enquire whether, in order to minimise such heroic resolves and such wholesale appropriation as in the present trial, Your Excellency's Government will not, once and for all, debar future possibilities of deflection, by constituting them into what in law is termed trust property, clothed with all the rights to be kept apart, to be invested, to made to multiply, to be immune from all loss and to have all damage made good from funds, for the relief of which they have been drawn upon. A suggestion, somewhat of this kind, made when the fund was first created, was met with an outburst of temper and it was roundly denounced as amounting to a calumny; but the circumstance did not prevent the happening of precisely what had been feared. The process of laying unappropriated

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balances of famine grants under contribution for other than famine works, on the argument of avoidance of debt, is open to four salient objections. First, the sums so taken out do not revert *with interest or profits*. Secondly, the loss entailed by miscalculations or by other causes is made a charge on the fund. Thirdly, it virtually reduces the famine grant to the residue, *i.e.*, by so much as is drawn away from it. Lastly, by affording facilities to borrow without having to pay interest or profits, the usual unconscious increase in the readiness to borrow would follow—often by discounting fears which the absence of such facilities would inevitably accentuate. The best of men and the most calculating of men have not been proof against the insensible growth of this insidious tendency to be-little after-consequences in such circumstances; and it is best to reckon with this datum of wide-spread human nature.

“ Another point which is connected with famine and which famine brings into disagreeable prominence is that something must be radically wrong when the failure of rain means failure of irrigation even in extensive tracts set down as tank-fed tracts, which are therefore not solely dependent—*mana-vari* as we call them in our Presidency—on the fall of rain. Now that it is declared in the budget that the programme of purely protective Railway works has been practically exhausted, one big drain on the famine grant may be said to be at an end, and the prospects of irrigation may be taken vastly to brighten; for there has all along been a contrast, as it was bound to be, between the way the claims of the railway and the claims of irrigation were respectively met. I say ‘as it was bound to be,’ because the cause of railway is virtually the cause of enterprise, of commerce, of manufacture, of railway rolling stock and of ambitious engineering; and the representatives of each and all of these necessarily unite their lusty voices and focus their cultured and energetic intelligence on it—a species of advantage which the unlettered and enert peasantry can never hope to command.

“ The cause of the raiyat population must, of course, be the cause of the whole staff of executive Government, embracing all grades from the topmost to the lowest round in the ladder; and it augurs well for that population that, even in this year of sore and straitened circumstances, no less than a crore of rupees is granted for their special benefit, although large slices of it are earmarked for specific irrigation works and although only a small fraction is available this year for the creation, extension and the repairs of the vast number of tanks and reservoirs, which play no insignificant part in aggravating or diminishing the ill-consequences of absent rains. Let me take my

own Presidency for an example. There a large part, if not the major part, is dependent on tanks, reservoirs and similar contrivances to catch and collect water : and yet it is a mere toss-up whether they should be empty and bring on famine for want of rains as in the year before last or whether they are filled, partially at least, as this year and render scarcity scarce. Such instances cannot but prove that something more than the excavation of canals on a grand scale remains to be done and re-done continuously and at frequent cost. An indispensable condition precedent for realising the actual needs in this direction is the establishment of a system, under which every year statements, accessible to the raiyats concerned, shall be prepared for each tank or reservoir, irrespective of its size and irrespective of the obscurity of the village to which it belongs, showing (1) its traditional or recorded capacity to hold water, (2) the actual quantity it did hold, (3) if the actuals fall short of the traditional or recorded quantities, the *reasons* for the same and the suggestions for their *remedy*, and (4) whether it is in good repair and whether any improvement or extension is advantageously possible. Along with these statements, reports must also be called for as to the several places where facilities exist for a series of wells by way of a complement of irrigational contrivances, in order that, whenever the clouds play us false, we may penetrate beneath the soil and evoke the services of the water-supply available there. There is indeed the system known as *Varakam* under which individual raiyats, who choose to do so, might obtain from Government monetary help for sinking a well here and a well there. But instances of such solitary or isolated action can never suffice, and it is beset further with difficulties which either greatly discourage or effectually frustrate it. The thing is fully worthy of systematic or organised effort on the part of Government. To admit of the creation of a system of wells, in the requisite adequacy and in full efficiency, the statements and reports I have alluded to ought to be embodied in our Yellow Book in full detail and must form the basis of the estimates in respect of irrigation by the Government of India, which is the authority, and the sole authority, to provide funds for their execution. Unless I am greatly mistaken, materials in this amplitude and minuteness happen not to be within the reach of those who are the ultimate dispensers of the funds which must be forthcoming. It is time, high time, that the rapid recurrence of famine, which we are bitterly experiencing, should direct and concentrate the entire forces of the executive Government on how best to render irrigation as complete as there is room for rendering it so. If there is force in the remark that the raiyats should take the precaution to lay by a store of money or grain against the possible dearth of the ensuing year, there is no less force in holding that every year the purveyors of

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water for purposes of agriculture should be equally providential in the matter of supply, expected of them.

"As bearing on the same subject of famine, the question of a permanent settlement of the land assessment is of vital importance. It was mooted so long ago as within the first few years of this country passing under the direct rule of the Queen-Empress; and there was a perfect accord to the effect that a fixed rent, fixed in perpetuity, should alone be claimable by the Government. Amid much difference of opinion on a number of other points of no less weight, this one was, I thought, conceded on all hands—the only reason why the thing was not accomplished at once was that some years should elapse before the full rent-value of all tracts was ascertained, so as to form the safe basis of action. A period of over five and thirty years has since elapsed; but the subject has again passed into the arena of controversy. It is neither wise nor expedient that an expression of opinion in the shape of a final verdict should be sought in the present disputatious stage of it.

"But one thing must be stated unequivocally, *vis.*, that, so far as the classification of the soil and the Government share of the produce are concerned, a settlement should be finally and at once made and that all future revisions should solely depend on a manifest, steady and tangible rise in prices over a reasonable number of years so as to produce the conviction that the old order has substantially given place to the new. In my humble judgment, nothing short of this, as the minimum of lasting concession, would restore to the raiyat the benefits he once enjoyed of leaving fallow, for some years, land, impoverished by continual cultivation and of procuring at (to him) a heavy cost, grazing and fodder for cattle, and fuel, timber and other materials which he had been getting in former times without paying for them. So long as he is dependent on land alone, as he seems destined to do for a long time to come, and so long as he must look to land alone for all his comforts and conveniences—not to say, for living up to the standard almost forced upon him as a consequence of influences unknown to him in days gone by—*this is the least* to be assured and ensured to him and his children. I do not, of course, say that this will bring on the millennium, but I venture to say this, that there is little chance of happier days coming to him, unless and until this reform is wrought.

"There are some other points, my Lord, on which I would fain make a few remarks; but I desist as I fear that I have already exceeded the limits of indulgence in making my humble representations—I will not say my criticism—on the most absorbing topic of the moment."

The Hon'ble THE MAHARAJA OF DARBHANGA said:—"My Lord, in accordance with the practice which usage has sanctioned in this Council, I desire to take advantage of the opportunity afforded by the presentation of the Budget Statement to place before Your Excellency's Government certain observations in matters of domestic and internal policy which may, I trust, meet with favourable consideration at your hands.

"It may be that I shall be compelled to trespass for some little time upon Your Excellency's time, but I venture, by way of extenuation, to plead the importance of the subjects I am about to discuss, and I am still further encouraged to proceed by the invariable sympathy and support which Your Excellency has accorded to all questions concerning the development of the resources of the country.

"In the first place, I would ask permission, my Lord, to say a few words with regard to the question of Land Settlement, and I would direct my remarks more particularly to the Central Provinces and Assam. It has been a pleasure to me to listen to the interesting speech of my hon'ble friend, Mr. Bose, and if I may say so, he has dealt with his subject in a masterly and exhaustive fashion. I fear that it cannot be denied that there is a strong feeling in certain quarters to the effect that the present policy stands in serious need of revision. The cry is not for the extension to the other parts of India of a permanent settlement similar to that which prevails in Bengal. It is felt, even by those who are the strongest advocates of the *zamindari* system, that this is a question which has been once for all decided by the Secretary of State for India. No useful purpose can be served by a futile attempt to re-open it, but, on the other hand, it is submitted that concessions may be reasonably and fairly made by Government without in any way abandoning the position they have seen fit to take up. It is universally admitted, I venture to think, that the only paying fiscal policy is that which imposes the most moderate rate consistent with the conservation of the finances of the State. I do not dwell upon this or upon other points which occur to me, for they have all been most ably elaborated by my hon'ble friend who represents the Central Provinces. But I should like to recapitulate, as briefly as possible, in the form of heads, the suggestions which I would lay before Government in this connection.

"First, the period of settlement should, except in cases when waste land villages have been newly reclaimed, or when lands have been only recently opened up and brought into communication with the centres of trade, be definitely fixed at a period not less than 30 years.

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"Secondly, the revenue should in no case be enhanced by more than 50 per cent. over and above the existing demand at any revision of settlement.

"Thirdly, the land revenue should in no case be more than half the total assets of the village.

"Fourthly, the Government should not draw from the landholders more than 60 per cent. of the village income including cesses and rates of all kinds."

"All these, my Lord, are points with regard to which strong feeling has been expressed with reference to the Central Provinces. In Cachar also I have reason to believe that very strong feeling has been manifested with regard to the re-settlement recently sanctioned, and I find that the grounds of opposition are almost identical with those advanced by the inhabitants of the Central Provinces, allowance being of course made for the differences caused by local circumstances and conditions of tenure. Nor is this feeling of what I must call dissatisfaction confined in Cachar to the general landholding and agricultural population. My information goes that the Indian Tea Association, representing a most influential section of the community, have also grave objection to take to the excessive nature of the uniform assessment of eleven annas per bigha which has been sanctioned on tea lands as compared with the new rates on rice lands, which range from four to eleven annas per bigha. On the general question I will do no more than call attention to the criticisms of Mr. R. C. Dutt, whose knowledge of the country is on a par with his experience of revenue and settlement work: but it is hardly likely that his observations can be all exaggerated and beside the mark. There must be a mean, and I would submit that that mean can be arrived at without injury to the interests of the Government and without hardship to those whose lands are assessed. I would venture to suggest that the best method of settling the difference of opinion and of placing matters upon a satisfactory footing is the appointment of a Commission. It might be presided over by the Chief Commissioners of the Provinces concerned, or in their default by the local Directors of Land Records and Agriculture; and it might be composed of two European and two native members. The grievances, such as they are, may be enquired into, and a large amount of important information would probably be collected, which the Government would find of value in making resettlements in the future. At all events, I submit that no harm can be done by the appointment of such a Commission and I am confident that, on the contrary, a considerable amount of good will result.

"I now pass on to the question of railways which occupy as usual a very important place in the Budget Statement. I notice that the Government have decided

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not to proceed with the construction of the Sakri-Joynagar line, but to leave it to the Bengal and North-Western Railway Company to complete. I have, of course, no objection to offer to the arrangement, but I would desire to make one suggestion in connection with it. In my opinion a limit of time should be assigned and the Railway Company should be informed that the work must be finished within that period. Unless this is done, the project will be hung up indefinitely and the development of a very promising tract of country may be needlessly delayed. If the Railway Company are unable to act up to the terms of the contract, I would suggest that the aid of the private capitalists should be invoked; and I make no doubt the Government would find that they had not to ask twice from such a source.

"Before I leave the subject I should like to add that I have observed with much satisfaction that the demand of the Bengal Nagpur Railway upon the Famine Insurance Fund, towards meeting the charge of interest on its capital, has been reduced, owing to the improved traffic receipts and net earnings of the undertaking, to a payment of only Rs. 7,63,500 during the past year. The receipts of this Railway, it is to be hoped, will improve still further when the undertaking obtains free access on its own account to the Port of Calcutta. But it serves certain districts where cultivation is scanty and the population sparse, and it is doubtful whether the local traffic on many sections will be of much account. The question therefore arises, whether the Government should not endeavour, with the opening of the line to Calcutta, to obtain a through traffic to and from Bombay Presidency. Mineral is the traffic which at once suggest itself as likely to be of benefit to the undertaking and which, owing to the long lead, may possibly be carried at rates at which the Government regulations have hitherto prevented the Railway working, but which would be remunerative. I learn that it practically costs Rs. 11-3-0 to transport and handle a ton of coal between Assansul and Bombay *via* Calcutta. There is thereafter the haulage of the ghâts for distribution along the Great Indian Peninsula Railway, which must add another rupee at least, if not more, to the cost. But the obstruction that the management of the Great Indian Peninsula line have hitherto placed in the way of the traffic by the high rates of carriage they demand, stands a fair chance of removal after the 30th June, when the Government comes into possession of the Great Indian Peninsula Railway, and I would invite the Government with all respect to forthwith consider, on behalf of the European and native mining interests of Bengal, the advisability of adjusting rates so that the distribution of coal by the Railway system may come within the reach of the industry and promote the use of coal throughout the country. A transit charge of Rs. 11-3 per ton would

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be equal to about 1·15 of a pie per maund per mile on the land journey from Assansol to Bombay *via* Nagpur, and I venture to think this is a rate at which the Railway could work. I should regard it, my Lord, as one of the greatest reforms that could be brought about for the benefit of those engaged in agricultural pursuit, and for the exporters of produce, if we could induce and encourage agriculturists to restore cow manure to the soil instead of using it for fuel, and it appears to me that we could go far towards effecting this reform if we could arrange for a supply of cheap coal, or soft coke, from the coal-fields of Bengal, at a low rate of railway freight. The benefit derivable from the application of natural animal manure to the land needs no explanation, but I would direct the attention of those who may be in any way sceptical of the possibility of inducing agriculturists to change their system of disposing of cow manure, to the results that have been obtained at Poona, and to the system that the raiyats have adopted there.

“ These remarks on agricultural pursuits lead me to enquire whether the time has not come when the Agricultural Department of the Government of India, and of the Local Governments might not be enlarged into something more than a mere Statistical Bureau of Land Records. Cannot the Government undertake to establish a College on a larger scale, or a Department to which agriculturists and others interested in the industrial development of this country may look for scientific information and help? It has been repeatedly proved that the initiation of scientific and practical investigations and experiments is beyond the means of individuals or even of groups of individuals, and so fully has this been recognised on the continent of Europe that it may be said the sugar, chemical, artificial indigo and the other industries established there have been brought into their present prominent position under the careful nursing and tuition of the State. In a large country like India, where the forces of nature are responsible for so many calamities, it would seem to be particularly necessary that there should be some such organisation to enquire and deal with diseases and blights, and to investigate and suggest new industries, by the production of new crops, or by the better use of the resources available. In connection with the former we have dangers besetting the prosperity of indigo, sugar-cane, betel-nut, castor oil and other crops, making it most desirable that the errors that may have been committed in cultivation or production should be corrected before competition from other countries has secured the trade. I am fully aware, my Lord, of the good work that has been inaugurated and carried out by Dr. George Watt, Director of the Economic Museum in Calcutta, and I am glad of this opportunity of giving publicity to it. But working (as I understand he is doing) practically single handed, and compelled to scour the country for cases

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for investigation in his laboratory, he can only do a limited amount of work. The marvel is the amount of work he has been able to undertake. Is it too ambitious an idea to picture a Bureau emerging from this most excellent foundation, having on its establishment a large staff of scientific professors and overseers, whose services might be placed at the disposal of Associations, or of individuals, and whose chief aim and existence would be to develop the agricultural and commercial pursuits of the country? I do not presume to do any more than touch this chord, for under Your Excellency's master hand, it is no difficult to conceive the foundation of a great institution of the kind, formed on the most modern principles, and resulting in far-reaching benefits. But there is no use in growing crops that cannot be transported from locality to locality, and to the sea-board, and therefore it is equally necessary, as I have already ventured to point out, that an adjustment of the railway rates should be taken in hand if the trade of the country is to be really adequately developed.

"As an advocate of an extension of the railway system throughout India, I confess my reluctance to check any railway enterprise; but when there seems to be a difficulty in undertaking new schemes until the settled programme which the Government of India has already laid down is fulfilled, would it not be reasonable to postpone those schemes which on further enquiry appear to be less desirable? I refer especially to the hill sections and northern section of the Assam-Bengal Railway, the cost of which is apparently very much heavier than the original estimate, and the usefulness of which, owing to the character of the country traversed, is now apparently exceedingly doubtful. I need not explain this in further detail, as Your Excellency has very fortunately only recently visited the province of Assam and travelled on a large part of this line of railway. But I would beg leave to point out that the money now being devoted to the construction of that line of railway might be much more profitably spent in bringing the Bengal-Nagpur Railway into immediate touch with the coal-fields of Jherria, and in constructing a local line by that undertaking to bring the mineral from Jherria and the Burrakar coal-fields direct to Calcutta.

"I do not wish, my Lord, to venture at any length upon the treacherous ground of the currency question, but I would say that I approve of that part of the report of the Currency Commission in which the suggestion was made that profit to be derived from the coining of silver should be suspended in order to meet the cost of acquiring a gold reserve, but it does not, however, seem to me clear (if I may say so) in what way the Government of India will decide when it is necessary to add more rupees of new coinage to the circulation so as not to hamper trade by refusing rupees for gold and notes. The Hon'ble Member

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in charge of the Finances states that 10½ crores of rupees have been added to the circulation this year and he looks forward to a further addition during the coming year of a comparatively small amount. Who is to decide, and how is the decision to be arrived at, as to how and when the currency is to be increased? This seems to me to be one of the most important questions associated with our currency system, and to my mind it imposes upon the Government the necessity of maintaining close relations with the commercial community to avoid inconvenience if not a catastrophe to trade. How are these relations, I would ask, to be maintained! The explanation given by the Hon'ble Member in paragraphs 32 and 33 of his statement clearly explains the reasons which have led the Secretary of State to suspend operations under the Gold Note Act (II of 1898), and must disabuse the minds of his critics of any selfish intention on his part of any coercion from the city of London as has been suggested in some quarters. But it exhibits a danger to trade associated with a managed currency and emphasises the importance of the question I have just asked.

"I have but little more to add. But I should be sorry to bring my remarks to an end without offering to Your Excellency the most sincere thanks of those whom I represent for the action of the Government in withdrawing the Telegraphic Press Messages Bill. We all know very well that if Your Excellency had insisted upon passing the Bill, the Bill would have been passed in spite of all objection and all protest: and it is on that account that we are especially grateful for the concession made. Nothing could have been calculated to give more general satisfaction than Your Excellency's frank pronouncement: and there are no two opinions that the agitation for the cheapening of the overland telegraphic tariff, which Your Excellency is so powerfully aiding, will effect far more appropriately the object of the proposed legislation than the legislation itself could ever have done. I had not the opportunity upon a previous occasion of giving expression to these sentiments, but I think I should be wanting in my duty if I failed to do so now. It is not so much legislation of which the country is in need as a systematic encouragement of commercial projects. Development and expansion are the great wants of India: and she is now to be congratulated upon having secured a ruler to whom both these objects are so deeply at heart."

The Hon'ble MR. REES said:—"My Lord, as the official representative from Madras, I may perhaps be permitted to regret that the pressure of famine charges this year has constrained the Government of India to prescribe a scale of provincial expenditure, which His Excellency the Governor of Madras in Council thinks will adversely affect the Local Administration. That regret I am sure is

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shared to the fullest extent by Your Excellency's Government, while the necessity is loyally accepted by the Government of Fort St. George, which I see from the Financial Statement contributes to the Revised estimates increases under Salt and Customs Revenue, to the Budget estimates a large increase under Land Revenue, savings under Plague, and in expenditure under Land Revenue, at the expense of postponing improvements, while it maintains its lead in local enterprise to which Your Excellency publicly testified in on a recent occasion by proceeding with its Local Board Railway extensions.

"In every Budget Statement for these last five years I have seen similar proofs of the general prosperity, well being and good government of the Madras Presidency, and it was without any jealousy that I witnessed last Wednesday the evident glee of my hon'ble friend on my left, on hearing from the lips of the Finance Minister the praises of the young but prosperous province of Burma.

"The Railway programme is necessarily affected like everything else by the famine, but it is extremely satisfactory that the loss on the direct Railway account has been reduced to so small a sum as 1½ lakhs, and it must be admitted that the Railways, in spite of a regrettable deficiency of rolling stock, have again saved the situation so far as the famine campaign is concerned; while the programme of construction for the coming year is perhaps as ambitious as can be expected, seeing that it is to be carried out from funds to be borrowed in India.

"There are many items in this chapter in which Madras is closely concerned. That great undertaking, the East Coast Railway, being opened, and a suitable provision being made for the Godavery Bridge, it only remains to arrive at a satisfactory agreement as regards the working of the line, a matter still under consideration.

"The Madura-Pamban line is not, as might be inferred from the Hon'ble Public Works Member's Memorandum, to be deferred till 1901-1902, but a special grant of 10 lakhs is made for the coming year, and the lump grant of 25 lakhs for South Indian and Madras Railway (i.e., Calicut-Cannanore) extensions is raised to 27½ lakhs. For the British Section of the Tinnevely-Travancore Railway a provision of 8 lakhs is made, while His Highness the Maharaja of Travancore has advanced 17 lakhs for the construction of the section within his territory, a sum to be recouped to the Durbar, as soon as the South Indian Railway shall have raised the contemplated debentures in the London market.

"His Highness the Raja of Cochin meanwhile is constructing at his own cost the line from the Madras Railway to his capital.

" Thus by leading lives of equal dignity and simplicity amongst their own people, for whose benefit and not for their personal pleasures they expend their ample revenues, these admirable princes give practical proofs of their worthiness to be treated, in Your Excellency's happy phrase, as colleagues in the administration of the Empire.

" Madras will learn with satisfaction that the earthwork of the Vizagapatam-Raipur Railway is to be taken in hand as a famine work in Raipur. As the Madras Chamber of Commerce observes, the completion of this connection is very necessary in order to offer what are practically the remotest localities in India the advantages of the really not far distant ports of the Coromandel Coast. Twenty-five years ago when we sent a regiment from Vizagapatam to deal with a little disturbance in Bustar, no one in those parts dreamt that within the century we should be commencing a railway through its fastnesses. I believe this line will pay without a guarantee.

" The Madura tramways are delayed on account of a legal difficulty. As they will serve important agricultural and planting districts, no effort will, I am sure, be spared by the Government of India to overcome, what is apparently, a technical obstacle.

" Hon'ble Members who have preceded me have dealt fully with the famine, from which it is unfortunately now clear that Madras will not be exempt, and with its effect on the finances of the Empire. I have had, and have taken, the opportunity to visit the worst centres of the great famines of 1876-77, 1896-97, and 1899-1900. Mysore, in the first, was indeed a scene of death, desolation, and despair. Certain portions of the Central Provinces, in the second, exhibited, owing to difficulties incident to the treatment for the first time by the British Government of a famine, among the backward races of this province, painful scenes, alongside active and on the whole successful efforts, to grant relief, while throughout the more advanced North-West Provinces the administration was able to cope with the problem set before it. The Central Provinces, again the most stricken part of India, in the third famine, while in certain districts not less than 33 per cent. of the whole population are on relief, an unprecedented figure, yet present a scene of such perfectly organized relief, that if a stranger without knowledge of the existence of a famine, suddenly visited the works, he would not know to what cause to attribute the activity in road-making, tank-digging and other operations of the like nature, upon which upwards of one-third of the population is employed.

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"So perfect now is the system that the only doubt suggested is whether it is not too perfect. The greatest of all writers on agriculture said: 'The Father of Heaven willed that the way of cultivation should not be easy.' The question is how far a Government which is the father and mother of the Indian people, as they freely allow, for their gratitude is hardly less than their benefits, and finds expression through the mouths of their press and their princes—how far that Government can declare that the way of cultivation shall, regardless of seasons, be easy. Of course there is apart from the all-powerful claim of humanity the practical asset, that generous relief recoups its cost in the speedy recovery of the people. We had proof of that in the last famine, and shall have it again.

"My Lord, I was somewhat astonished to hear my hon'ble friend Mr. Bose dwell on the hardships of the Central Provinces settlement, which is the lightest in India. It is also the lightest taxed province all round, the proportion to Madras, for instance, being as 22 to 41 per head of the population. Those portions moreover which are most afflicted with famine are those which are the most lightly assessed of this lightly assessed province. It is well-known that high rents do not alone produce agricultural distress, which in fact is most common in lowly rented districts. A late member of this Council, Mr. Fuller, has after most careful enquiry affirmed that the Central Provinces are no exception to this rule. The fact is, it is in the interest of the *mālguzār* or landlord that this agitation is carried on, and not in that of the cultivator. The landlord in fact is very fortunate in the sixties to have been placed in the position he now occupies. I am confirmed in this belief that this is the fact when I hear my hon'ble friend on my right support Mr. Bose. The Maharaja's benevolence and sympathy is of a catholic character. Last year I remember he made an excursion into the pushing little province of Assam. This year he makes a longer excursion into the Central Provinces. I do not mean that his sympathies are confined to the landlord class. No one has given more magnificent proof to the contrary. Still distress will never appeal to him in vain, and are not landlords a conspicuously distressed class all the world over.

"As to the causes of famine, if we must go beyond the seasons, there can be no doubt that it is very difficult to get at the assessment question. It is recorded of the Duke of Wellington that on one occasion his references to a measure before the House of Lords moved the Chancellor to say that he feared His Grace had not understood the Bill, whereupon the Duke replied that he had read the Bill once, twice, and three times, and if he did not understand it, he must be a fool. I think many people might read official reports on this subject, and not be unworthy afterwards to be classed with the Duke of Wellington.

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"It would be very advantageous and acceptable to many seekers after information in India and in England if the Government of India would publish not a masterly or exhaustive report, but a brief, popular memorandum exhibiting the salient features of the settlements effected in different provinces. One thing is clear that assessments have enormously decreased, though collections are much more regular than in the good old times. At any rate assessments cannot be crushing, while the rental of irrigated land is three times that of unirrigated land twice its amount. Moreover, the most affected are the most lightly assessed portions of the Central Provinces, which as a whole are more lightly assessed and taxed than any other part of the empire.

"As to famines in the past, there were then no Indian Midland, and Bengal-Nagpur, protective, no Raipur to Dhumtari, and other feeder lines. In 1818 wheat sold at Jubbulpur for four seers a rupee, and in 1832 for eight seers at Nagpur. In 1868 one year's failure of crops produced a famine, and early in the 18th century grain more than once rose to 64 times its normal cost. The effects of famine then were lasting. Now they are temporary, and the total decrease in cultivation since the last famine in the Central Provinces is only 5 per cent.

"Yet there is room for general enlightenment, when a journal like the *Times* enquires whether the Government of India in restricting landlords in respect of raising rent, has laid upon itself a self-denying ordinance of equal obligation.

"My Lord, the status and functions of an Additional Member are somewhat elusive of definition, but it has often struck me on budget days that he might be described as one who proposes additional expenditure without suggesting additional income.

"On one occasion only do I remember an exception to this rule. It was, I think, in the Session of 1895-96—at any rate I see no survivor of the members of that day present, excepting only my hon'ble colleague from Madras—that an Additional Member did point out to the Finance Minister how he might make much money. It happened, however, as is not unusual in such cases, that a transfer from another source was suggested, and that source chanced to be situated in Bengal. Whereupon the Lieutenant-Governor, the predecessor of His Honour, rose in his wrath, and smote the Additional Member, and when he had pulverised him and pounded him to atoms, the Financial Minister, though he was the man to stand by a friend, was hardly at great pains to put his ally together again. With this example before his eyes it behoves an Addi-

tional Member to be very wary. Yet I venture to think that savings might be effected in buildings in the mufassal. It does not appear that any rule of practice exists, whereby Public Works budget makers allot a certain proportion of their grants to new buildings, but I cannot help thinking a few new buildings, however unlovely in themselves, are considered to embellish an engineer's budget. The present administration in Madras markedly prefers communications to buildings, but in that Presidency and elsewhere I have seen handsome offices in small towns, providing as many cubic feet of air per individual, as amount to an obnoxious draught in the opinion of the Indian officials concerned, and are indeed far in excess of what the people usually enjoy, or really need, and perhaps more than what in this city is inhaled by the helots of Chowringhee.

"Last year I ventured to say that any simplification of rules, delegation of authority, and relaxation of restrictions imposed in regard to mining applications, would greatly assist Local Governments in encouraging the introduction of foreign capital. I would now gratefully acknowledge certain important changes made in than the direction indicated and would briefly refer to another matter.

"It is not often that a political officer has the honour to sit in this Council, but when a member has like myself a political charge, the fourth largest in point of population, and the fifth in revenue in India, he may perhaps be allowed to urge that as mining industries are largely developed in Native States, which are expected to adopt, and do adopt British laws and regulations in this behalf, the actual, if not immediate, effect of action taken in British India upon the mining interest in such States, should be carefully borne in mind.

"There are two subjects, my Lord, in regard to which I have asked for leave to bring in Bills, a permission which, at this stage, I cannot get. They are the Christian Converts Dissolution of Marriage Act, and the Protection of Wild Birds. I am aware that changes in the marriage laws, like holy matrimony itself, are not to be rashly or lightly undertaken; but the present procedure is so long and expensive, that converts to Christianity who, like the early Christians, are generally poor, suffer considerable hardships, and particularly Roman Catholic Christians, because they are, under the combined operation of the first-mentioned Act and of the Penal Code, deprived of the benefit of the Pauline dispensation. This privilege of the faith by the Canon law, and the immemorial usage of the Church, permitted the dissolution of a marriage subsisting between a convert and a spouse who refused to live with him or her, because of his or her conversion, by a simple process, outside the courts, lasting thirty days and costing nothing, whereas the present procedure is, to a poor fisherman for example,

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only less prohibitive than the private Act of Parliament for divorce procedure, which formerly obtained in England.

"With regard to the birds, the Government of India, and certain Local Governments, of whom Madras is one, desire to preserve from destruction during the breeding season, birds which are coveted for their dainty flesh, or brilliant plumage, and I hope the very moderate measure of protection suggested may be granted in order that these beautiful and useful creatures may obtain a temporary asylum outside their present only haven, the reserved Government forest. I venture to commend these two subjects to the sympathetic consideration of Your Excellency's Government.

"Turning to the more general features of the Budget I would express my personal obligations to the Hon'ble Finance Member for giving us a most interesting statement, for making matters of high finance as intelligible as may be to the weaker vessels, and for the elimination of that odious but till now inevitable financial fetish 'Rx'. I would express a satisfaction, in some quarters called unholy, at the recovery of the opium revenue, which showed dangerous symptoms of decline, upon the increased grant for irrigation, on the success, so far as may be judged, at this stage of the gold policy, to which Southern India makes a practical contribution from the Mysore Mines duly acknowledged by the Finance Minister.

"As to the Military Budget, it is well known that the hon'ble and gallant member in charge neither spends an unnecessary rupee if he can help it, nor takes less than a crore if he can get it, and if so large a sum is necessary to make efficient that army which is the insurance of a vast trade and of a population of a fifth of the inhabitants of the world, who pay for it per head around about eight annas. The most expensive thing we can keep is a badly armed army, and I rejoice to see a large provision for providing the Lee-Enfield rifle, which will be repeated in succeeding years. The provisions made for increasing the number of officers, and improving transport and commissariat arrangements are also eminently satisfactory, though more transport as well as more regimental officers are required.

"Already the Indian Government, unconscious itself of any extraordinary or supreme effort, can accomplish feats of rapid mobilisation, which extort the reluctant admiration of Europe.

"The subject of paragraph 15 of the hon'ble and gallant member's memorandum will attract universal attention—I mean the withdrawal of troops from

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certain advanced posts on the frontier as soon as militia and police corps, which are to be located at these posts, are organized. These withdrawals have commenced and have resulted in savings which will be largely increased, if this policy proves the permanent success, which is anticipated and hoped by all who have the interests of this country at heart."

The Hon'ble MR. SMEATON said :—" I desire to congratulate the Hon'ble Financial Member for such an interesting and lucid exposition of finance as is contained in the statement before us, and in particular to offer him my profound thanks for the abolition of the objectionable 'Rx.' This time-honoured symbol has been the cause of more headaches to students of Indian Finance than almost any part of the statements that have been submitted from year to year. I have a pleasant duty, my Lord, to perform in acknowledgment of a substantial concession which has been made to the mercantile community of Rangoon, but I desire to postpone performance of this pleasant duty until I mention two or three matters which His Honour the Lieutenant-Governor of Burma has desired me to lay before Your Excellency in Council. The first of these matters is in regard to the Forest Administration. Sir Frederick Fryer asks me to represent the inadequacy of the superior staff of the Forest Administration, and to point out, and I may say parenthetically that I entirely concur in the opinion which he expresses, that a little reinforcement of the Forest staff would vastly increase the annual resources and income of the Forest Department; that for every rupee spent in increasing the superior staff there would be many rupees obtained from the increased output of timber. I notice in the Hon'ble Financial Member's Statement that the Forest Administration made last year an increase of 12½ lakhs of rupees by means of an expenditure of Rs. 1,43,000. In other words, the expenditure was covered nine times over by the additional revenue derived. This, I think, tends to confirm the Lieutenant-Governor's opinion that a little increase of expenditure in the superior staff will amply repay the outlay. A remark has just been made by my hon'ble friend on my right (Mr. Rees) that an Additional Member's business is generally to recommend expenditure and propose no revenue to meet it, but, my Lord, I think perhaps I am a notable exception in this; I propose an expenditure of one rupee and on the Financial Member's own showing I may anticipate with some confidence a revenue of Rs. 9 in return. I hope therefore that Sir Frederick Fryer's recommendation may receive Your Excellency's early and favourable consideration.

" The second matter to which I am obliged to draw attention refers to the salt revenue, which I have had an opportunity of briefly mentioning to the Hon'ble

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Financial Member. This, my Lord, is rather a thorny subject. In Burma there is a considerable enterprise in manufacture of local salt, chiefly by evaporation. It is a very old industry in Burma, and it pervades most of the coast districts and is found also in the interior. This industry has been of late years very much restricted indeed. Under the very reasonable pressure of the Financial Department we have greatly reduced the area in which salt can be manufactured. We have diminished the number and very materially altered the capacity of the implements which are used in manufacture, and we have raised successively twice or thrice within my own personal knowledge the rates of composition, the object being, as explained by Your Excellency in Council, to endeavour to approach the rate of duty on imported salt, which in Burma is Rs per maund of 82 pounds. If the two kinds of salt were on equal terms then nobody could find fault with the intention of imposing an equal duty on both, but at the instance of Sir Frederick Fryer, whose knowledge of the subject is unrivalled, I desire to point out that the local salt has 25 per cent. of water in it as against 8 or 10 per cent. of water in the imported salt. Therefore it is obvious that in the taxing of this salt — which is taxed in advance before it is made — you levy duty on a proportion of 25 per cent. of pure water whereas the duty on the imported article is altogether, or nearly so, on dry salt. But then again, my Lord, the Burma salt, as has been now proved by statistics and admitted by the importers of salt from England and Germany, costs exactly double to manufacture compared with the English or German salt. Now to impose on that local manufacture a rate equal to that levied on the imported article seems to be, on the face of it, inequitable: and to use Sir Frederick Fryer's words: 'Any immediate enhancement would probably cause a collapse of the local industry;' and in his own words again: 'The Local Government could not look with equanimity on the extinction of the industry, which that enhancement of duty would probably cause.' I would simply ask here, if Your Excellency sees fit and reasonable, that any contemplated immediate enhancement of duty on the local manufactured salt in Burma be postponed, and that, if possible, the figure at which the local salt can be fairly taxed be finally determined, at say, 8 annas or perhaps 9 annas, instead of one rupee a maund, and beyond that for the future do not let the composition duty go.

"The last matter to which I wish to make a brief reference is petroleum. My Lord, last year I had the somewhat unpleasant duty of suggesting postponement of a Bill — the Petroleum Amendment Bill — because there were certain parts of it which were not suitable for a Province where petroleum is

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largely produced, and Your Excellency was good enough to express some sympathy with the representation which I then made. The Local Government has made proposals for amendment of the Act to meet the case of the Burma petroleum industry; and I understand that these proposed amendments have been also before the Hon'ble the Legal Member and the Hon'ble Member in charge of the Home Department; and as the effect of these amendments will be to increase the commerce in oil between Burma and the coast of India, and to help to develop this promising resource of Burma I hope that favourable consideration will be given by Your Excellency's Government to the proposed amendments of the Act. It is hoped that just as the Burma rice crop has proved, in the words of the Hon'ble Mr. Dawkins, to be a dominating factor in the markets of Europe and Asia and South America, so it is to be hoped that the Burma timber and the Burma oil may in their own respective spheres prove to be dominant factors in these markets over the same continents.

"And now, my Lord, I have the pleasant part of my duty to perform. Last year I had occasion to invite Your Excellency's attention to certain difficulties connected with the financing of the rice trade in Burma. These difficulties, to put them in a very few words, were that the mercantile community, who are engaged in this important trade, were unable to obtain Telegraphic Transfers on Rangoon in Calcutta, and that this disability rendered the financing of the trade somewhat expensive and troublesome. I represented this, but there was no sound, no intimation given to me whatever of any likelihood of a favourable consideration of the proposal I had put forward. On the contrary, the Financial Member of that time, Sir James Westland, met me with something approaching a rebuff, and he told me and the Council that he had made an offer to the mercantile community of Rangoon, and that they had refused it. In the absence of Sir James Westland I do not wish to say anything in any way to compromise him, but I desire to repeat, what I then said, that the offer made was illusory, and I am only too glad to know that the Hon'ble Mr. Dawkins has been good enough to try with his habitual thoughtfulness to lighten the burdens and remove the difficulties of the Rangoon merchant. He has now offered what I consider an exceedingly favourable concession, namely, to allow Telegraphic Transfers in Calcutta on Rangoon at the rate of one quarter per cent. at any time, and to such an extent as may be required, provided that the tender be not less than two lakhs. I consider, my Lord, that the Hon'ble Member has made an important and valuable concession to the mercantile community of Burma for which, if they are not thankful, they ought to be. If I may make one suggestion it is that the privilege which has now

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been granted may be extended to Telegraphic Transfers in Bombay on Rangoon; and in respect of Council Bills I desire to ask, although I do so with great diffidence, if it would be possible hereafter, supposing the Rangoon mercantile community consented to accept half payment in gold and half in silver, on that basis to grant the issue of Council Bills in Rangoon. I make this suggestion in case possibly the Hon'ble Financial Member may be able to give it his consideration and because it is just possible that gold may prove a more popular medium of exchange in Burma than in India, in which case part payment of Council Bills in gold might be feasible and the claim of Rangoon to a share of Council issues might be realized.*

The Hon'ble MR. TOYNBEE said :—" My Lord, there is one paragraph of the Financial Statement on which I wish to say a very few words. That paragraph is No. 121 on page 36. It shows the Revenue from the Sale of Court-fee Stamps and Plain paper to have risen from 321 lakhs of rupees in 1895-97, to 341 lakhs in 1900-1901, or at the rate of over 4 lakhs a year during the above quinquennial period. The above figures indicate, to my mind, a very serious drain on the resources of the people, and I therefore again venture to draw the attention of Your Excellency's Government to the importance of affording them some relief in the shape of increased facilities for the settling of their disputes out of Court. When the Arbitration Bill—which was passed into law last Session as Act IX of 1899—was before the Council, I expressed the hope that, as it only applied to the Presidency-towns, it might be looked upon as an instalment or precursor of a measure of a much wider and more far-reaching scope—*i.e.*, one which would similarly benefit the great bulk of the population. In moving that the Bill be passed, the Legal Member, the Hon'ble Mr. Chalmers, admitted that the subject was one of great importance, and that every attention ought to be given to it. I fear, my Lord, that, owing to the existing pressure of work in the Legislative Department and also, perhaps, to the extra strain on the general administration entailed by famine and plague, there is not much hope of immediate legislation on the subject. But I do trust that it will not be lost sight of; and that an effort will be made, as early as practicable, to give the agricultural classes some increased facilities for settling their disputes in their own villages, and for so diverting to agricultural and material improvements, or for saving up for a rainy—or rather a rainless—day, a considerable portion of the large sums which they now spend on Court-fees for the purpose of litigation in our Courts."

The Hon'ble MR. SPENCE said :—" It had not been my intention to say anything on the consideration of the Budget, but one point has come to my know-

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ledge which I think I may as well place before the Council. Last year Sir James Westland was good enough to give us a résumé of the state of the Provincial balances. This year no such résumé has appeared in any part of the Budget, and therefore it is very difficult to know exactly the state in which the finances are as far as the Presidency which I have the honour to represent is concerned. There can, however, be no doubt of this in this matter. We have no money, and we have been living on the charity of the Government of India for the last two or three years, and I think that may go on for a considerable time to come. Famines in this country are supposed to recur at intervals of about 20 years, but I regret to say that during my service of nearly 35 years I have gone through two famines, and I am now going back to my Province to complete it by winding up, I hope, another famine. If famines come every 20 years it takes a certain period of time for the Province to recover from their effect. I can remember that when the 1866-67 famine took place it took about four or five years before the Presidency recovered its normal state. The present famine is one of such unprecedented severity that I imagine that even that period will be exceeded. If so, it is deplorable to contemplate the state to which we shall be reduced. Of course all establishments have been reduced to a condition which can hardly lead to efficiency: all improvements have been stopped, and it will be a considerable time before we shall be able to emerge from our present embarrassments. I do not know what grant the Government of India have made to the Bombay Provincial funds, but I hope that it is liberal, and that in future they will treat us with the liberality which is due to misfortunes, which are in no way due to misgovernment or inefficiency, but which have been sent to us by Providence."

The Hon'ble NAWAB FAIYAZ ALI KHAN said:—"My Lord, when dealing with the Budget Estimate of the last year we had anticipated an era of financial success, and had expressed our satisfaction that all calamities that were overshadowing this country at that time would rapidly pass away, and that our treasury would again thrive and prosper. It was conjectured and not without cause, that the two years of good harvest were ushering in a period of agricultural prosperity and that the word 'famine' would not be heard by us at least for sometime to come. But that hope was doomed to cruel disappointment. While plague is making havoc in the country, poor India has once more been afflicted by a visitation of famine, which is nearly as intense, in many cases, as the greatest famines of the past ages. These combined divine visitations have so completely taken us by surprise that all our hopes for the amelioration of our financial position have been

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disappointed. But although we have been placed in such a critical position we should not lose heart. We should rather jointly and collectively be prepared to combat and conquer these unexpected and lamentable evils and banish them from our country for ever and for good. I may be permitted, my Lord, to say in this connection that the precautionary measures adopted by the Government to prevent the spread of plague in the uninfected parts of the country, are, in my humble opinion, the only effective measures that could be successfully adopted. I am glad to remark here that in many cases these measures have been crowned with success, and in particular to observe that the adoption of these vigorous and effective measures have enabled our Lieutenant-Governor, Sir Antony MacDonnell, to check and prevent successfully the spread of plague and famine in the territory under his wise administration.

"My Lord, I feel that I cannot leave this subject without offering my grateful thanks, and those of my countrymen whom I have the honour to represent, to Your Excellency, who, prompted by an earnest sympathy and desire for the good of the people of this land, has lately taken so much trouble, even at the sacrifice of your own personal comfort, to visit so many plague-infected and famine-stricken areas of the country. We owe a sincere gratitude to a merciful Providence, which has placed us under the benign sovereignty of Her Majesty the Queen-Empress, who, though separated from us by thousands of miles, is always looking after us with her fostering care and attention and is ever ready to help us in our troubles. It is also a matter of congratulation to find that India has been so fortunate as to have been placed under Your Excellency's wise and intelligent rule and kind administration.

"My Lord, I congratulate our Hon'ble Finance Minister on his being able to bring forward an encouraging item of surplus in his Financial Statement. It is encouraging indeed when we take into account all the unforeseen and abnormal demands that our revenues had to meet with. Famine alone is responsible for a large portion of increased expenditure, not only in the shape of relief and charity, but also in the shape of Military expenses in India, as the cost of food supplies for men and animals in the Army has had to be taken Rs. 47,30,000 higher than in the budget estimate of the present year.

"I shall pass on now to say a few words regarding Railways and Irrigation. Our experience, my Lord, has shown us the immense advantages that are obtained by the extension of railway and irrigation systems, as the two prominent factors and chief means of securing India from the effects of famine. As

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regards the former it is gratifying to see that sufficient margin has been left in the Budget Estimate for extension. I find that a capital expenditure of £4,872,000 on railways has been estimated for the next year, i. e., for 1900-1901. It also appears from the statement B prepared by my friend the Hon'ble Sir Arthur Trevor that from 1st April, 1899 to 31st March, 1900, about 711 miles of new railway have been authorized. The total length of open line on the 1st April, 1900 will, therefore, be 23,780 miles, a figure much larger than the estimate of the Famine Commission in 1880. The extension of this means of communication has enabled Government to save many lives during famine which would otherwise have been lost.

"My Lord, it affords me peculiar pleasure when I find that so ample provision is made in the Budget for the extension of Irrigation. It is with great satisfaction that I see that the Irrigation grant this year is raised to a full crore. The net earnings of these productive works are increasing day by day. I may be permitted to point out in this connection that the surplus of the revised budget estimate is mostly due to Railway and Irrigation work.

"One point more, my Lord, and I am done: It was anticipated in 1899 that our current year would be an era of marked improvement in the financial condition of the country. My pleasant duty, in view of a fairly large surplus, would then have been to draw the attention of Your Excellency's Government on behalf of the people whom I represent to the advisability of remitting at least some of the tax levied on landowners on account of famine insurance. But it is unfortunate that our hopes have not been realized this year, for the reason that famine and plague still hold their sway in various parts of the country. But it is fervently hoped that when the time comes that a strong and stable financial position is secured and a handsome surplus is realized, when plague and famine have disappeared from the face of India, the Government will find themselves in a position to reconsider this measure and relieve the landowners, of some portion at any rate, of this burden.

"My Lord, I will not take more of your valuable time by dwelling at length on the question of exchange and adoption of gold standard, and so I pass them over in silence.

"I may be allowed in conclusion to express the sincere gratitude of my countrymen to our Lieutenant-Governor, Sir Antony MacDonnell, for his assiduous exertions and untiring zeal for the welfare of his subjects. His Honour's earnestness in adopting effective measures for preventing plague and its colleague

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famine, from intruding and encroaching upon his territory, is a salient proof how sympathetic and compassionate His Honour is in advancing the welfare and better administration of that country. May I express a hope that the Government, considering his assiduous labour and wise administration of that country, will extend the term of his office in that Province for some years more. If this be done it would be a great blessing to the people of my province and also a gain to the Government.

"I may also be allowed to express my sincere regret on the departure of the Financial Member of Your Lordship's Council, the Hon'ble Mr. Dawkins, who has conducted the affairs of his Department, during his year of office, with skill and success, and with an anxious regard for the interests of all classes of the community.

"Lastly, my Lord, I should like to say a few words that relate personally to yourself. The people of this country have observed with appreciation your interest in their welfare and they cherish the hope that Your Excellency's term of office will be identified with large and statesmanlike measures of internal development and expansion. It is because I know that the public mind of my countrymen is much concerned at present with these topics, that I have tried, to the best of my ability, to represent their views, and I hope and trust that my efforts may meet with favourable consideration at the hands of Your Excellency's Government."

The Hon'ble MR. MEHTA said :—"My Lord, I hope my hon'ble friend the Financial Member will pardon me for saying that this is really too bad of him. He just gives us a foretaste of better things and then he bids us farewell—a long farewell. Hitherto the financial statements placed before this Council have been comparative accounts of realizations of income, and of growth or saving in expenditure for two previous years, and approximate estimates based upon them for the Budget year. But there was no attempt to go into the heart of things, to discuss the sources of income and heads of expenditure with special regard to the needs, conditions, and circumstances of the country and its varied populations, or to construct a budget, to use the words of a famous Finance Minister, moulded by art on principles of science. The only thing that enlivened the dull monotony of figures in these statements were deep curses at the vagaries of exchange, when there was a deficit, and sighs of relief on the elasticity of Indian revenues, when there was a surplus. The deeper causes of financial phenomena, or the far-reaching indirect effects of financial operations, were left severely to themselves. My Lord, I venture to say that dogmatism on the stability of Indian finance

can never be safely indulged till the complexity of the problem is thoroughly investigated and gauged. The several interesting discussions which irradiate my hon'ble friend's Financial statement of this year indicate what might have been fairly expected of him, if we had succeeded in impounding him for the full term of his office. As it is, he has only succeeded in giving us a taste of the sufferings of Tantalus. When listening to the terse paragraphs, clothed in apt language and sounding almost like judicial summings up, in which he expounded the currency problems and the 16d. rate of exchange, it was impossible not to wish that he had gone on to furnish us with his views as to whether the measures for securing a stable exchange had cost the country anything and what, whether the deficits owing to exchange were not turned into overflowing surpluses by the difference having come indirectly from the pockets of the people, whether it was not the indirect impoverishment caused by the stoppage of the mints which perhaps intensified the inability of the people to stand the strain of the present famine. These are problems which are not only interesting in themselves, but they demand solution before it is possible to come to any useful or positive opinion about the real character and solidity of the existing state and condition of Indian revenues. But the question, which I should have liked to have seen dealt with above all others, is the question whether the financial condition of the country can be regarded as safe if, as is sometimes alleged, land in large Provinces is unable to bear the burden that is imposed upon it. Is it true that the effects of famine are hastened and intensified by the decline of staying power in the raiyat owing to over assessment? Of course nobody denies what is sometimes so passionately urged that the immediate cause of famines is failure or scarcity of rainfall. But surely it is possible to conceive that a failure of crops one year does not necessarily involve starvation, if there was some balance in hand of past years to tide over the calamity, just as a mercantile firm does not necessarily become insolvent because there have been heavy losses in one year. It is therefore a question of the most vital importance to ascertain whether it is true that there is this want of staying power, and if there is, if it is in any way due to faults in the existing systems of assessing or collecting revenue, if it is due to excess of assessment or rigidity of collection. On more than one occasion I have ventured to draw the attention of the Council to this important topic. That the raiyat is deeply in debt, scarcely any one denies. With regard to the Bombay Presidency, Sir Theodore Hope admitted in this Council that 'to our revenue system must in candour be ascribed some share in the indebtedness of the raiyat.' The Dekkhan Agriculturists' Relief Act Commission emphasized this opinion by reporting 'that there could be no question that the rigidity of the revenue assessment system is one of the main causes which leads the raiyats of the Dekkhan into fresh debt.' In

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answering my contention on this point on the first occasion, Sir James Westland replied that the only opinion I could cite was the opinion of a very distinguished official who retired 18 years ago. When, on the next occasion, I pointed out that the still weightier and more matured opinion of the Commission was not 18 years' old, Sir James said 'that as the revenue-officers had admittedly powers of remission and suspension, it must be assumed that if they did not exercise them, there was no need to do so.' The answer to this is simple. These powers existed in Sir Theodore Hope's time, and when the Commission made its enquiries. And in spite of that, both these authorities, mostly official, arrived at the conclusion that rigidity of the revenue system was undoubtedly one of the causes of the raiyats' indebtedness. With regard to the question of over-assessment, it must be remembered that it is not simply a question of absolute excess of assessment, but also whether the assessment leaves a sufficient margin for saving. As was pointed out by Mr. Cotton, 'if a bare margin for subsistence alone remains, the result is that indebtedness extends year by year, and famines recur with ever increasing severity.' In one of Sir Louis Malet's minutes on Indian land revenue, he lays stress upon 'the marked absence of any adequate accumulation of capital upon the soil, and (as a consequence) of any sufficient appropriation of such capital to purposes of agricultural improvement, deficiency of stocks, of manures, often of seeds and implements,' as tending directly to a progressive pauperization of the raiyat. That these opinions cannot be altogether scornfully rejected is painfully brought home to every student of the question by a perusal of the Selections issued from time to time by Government of papers relating to the periodic surveys and settlements of talukas. It is evident that re-settlement is carried out in a most empirical fashion, without being regulated by well-ascertained and definite principles. A writer well acquainted with the matter has described the procedure of revision operations as follows. The Settlement-officer surveys the lands and generally discovers some under-measurements. A fallow piece of land here, or a rocky stretch there, or a marsh at another place, reclaimed at some cost and labour,—all such attract his attention, and the measurements are thus increased. Then he proceeds to register his reasons for enhancements. There is a railway newly built in the neighbourhood, there is an increase in the number of tiled houses and of cattle, there is a new bazar begun to be regularly held, there is a school and children, and so on and so on, till everything is included which by hook or crook can show that prosperity has increased. It is said that even sending delegates to the Indian National Congress has been used as an argument for a revision of the settlement. Then comes the mention of any canals or tanks built by Government and of the fact, if it exists, of water being found at a certain

level by some raiyats who had been fools enough to dig wells. There is hardly an attempt to enquire whether the farmers themselves have shared in their outward prosperity. Then there is a speculative and perfunctory enquiry as to the general yield and the end of it is a recommendation for generally raising the assessment rate from 50 to 200 per cent. at one sweep. It will be thus seen that however conscientiously pursued, these operations are in their very nature empirical, uncertain, and indefinite. In making these remarks I do not mean to advocate a permanent settlement like that in Bengal. But it is well worth considering whether the scheme recommended by the Government of India in the time of Lord Ripon, under which assessments would be revised only in the case of a general rise of prices or of improvements made by the State at its own cost, does not deal with the question in a more reasonable and scientific manner. Under such a scheme, the 'unearned increment' would be saved to the State, but it would be automatically measured by the rise in prices which would include all the sources of its growth. My Lord, I am not putting forward these views as incapable of being controverted; on the contrary I think that they are sometimes pressed with imtemperate exaggeration, and I also know that opposite views are stoutly and forcibly maintained. But, my Lord, the issues involved in a settlement of this vexed question are momentous; they involve the pressing problem of the perpetual indebtedness of the vast agricultural population of the country; they anxiously concern the grave fact admitted by the last Famine Commission that the condition of the immense majority of the agricultural labourers, who, it must be remembered, are not merely labourers, but who alternately labour for others as well as work fields on temporary leases, has seriously deteriorated; they may have a close connection with the increasing severity of recurring famines if assessments do not leave a sufficient margin for rainless days. It may be that the views of the pessimists may be erroneous; but I believe, my Lord, they are honestly and sincerely held, and there is a sufficiently large consensus of opinion in their support to prevent them from being scouted as utterly visionary or unfounded. Under these circumstances I respectfully venture to submit, for the serious consideration of Your Lordship, if it would not be an act of provident and sagacious statesmanship to take measures for a full and exhaustive investigation of these questions, by means of a Commission empowered to deal with them in all their varied aspects. I make this suggestion, my Lord, in a spirit of earnest and sincere loyalty, not less earnest and sincere perhaps than that of those who talk more of it.

"And now, my Lord, I have only to offer a few remarks on the details of this year's Budget. I felt very grateful to my hon'ble friend when he announced

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that all famine expenditure for the closing and coming years was undertaken by the Government of India, though indeed I do not know how otherwise the insolvent exchequer of the Bombay Presidency at least could have met the demand. But after this announcement, it was somewhat startling to be told that the Budget year was estimated to close with a surplus of 24 lakhs, small no doubt, but still a surplus. It was difficult not to feel that with the heavy calls, direct and indirect, entailed by the severe and widespread famine that has cast its dark shadow on the land, such a result was too good to be real. There are circumstances connected with the Budget estimates which are calculated to raise serious misgivings. Land revenue is estimated to fetch one crore and 30 lakhs more than in the revised estimates for last year, and within 30 lakhs for the accounts for 1898-99 and within 50 lakhs of the estimate of the Budget estimate for what was expected to turn out a most prosperous year, *vis.*, 1899-1900. Considering the severity of the famine and the enormous loss of cattle that has taken place, is not this too sanguine an estimate, and may it not be the indirect means of pressing hardly in the matter of remissions and suspensions? It may be said, how can arrears be recovered if the raiyats are not able to pay them? The answer is that this inability need not always be absolute but is often only relative, and without always involving immediate insolvency, may mean increased indebtedness, gradual impoverishment, and reduced staying power for the future. Then, again, I do not find anything either in the statement or accounts regarding plague expenditure for the closing year or the Budget year. Besides the imperial contribution on account of plague expenditure for 1898-99, I believe that provision to the extent of about 12½ lakhs was made, so far as the Bombay Presidency was concerned, for similar expenditure in 1899-1900. There is nothing to show what has become of that amount, whether it has been absorbed in the expenditure, or whether any portion of it is intended to be distributed to the different municipalities in the Presidency as was done last year. There is another circumstance which makes the estimated surplus of 24 lakhs still more unreal. In paragraph 75 of Mr. Finlay's memorandum, referring to reduction of expenditure on Civil Works for 1899-1900, he says that 'the Civil Works savings in the other Provinces (other than Assam and Burma), varying from Rs. 14,57,000 in Bombay to Rs. 5,62,000 in the Punjab, may all be taken as being the result of the efforts of the Local Governments to reduce ordinary expenditure, to provide funds for the famine and to a small extent for other provincial needs.' In paragraph 114, speaking of the Civil Works estimates for 1900-1901, he says 'large reductions have been made to help the Local Governments to secure equilibrium in the Provincial revenues,' enumerating among others, Rs. 13,79,000 in Bombay.

Rs. 10,57,000 in the Punjab, and Rs. 5,31,000 in the Central Provinces. In speaking on last year's Budget in this Council, I deplored the grave consequences of reducing Bombay Civil Works expenditure from the moderate average of 36 lakhs to less than 27 lakhs in 1897-98, and to 29 lakhs in the Budget for 1898-99. And now, for 1899-1900 and 1900-1901, it is cut down at one stroke into absolutely one half of the amount. My Lord, I cannot help saying that the prospect before this sorely stricken Presidency is one not to be contemplated without dismay, and I cannot help thinking that the 24 lakhs would be better employed in going to the help of the Bombay exchequer than in figuring as a surplus.

"Gloomy as the situation thus is, I confess, my Lord, I feel some difficulty in reconciling myself to the suggestion that there might be a grant to India from the British treasury. The exchange of private charity between the subjects of Her Majesty in England and India can be open to no objection; on the contrary, it draws hearts closer together. India has gratefully appreciated the generosity of the British people in coming to the help of the afflicted by their liberal subscriptions during the famine of 1896-97 and during the present famine. But a public dole stands on a different footing and cannot fail to carry with it a sense of humiliation. In that way, India would fain appeal to England's sense of justice rather than of generosity. I never cease regretting that the Government of India had lost to the country a contribution from the British exchequer on account of the last Frontier war. It was a work of joint imperial concern, and a division of the cost would only have been just. There is still another way in which England can justly come to the help of India. While the Welby Commission is pending, I do not wish to speak of the vexed question of the appropriation of Military charges between England and India. But while the present system still flourishes, it is only just that the same principles which govern the War Office in levying charges for British soldiers from the Indian treasury from the moment of their recruitment should also govern the repayment of troops taken from India to serve abroad. It has been a matter of joy and pride to this country, as the remarkable outburst of feeling throughout the country has shown, to have been able to go to the help of England with such splendid soldiers as Your Lordship was able to despatch with such promptitude, and at the same time also to remember that the great general who is now leading them on from victory to victory belongs solely and entirely to this country. I know that both the ordinary and extraordinary cost of these troops is to be repaid out of the British exchequer. What I wish to point out, however, is that on the principles hitherto enforced against India, the cost which ought to be repaid is their entire cost from the recruiting depot till

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now, except the cost of the period when they might have been engaged in actual fighting in India.

"There is one other way also in which England can justly come to the help of India, and that is, by guaranteeing her loans. My Lord, the fates of England and India are inextricably woven together, and nothing can be lost by recognizing so patent a fact by the formal seal of a guarantee. On the contrary, it would bring the two countries together in a bond still closer knit even than now."

The Hon'ble MR. IBBETSON said :—"With respect to the Hon'ble Mr. Smeaton's remarks regarding the need for additional Forest officers in Burma, I would remind him that it is only four years ago that the superior staff in that province was increased by nearly 50 per cent., and that at the present moment, supposing vacancies to be filled up, the nomination to which lies with His Honour the Lieutenant-Governor, the staff is actually above strength. We have now asked the Secretary of State to increase the annual recruitment, and hope shortly to be in a position to meet the Lieutenant-Governor's wishes. In view of the great importance of the Burma forests, every possible effort has been made to assist the Local Government, and it has, I believe, had even more than its strict share. But the fact is that every province is more or less shorthanded at the present moment. On the subject of petroleum, I need say no more than that the alterations to which the Hon'ble Mr. Smeaton has referred are at present under our consideration in consultation with the Local Government.

"My hon'ble friend the Financial Member will doubtless be gratified by the chorus of approval with which the announcement has been received that, even under financial conditions such as characterise the present year, it has been decided to increase the allotment for new irrigation works by 25 lakhs. The announcement is no doubt welcomed, not only as a provision of immediate funds, but also as an indication of future policy; and I may perhaps be allowed to say how heartily I share in the satisfaction which has been so generally expressed. As regards irrigation in the Central Provinces I may tell the Hon'ble Mr. Bose that we have recently placed the services of an expert at the disposal of the Chief Commissioner in order to examine the question with reference to Chattisgarh. I hear informally that he is not unhopeful of success; and if it should be found possible to work out a scheme that will stand professional scrutiny, I think I can promise that it will be sympathetically considered by the Government of India. It is the case, however, as the Hon'ble Mr. Charlu has reminded us, that no scheme of tank irrigation on any ordinary scale can ever afford complete pro-

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tection, since tanks, unlike our great snow-fed rivers, are themselves dependent upon the annual rains for their supply. They are therefore apt to fail us when most needed, and it is by their utility during a fairly normal series of years that they must in the main be judged.

"The Hon'ble Mr. Mehta has quite rightly laid great stress upon the very important question of elasticity in the assessment and collection of revenue. I believe there is hardly any question which has a more intimate bearing upon the prosperity of agriculture in India; and I can assure him that it has not been overlooked by the Government of India. It is one of the branches of that great subject of Agricultural Indebtedness which has been engaging their most earnest attention for some years past. During those years much has been done towards improving the law regarding Courts of Wards and the entail of landed estates, and a substantial beginning has been made in the matter of restricting alienation of land. I may remark in passing how gratifying it is to me to find that the Hon'ble Mr. Bose, speaking in the name of the people of the province which he represents, approves of the restrictions which have there been recently imposed upon the power of alienation.

"The question of elasticity is next for consideration. The material has been collected, and is ready; but in matters of such magnitude and importance, we do well to hasten slowly. That the practical question has not been neglected on the present occasion is, I think, sufficiently apparent from the fact that the Revised estimates for the annual year are less than the Budget estimates, which were based on normal prospects, by 83 lakhs in Bombay, 35½ lakhs in the Central Provinces and 38 lakhs in the Punjab; while even the Budget estimates for next year, which again are based upon the anticipation of favourable seasons, show reductions of 16, 35 and 10 lakhs, respectively.

"As for what has been said by the Hon'ble Mr. Ananda Charlu and the Hon'ble Mr. Mehta regarding the basis of assessment, I can assure them that the policy of the Government of India has for the past eighteen years steadily tended in the general direction which they indicate as desirable. But the Government of India have always declined, and must continue to decline, to tie its own hands, or those of Local Governments, by any hard and fast rules such as are suggested by the hon'ble gentlemen, or by the Hon'ble the Maharaja of Darbhanga, and so prevent them from remedying those inequalities which must almost inevitably arise during the currency of a long-term settlement, and which it is one of the main objects of a revision of settlement to remove, or

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hamper them in dealing with the infinite variety of conditions which affect the assessment of land revenue.

"I hail with pleasure the remarks of the Hon'ble the Maharaja of Darbhanga regarding the development of the Agricultural Department, and his appreciation of what has already been done with limited means. The policy which he advocates is the declared policy of the Government of India, declared in a set of resolutions which were published, I think, in 1897; and two obstacles alone have prevented its more vigorous prosecution—first the financial difficulties which have for some years affected both Imperial and Provincial finances, and secondly, our inability to discover a wholly suitable and competent person for the post of Inspector-General of Agriculture, the creation of which has received the sanction of the Secretary of State. To fill this important post worthily, its incumbent will require very special qualifications, and we prefer to wait a little till the right man turns up, rather than accept anybody who does not possess them in full.

"Finally, I turn to the remarks of my hon'ble friend Mr. Bose upon settlements in the Central Provinces. And first he must allow me to acknowledge the courtesy which led him to furnish me with a copy of them beforehand, and which has not only greatly facilitated my task in replying to them, but has also ensured to them more adequate consideration than it would otherwise have been possible to give them. He will not expect me to discuss them in detail on the present occasion, and I must not be understood to accept all his figures, or to agree with all his arguments or conclusions. The Central Provinces system of settlement has found an unexpected but able champion in the Hon'ble Mr. Rees. But I agree with the Hon'ble Mr. Bose that it would be difficult to exaggerate the nature and intensity of the calamities which have befallen the province which he represents, and especially certain portions of it, during the past few years. I agree also that it was unfortunate in the extreme that the cycle of lean years should have begun, just when the revised settlements were coming into force. Since then, some of those assessments have been subjected to a test under which any settlement, however reasonable and moderate, must inevitably have broken down.

"But I do not think that my hon'ble friend fully realises all that has already been done in the direction which he indicates. Before I made over charge of the province, the revision of settlement had been completed in one district, and begun in a second and a portion of a third. And the question whether still wider revision was necessary was under my consideration during

the autumn months of last year, and was only suspended when it became clear that famine was inevitable, because I felt that it would in any case have to be reconsidered as soon as the famine was over.

"As regards settlement operations which are now in progress, or have just been completed, it must be remembered that a revision of settlement means very much more than a mere enhancement or reduction of the total assessment. It means also the accurate ascertainment of facts as they are, and the redistribution upon the basis of those facts, of the burden of rent and revenue. During the term of a thirty, or even of a twenty years' settlement, the distribution of that burden becomes extraordinarily unequal, especially where protected tenants are numerous; and if, for instance, settlement operations result in the assessment of a normal revenue amounting to 125 per cent. of that previously paid, it would be far better for a district, however depressed, that the revised assessments should be announced, but reduced by one-fifth so as not to increase the total payments, rather than that the existing unequal payments should continue to be exacted. And this is especially the case, now that the recent revision of the Central Provinces Tenancy Act has for the first time empowered settlement-officers to reduce excessive rent. The severity of assessments in the Central Provinces, wherever they are severe, is mainly due to the short-sighted action of speculative and absentee landlords, and of those who have followed their example, in screwing up rents to a pitch which it is possible to pay, only under the most favourable conditions. Hitherto, the settlement-officer has been obliged to accept those rents, and to assess upon them. He is now, for the first time, in a position to correct them.

"As regards the reduction of agricultural debt, I will only say that I agree with the Hon'ble Mr. Bose in thinking that the conspicuous success of the experiment to which he alludes was mainly due to the fact that it was worked through the people, and that local public opinion was enlisted in its favour. I should be glad if it were found possible to repeat that experiment on a wider scale. But, I am inclined to believe that any attempt to make submission to conciliation compulsory, would at once alienate public sympathy, and destroy all hopes of success. An attempt to provide a simple insolvency law of which the agriculturist would readily avail himself, was made in the Dekkhan Agriculturists' Relief Act. But its provisions in this respect have virtually remained a dead-letter.

"The problem of providing agriculture in India with capital on reasonable terms is one of the most difficult that can be conceived. Some months ago Mr. Fuller worked out a scheme which seemed to me to suggest a possible step

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towards the partial solution of the difficulty. It is still under the Chief Commissioner's consideration, and will doubtless reach the Government of India in due time. If it should prove practicable and acceptable to the money-lending classes, it will, I believe, be a substantial advance towards the end in view.

"When I went to the Central Provinces in the middle of 1898, I felt that the task of nursing the province through its period of convalescence after the famine of 1897 constituted a revenue problem of no ordinary difficulty. It is needless to say how greatly the calamity of a second famine, following almost immediately upon the first, must have increased the difficulty of the task. My hon'ble friend will, however, agree with me that the matter could not be in more sympathetic or more competent hands; and his remarks, which I will take care to bring to the Chief Commissioner's notice, will no doubt assist in dealing with it. The people of the province may feel assured that, in all well-considered measures for their assistance in recovering from the calamity which has befallen them, the head of the administration will receive the most cordial support from the Supreme Government. They must remember, however, that there are two sides to this, as to most questions. And what I am going to say applies to a good deal that we have heard here to-day. On the one hand, a wise moderation—in the face of such a calamity as the present, I will say a generous leniency—is advisable, not only in the interests of the people, but also as conducing to the stability of the revenue. On the other hand, every rupee of rent that should be, but is not, imposed upon the cultivator, is so much shorn from the income of the landowner; and every rupee of revenue that should be, but is not, assessed upon the landowner, has to be made good by the general tax-payer. It is easy to win a cheap popularity by indiscriminate liberality at the expense of others; but it is not right.

"I would ask the Council to bear with me yet one moment while I cordially acknowledge the manner in which the Hon'ble Mr. Bose has referred to the efforts that are being made to save human life. I believe, with him, that the people themselves fully appreciate the splendid devotion with which Government officials and private workers, European and Native alike, are striving for their relief. I have heard the fact doubted. My Lord, I have spent a great part of my service in quiet country districts, and have always made a special point of mixing with the village population. And my firm conviction is, that though the Indian peasant is inarticulate, he is not ungrateful, and that in the depths of his dumb heart he realizes and appreciates all that is being done for him by those who are striving to save his life, not seldom at the risk of their own."

The Hon'ble SIR A. TREVOR said :—" My Lord, my task on the present occasion is for the most part the easy and pleasant one of gratefully acknowledging the testimony which has been borne by those of the hon'ble members who have referred to the subject, to the success which has attended our efforts to prevent the interests of railways and irrigation from suffering more than was absolutely unavoidable from the financial difficulties of the year. But there are a few points to which I may briefly refer.

" My friend, the Hon'ble Mr. Allan Arthur, has referred to short comings in the deferred Telegram service and has pointed to the necessity for spending the surplus revenue of the Department on the improvement of the service. I am afraid it must be acknowledged that it has not always been found possible to work up to the standard the Department has set for itself, and that deferred telegrams are occasionally seriously delayed. But having regard to the conditions under which they are sent, that is not surprising when the ordinary and urgent traffic is as heavy as it sometimes is. If deferred telegrams cannot be got through in the night or before the urgent and ordinary messages of next day begin to come in, they have to stand aside till next night. Thus messages put in at 10 A.M. on Monday might not get over the wires until Tuesday night, being delivered on Wednesday morning. The surplus to which Mr. Arthur refers as shown in this year's revised estimates is the result of the same sudden expansion of traffic to which the delays of which he complains are attributable. It will all be spent, and something more, next year, on the object he has at heart, the improvement of the service by construction of additional lines, provision of new apparatus, increased establishment, etc. I should explain that the cost of new lines though it is treated as Capital expenditure, is met out of Revenue.

" I will leave it to His Excellency the Viceroy to deal with the question of our general irrigation policy, which has been referred to by my friends Messrs. Ananda Charlu and Faiyaz Ali. But in reference to Mr. Ananda Charlu's remarks as to the importance of systematizing the maintenance and improvement of tank irrigation in Madras I may observe that there is already a tank-restoration survey in Madras, which has been going on for some years. The tanks along each river or main drainage here are systematically reported, the various data for each being put on permanent record in a book for each system. Improvements are suggested and taken up in regular order as money is available. In fact, the system he desires is already in force. It may be susceptible of improvement. But that is a question rather for the local authorities.

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"My friend the Hon'ble Maharaja of Darbhanga has referred to the postponement of the Sakri-Jainagad line. Some difficulty was experienced in finding the money for the line within our programme limits. But as I explained in the memorandum appended to the Financial Statement, the Bengal and North-Western Railway Board have come to the rescue, and have undertaken to find the money at a reasonable rate of interest, allowing it to rank as Government capital for division of profits on the combined company's and Government system which they work. This has been agreed to by the Government of India, and I hope that the line will shortly be put in hand.

"He has also referred to the question of railway rates, especially for coal, as demanding attention. I may explain that Government fixes on all lines except a few of the old Guaranteed Companies Railways and such as are independent of Government aid, certain maxima and minima, within which Railway administrations are at liberty to vary their rates as may seem to them desirable in the interests of their lines. They are quite alive to the advantages of stimulating traffic, and the less they are interfered with the better, as a rule, the public will be served. As regards coal I may observe that neither the Companies who sell coal nor the public who buy it have so far complained of the rates. Their complaint has been more directed to the difficulty of moving the coal from the mines to the centres of trade and industry. The rates at which Railways can afford to carry depend also to some extent on the direction of other traffic. One-tenth of a pie per maund per mile is the prevailing rate. But that is sometimes reduced, with the sanction of Government if necessary, when, if not carrying coal, the wagons would be returned empty. I do not think that Government are at present called on to interfere."

The Hon'ble MAJOR-GENERAL SIR E. COLLEN said :—"In the memorandum which I laid upon the table last week I gave a full detail of the estimates with which I am specially concerned, the Indian military estimates, the Home (India) military estimates, the Military Works estimates, and the marine estimates. I do not think I need trouble the Council with any repetition of figures, but should like, if I may, to furnish the Council with an explanation regarding the increase in the budget of the coming year as compared with the budget estimate of the current year.

"The difficulty of arriving at the practical increase of military expenditure is because there are many factors in the estimates of both years which must be eliminated, in order to arrive at what may be called the permanent figure. We must take out the abnormal cost of food supplies, reduction by the

absence of troops, and reduction of the provision for military operations and special services. It appears to me that the fairest way of stating the case is to say that provision has been made for improvements in the armament and organisation of the army to the extent of about 90 lakhs or £600,000; and that other increases, such as the messing allowance for the British Army, bring up the permanent increased expenditure to about one crore of rupees, or £666,666. Increases to army expenditure, comparing one estimate with another, may be classed under three heads, namely, what may be called temporary increases, which may not recur again; automatic increases, such as occur in connection with the volunteers; and special increases due to improvements in the army, in its organisation and armament, some of which must increase year by year up to a certain limit.

"The great increase to military expenditure was the effect, when fully felt, of the measures which were carried out in 1885-86-87 for augmenting the strength of the British and Native army, for the establishment of reserves, and for the creation of coast and frontier defences, the maintenance of which is now a yearly charge. Now this increase of expenditure was the result of the deliberate conclusion of the Government of the day in consequence of the modification of our military position in India. But besides this direct cause of increase, many matters have since caused additional military expenditure, the preparation of the field army for mobilisation, increase in transport, rise in prices and wages, the effect of expeditions and campaigns on the non-effective charges, the increased cost of, and additions to, equipment and war material generally, development of the volunteer movement, and additional sanitary measures; while three items alone, the increased pay to the native army, exchange compensation allowance, and the grant of messing allowance to the British army, account for over one crore of rupees, £666,666.

"I have more than once explained in this Council what the great items of military expenditure are, and if my hon'ble colleagues will turn to paragraph 29 of my memorandum, they will see, taking the Indian military estimates, how the expenditure stands under the different grants; and if they analyse these figures they will find that, in the effective services, out of say 15 crores of rupees, or £10,000,000, more than 14 crores of rupees, or a sum of considerably over nine millions sterling, is spent on paying, feeding and supplying, clothing, doctoring, and arming the army, while the difference is caused by the expenses of the staff and administration, attending to the education and spiritual wants of the army, and to the cost of the volunteer services.

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"As to the non-effective charges, there is practically no means of reducing these; and if we turn to paragraph 38 you will find that the Home (India) military estimates are made up, besides payments to the War Office, of pay in some form or other, transport of troops to and from India, stores required by the Army in India, and various non-effective charges, such as pensions.

"I think that we are sometimes reproached that we have no great reforms to bring forward. Some of our critics would have us abolish the post of Commander-in-Chief, others tell us to abolish the Military Member of Council, while yet again these wholesale abolitionists advise us to abolish the four Lieutenant-Generals Commanding the Forces, or to abolish some particular part of the army usually, I may say a part of the army to which the critics do not belong; then we are told that we ought to reduce the British Army in India; while some say salvation is to be found in re-distributing the army and having nothing but large cantonments,—a most excellent policy, which I should like to see carried out,—but which would involve an enormous expenditure on barracks and cantonments. Great reforms have been introduced into the Indian Army during the last twenty years. The cumbrous presidential system has been got rid of and a large number of measures of improvement have been carried out. Even in the financial year that is now passing we have done a good deal, and are preparing to do more. Within the last few days, we have received sanction for the introduction of the organisation of double companies in native infantry in place of wings—a most important improvement which many of us have pressed for, for a long time. Another very considerable reform is the re-distribution of commands on the North-West Frontier which will be immediately carried out. The great reform to be accomplished is further and more complete decentralisation than has yet been effected.

"I said in my memorandum that I could not state the results of our labours to diminish clerical work and simplify our method of business in the army and its administration. But I rather forgot that we have already reduced the length of those useful documents, the military financial reviews, and since I wrote I have received a proof of the report on Ordnance Factories, and I find a reduction in bulk has been made of 67 per cent. I mention this, because it is the first fruits of part of a very great reform in which His Excellency the Viceroy is not only interested, but for which he has supplied the motive power of his energy. I have explained in my memorandum how the particular military measures we have brought forward came to be proposed; but I did not explain that

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these measures are only part of a permanent policy which we have for many years gradually, if slowly, developed—that policy being the preparation of a part of the Army of India for mobilization in any direction, either by land or sea; while the second part of the policy is the defence of the ports and frontiers by adequate works, and by carrying out measures to preserve the internal security of the country. Sometimes circumstances have obliged us to halt in this development. At other times, we have been able to carry it forward more rapidly, but the measures of special expenditure, the re-armament of the Native army and of the mountain batteries, the development of our manufacturing power, the addition of officers to the Native army, the re-organisation of horse, field, and mountain batteries, with a view to facilitate mobilisation, the conversion of existing heavy batteries into more powerful units, improvement of the transport—I am afraid I have dwelt upon the necessity, for this several times in this Council—and the provision of military light railways etc., form an important part of this continuous policy, and we feel that, when these improvements have been carried out, we shall have made a great step forward.

“ I should like to say one word as to what our mobilisation system is—it is the preparation of a force for movement, equipped in every possible detail. It means an immense amount of labour and an endeavour to foresee every kind of requirement. It is ten times more difficult than the mobilisation which continental nations are able to effect, because, not only have our troops to traverse long distances, but we are not able to distribute our troops rigidly and permanently in time of peace. One result of having a definite aim and standard is that we do possess large reserves, and manufacturing power for equipments and warlike stores. The possession of these equipments and reserves not only enabled us to send off at once the force for South Africa, but it has enabled us to meet large demands from the War Office.

“ A great deal has been said recently to the effect that the Government take no interest in the Volunteer Force in India, and that this force is, in fact, in the cold shade of officialism. I am concerned that there should be any feeling of this kind, for I can assure the Council it rests on no foundation. I know Your Excellency takes great interest in the volunteer force of India—a force which has contributed a small but effective contingent to the army in South Africa, and for myself I am one of a very small body of veteran volunteers, as I was a volunteer 40 years ago, beginning my military education in that post, and I have done everything in my power to foster the movement.

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"In the first place, I will deal with the question to which my hon'ble friend, Mr. Allan Arthur, alluded—the re-armament of the volunteers. The Government are most anxious that the volunteers should be re-armed, but we cannot do everything at once. It is, as will be readily understood, a matter of great importance that the Native troops of the field army should be re-armed with the magazine rifle, and this we shall now commence to do from our reserves, supplemented by the arms which are coming from home. The desire is to re-arm the volunteers, immediately after that portion of the Native army which is detailed for the field army has been armed with the magazine rifle, and I think that if the volunteers consider the question dispassionately, they would understand why this plan has to be followed. They will certainly be re-armed before the remainder of the garrison of India, which is not in the field army, receives the magazine rifle.

"I find that in the last ten years many concessions have been made which have involved expenditure. An annual grant is given to assist volunteer corps in the construction of rifle ranges; reservists are allowed to count towards the authorised band allowance; mounted volunteers are allowed to purchase cast horses at a small price; an educational allowance is granted to schools for efficient cadets; money grants are made to volunteers in lieu of rations during camps of exercise; ammunition for match shooting is issued at cost price; the horses of mounted corps are rationed at the State expense during camps of exercise, instead of this being charged to the capitation grant. The grant for camps of exercise has been raised; an annual grant is made of ₹20,000 to help the volunteers in their field days; an annual grant of ₹30,000 is made for volunteer buildings, such as armouries, head-quarters, etc.; loans at a favourable rate of interest have been issued to volunteer corps; volunteers have been placed under more favourable conditions regarding the grant of wound pensions and widows' pensions. The capitation rate of ₹10 is passed to recruits who fail in their first year but qualify as reservists; outfit allowances are granted to volunteer officers on first appointment for the purchase of their swords and revolvers; an increased capitation of ₹10 is granted to mounted volunteers and the same to artillery volunteers, while infantry volunteers who are trained in gun drill receive an extra amount of ₹10. Volunteer officers are granted a decoration and volunteers long service medals; and the children of volunteers are admitted to the Lawrence Asylums. I venture to think that we can hardly be said to have entirely failed in our duty to the volunteers.

"I have had on previous occasions in this Council to defend military expenditure in India, although, indeed, to my mind it requires no defence, when we remember

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that the military expenditure of India is only about 5 per cent. of the great trade of this country, which I venture to think is not an extravagant insurance. The criticism which has been passed has sometimes been full-bodied in its flavour, sometimes of a very mild character. On this occasion I confess I am glad to know that the continuity of hostile criticism has been broken, and that my colleagues approve of the military policy of the Government. The Hon'ble Mr. Mehta made a remark on the method pursued in respect to the charges on account of troops lent to the Imperial Government. Now I would ask his attention to the despatch of the Government of India of 1896, on the Suakin charges, which has been published as a blue book. In that despatch a full exposition was made of the view entertained by the Government of India, and for my part I can only say that I regard those views as equitable. I am given to understand that at last the report of Lord Welby's Commission is to be published, and I do not think I ought to forestall the opinion of that Commission by expressing my own. I think that is all I need say with reference to the observations which have been made on the subject of military expenditure by my Hon'ble Colleagues.

"My Lord, when speaking in this Council, two years ago, of the frontier campaigns of 1897, I mentioned how the great chieftains of the Native States had vied with each other in placing their Imperial Service Troops at the disposal of the Government of India, and in offering their swords for service in the field. But still more remarkable has been the exhibition of the loyalty of the princes and people of this country, during the progress of the war in South Africa—a war which we feel assured that great Indian soldier, Lord Roberts, will conduct to a conclusion which will give that country lasting peace. All must appreciate the necessity for carefully thought out plans and preparation, but it is not only upon these, or upon the existing numbers of our Indian Army, that we rely for the security of India. We rely also on the resources of the empire at large; and we rely upon the enormous potential strength which we possess in the martial races of this country.

"It was in the same speech that I alluded to the achievements of Sir William Lockhart. I was with him in the last act of the drama of the war of 1897, at the last jirga of the Afridis, and again at that remarkable scene at the Peshawar railway station when they came to bid him farewell; and I well recollect the impression it made on me when one of them stepped forward and said: 'We have fought against you—the next time we shall be on your side, and your enemy shall be ours.' What can be more striking than that the Afridis should have offered their services for South Africa? What can be more touching than the message from 'Your Afridis,' which came to Sir William Lockhart.

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in his last illness? No words of mine can express the loss which the Indian Army has suffered. I do not speak of personal sorrow, but of the withdrawal of the present and living influence of a great soldier, high-minded and chivalrous, experienced in war, to whom the whole army looked up with affectionate reverence. But, my Lord, the name of Lockhart will long be remembered in the Punjab and on the frontiers of India. May his bright example animate the younger men to follow in his footsteps,—and although we may have disappointments and the result may be slow of accomplishment—may his example teach them how the wild tribesmen can be led to look upon us as friends, and thus add to the strength of the Indian Army. The martial strength of India—prepared at all points—lies in the loyal faith of her sons in their leaders—among whom history will afford a high place to the name of my friend of so many years, and our colleague in this Council.

“My Lord, death has laid his hand on another eminent soldier, the senior officer on the active list of the Indian Army, one who was formerly a member of this Council, and afterwards Commander-in-Chief in India. I speak of Field-Marshal Sir Donald Stewart. His distinguished career has ended, full of years and honour, but up to the last he was a power in the council of the empire. So long as the Indian Army produces such men as those who have just passed away, so long will it maintain its position as a potent factor in that greater Imperial Army which will, in the future, embrace still more closely all the constituents of military power in the wide-spread empire of our Sovereign.”

The Hon'ble MR. DAWKINS said:—“I will begin by addressing myself first to the observations of my friend the Hon'ble Mr. Allan Arthur, whose willingness to place his advice and knowledge at the disposal of Government I should like to take this opportunity of cordially acknowledging.

“In discussing the history of this season in the Financial Statement I remarked that the Exchange Banks had not brought out as much money as usual before Christmas to India, they having had profitable employment for their funds at home, and that this, together with other reasons, contributed to the rush for telegraphic transfers after the New Year, and the decision, which was in consequence forced upon the Secretary of State, to limit transfers by raising the rate. It has been essayed to qualify my remark by some figures supplied to the Hon'ble Mr. Allan Arthur to prove that the Exchange Banks brought out not less but more money than usual before Christmas. My hon'ble friend has had the courtesy to show me those figures. I have tried to have them checked, a

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laborious task, from the registers of the Comptroller-General, and I only received the results last night, but I regret to say that I cannot accept the figures supplied to him as absolutely correct. And there are other elements to be taken into consideration, and other ways by which the Exchange Banks bring out money besides Council drafts, so that I doubt whether this form of comparison, even if I accepted the figures, would be conclusive. However, any discrepancies in these figures do not really matter much; nor could they invalidate my main argument, which was, and is, that, as the Exchange Banks very naturally and properly employ their money out of India when they can employ it out of India more profitably than in India, their assistance to Indian trade cannot be depended upon as an absolutely certain factor. This is a reason which contributes to the undue reliance of trade on Government, and indeed this year the Exchange Banks themselves wanted to have an assurance that they could borrow money from the Government, a demand that might reasonably be held to indicate that, even if the funds they were bringing out were equal in actual amount to those brought out in previous years, they were not proportionately sufficient with reference to the requirements of this year. Then, again, the insufficiency of funds here, when rates fell in London and set free money to seek employment in India, resulted in a rush for telegraphic transfers mainly on the part of the Banks which led to the Secretary of State's action in raising the rate. I do not think I need justify or explain the Secretary of State's action. His reasons, and they are convincing, are given in the Despatch published in last Saturday's *Gazette*. I must say, with all deference, that this incident seems to me to have been exaggerated out of all shape and proportion. My hon'ble friend still seems to hanker after the idea that the Secretary of State should bind himself down to a maximum rate. Why should the Secretary of State give an undertaking that may be illusory? If the circumstances of this year repeated themselves, would my hon'ble friend deny that it was the first duty of the Secretary of State to ensure the stability of our currency? That there will be a practical maximum, I think, with the experience of this year to guide us in future, is fairly certain. My hon'ble friend would like to fortify that certainty, and to provide for a regular automatic conversion of gold into rupees by so amending the Gold Note Act of 1898 when it is prolonged, as Government has undertaken to do, as to empower the Government of India to issue notes or rupees against silver in transit purchased by gold tendered in London under the Act. This would be definitely providing for the instant conversion of gold received into silver; for the more immediate supply of rupees for the present-

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ation of gold, which I may say, in answer to the Hon'ble Maharaja of Darbhanga, is the measure of the coinage of silver. I may say that, personally, I have much sympathy with my hon'ble friend's suggestion though, at the same time, there is something to be said against introducing any change into the Act until we have had somewhat longer experience of gold as legal tender. I think I ought also to beg my hon'ble friend not to dangle the profits on silver too conspicuously before the eyes even of a most virtuous Government. Once let these profits become a determining factor in your action, then good-bye stability. However, I am certain his valuable suggestion for amending the Act II in the direction I have described will receive every consideration at the hands of Government.

"My hon'ble friend has also referred to the question of giving the Banks access to the Paper Currency Reserve in India. He must excuse me if I do not go fully into a question which is now under the consideration of the Secretary of State. But I fear that personally I do see on this question eye to eye with him. Nor can I for one moment understand or accept his statement that the Presidency Banks are the only Central Banks in the world that receive no assistance from the Paper Currency, or that 'in all countries with the exception of England the Currency can be readily expanded by issuing fiduciary paper.' We all hear a good deal of German expansion in these days, but my hon'ble friend is really anticipating a colossal expansion, in seeing that exceptional institution, the Imperial Bank of Germany, which works under conditions that do not exist in India, painted generally over the globe.

"I am afraid the change in the entry under the Famine Insurance grant from Reduction to Reduction or Avoidance of Debt has failed to commend itself to the Hon'ble Kunwar Sir Harnam Singh. Yet I submit it is quite clear and has a reason. If, *ex hypothesi*, we have to find three crores for Railway construction, and instead of borrowing three crores only borrow 70 crores and provide one from the unappropriated balance of the famine grant, surely we avoid debt. My hon'ble friend further suggests that an unappropriated balance should be invested in a separate fund, a suggestion in which I understand he is supported by the Hon'ble Mr. Ananda Charlu. I really cannot see the advantage of this. You would, on the one hand, invest a crore raised by taxation; and you would, with the other hand, borrow a crore, the interest accruing on your investment balancing the interest you pay on your loan. The only imaginable advantage of such a plan would be if, when famine came, Government could not find funds to meet famine expenditure,—an almost inconceivable state of

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things. This is not the case. My hon'ble friend also views with some misgiving the cashing of postal orders in Presidency-towns in gold among a people accustomed, for centuries, I understand him to say, to the exclusive use of silver coins. History hardly bears my hon'ble friend out in this latter assertion. Gold used to circulate till fifty years ago pretty freely in Southern India, and to some extent in Bengal. Indeed, when Lord Dalhousie demonetised gold, he received some earnest protests against his action, curious enough reading they are, from the native community. I think the notification need cause no misgiving. We did not issue it till people had themselves shown their desire for gold by voluntarily taking over £130,000. We are therefore proceeding gradually. Nor does my information tally with my hon'ble friend's as to sovereigns being sold in the bazaar with a batta. I have made a good many inquiries. I was told that this was the case at first, but has now ceased to be the case, and that sovereigns are passing freely. And the fact of their circulating freely is corroborated by the evidence of the Director-General of the Post Office. Very few complaints, and those only in the first three days, I think, were reported to the Director-General as being made to the payment of postal orders in sovereigns. Since the order came into force £34,000 have been paid out by Post Offices in Calcutta, £13,500 in Bombay, £3,500 in Madras and over £1,000 in Rangoon. The Currency Offices have also continued to pay out gold, though, as was to be expected, some gold, no doubt some of the gold paid out by the Post Offices, has been returned to them. The further issues of gold from Currency Offices since March 10th, when the amount was £130,700, to March 24th, have been £113,500, making a total of £244,200. The Presidency Banks have also issued gold in payment of Government cheques to the extent of, oddly enough, another £113,000. The issues to the public, as the Post Offices draw gold either from the Banks or Currency Offices, are represented by the sum of the last two figures, £358,000, taken by the public since we began to offer gold on January 15th.

"The Hon'ble Mr. Smeaton has raised two questions of behalf of his prosperous province of Burma. The first relates to the incidence of the duty on local salt, paid in the form of what is called composition on vessels used in its manufacture. There appears to be considerable diversity of view on this subject in Burma, and much doubt as to whether in any case the local industry is not doomed. The Financial Commissioner himself, I think, has expressed an opinion that the extinction of the industry, if gradual, would not do harm. But the position of the industry is complicated by the question of the Government fisheries, though I

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believe that any difficulties in this connection could be got over by adopting the Madras system of special issues of salt for fisheries at privileged rates. However, the Government has no intention of going about to compass the extinction of a local industry. But I am not sure that the question will not soon arise of raising the salt-tax in Burma to the same rate as in the rest of India. The problem before us now is so to raise and adjust the duty on local salt as to enable it to compete fairly with, but not to be protected against, imported salt paying a tax at one rupee per maund. For I think it must be recognized that the local duties are in some places too low. We have an instance of the composition duty in Bassein working out at five annas per maund. Well this gives an allowance for water with a vengeance. I cannot quite convince myself—I hope I do Burma no injustice—that if anything there is not a shadow of a desire there to give the duties just a little gentle protectionist turn in favour of their local salt. My hon'ble friend dissents. But my suspicions have been fortified by his desire to reduce or keep the duty low because the cost of production is high. Such a principle worked out to its logical conclusion would carry us very far. You could not vary the excise on cotton because one mill works cheaper or is nearer a railway than another. However, the subject is one still under the consideration of the Government of India.

"With regard to the second point, I am glad to learn from my hon'ble friend that the arrangement now made for giving telegraphic transfers in Calcutta or Rangoon at a fixed commission of $\frac{1}{2}$ per cent. has given satisfaction. I believe Rangoon will find that the arrangements will satisfy all requirements. To grant Council Bills on Rangoon is impracticable; and I shrewdly suspect that the Hon'ble Mr. Smeaton's Rangoon clients know this but threw in this demand to make sure of getting the transfers. I am afraid the payment of Councils half in gold and half in silver would not get over the difficulty. My hon'ble friend desires to complete the facilities for Rangoon by giving transfers not only in Calcutta, but in Bombay. I doubt whether this will be found necessary in practice. But there is no reason against the extension of the arrangement, though the commission to be paid in Bombay may have to be somewhat higher than in Calcutta.

"The Hon'ble Mr. Mehta propounds certain interesting questions which certainly could not be exhausted in this debate. Mr. Mehta asks, if I heard him aright, whether 'deficits owing to exchange were not turned into overflowing surpluses by the differences coming from the pockets of the people,'—a somewhat cryptic sentence. I understand Mr. Mehta by this to suggest that

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though a declining exchange may have embarrassed Government, yet it may have increased the popular wealth. I think if Mr. Mehta will look at the annual trade returns he will find that the largest trade returns are by no means coincident with the lowest or with a falling exchange. In fact, it is difficult to establish any relation between a low exchange and large exports, and the people who urge the plausible theory of a depreciated rupee stimulating exports have a bad quarter of an hour when they come to look at statistics. Mr. Mehta also means, I think, that the enhancement of the rupee may operate to some extent as an indirect tax on producers by lowering prices. This is a most intricate and difficult question. The facts, as we know, seem to point to the enhancement having had little or almost no effect of the kind. But, assuming the appreciation of the rupee had had such an effect, that effect measured in rupees would certainly be much less than the direct taxation to which Government would have been obliged to resort if, for instance, we had an 11d. rupee to-day, and had to raise the same number of rupees as to-day.

"The Hon'ble Mr. Mehta is also disposed to challenge our small surplus of twenty-four lakhs as fictitious. He thinks we have taken land revenue too high next year, and so does the Hon'ble Sir Harnam Singh that we have not allowed sufficiently for the depression of the people, the loss of cattle, etc. This may be a matter of opinion. But I can assure my hon'ble friend that the estimates have been cautiously framed by the Revenue and Finance Departments in consultation with Local Governments, and with good rains next year we expect to see them justified. For his own Presidency we have accepted without any modification the estimates of the Local Government. Mr. Mehta asks for some figures of plague expenditure. He correctly states that in the Budget Estimate of 1899-1900 provision to the extent of about 12½ lakhs was made for direct expenditure on plague in Bombay, and asks what became of that amount, whether it was 'absorbed'. I don't know about its being absorbed, but it was duly spent, indeed more than this was spent, for the Imperial Government made a contribution to Provincial Revenues of 12½ lakhs for plague account, and in addition a special contribution of about a lakh, to cover the cost of the Research Laboratory. The distribution of this sum or otherwise among the Municipalities is a question for the Government of Bombay. I may with advantage lay on the

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table a statement showing the direct expenditure on plague in the Revised Estimate of 1899-1900, and the Budget Estimate of 1900-1901 :—

Direct expenditure for the prevention of plague.

	Revised Estimate, 1899-1900. ₹	Budget Estimate, 1900-1901. ₹
India	2,50,000	2,17,000
Central Provinces	1,22,000	1,21,000
Assam	12,000	15,000
Bengal	5,42,000	3,75,000
North-Western Provinces and Oudh	2,92,000	3,10,000
Punjab	1,31,000	59,000
Madras	5,87,000	3,73,000
Bombay	15,72,000	15,38,000
TOTAL	35,08,000	30,08,000

"It is also a complaint that Civil Works in Bombay have been cut down. I am afraid when famine and plague are raging you cannot carry on everything else on a normal scale. If you have heavy doctor's bills to pay in a private house, you are often reduced to curtail some customary expenditure. But Mr. Mehta has an absolutely dogged, rooted and radical objection to our small surplus. If he cannot make it disappear in some other way, he has, at any rate, one last way of polishing it off—a final Happy Despatch. Give it to Bombay, he cries. Now I have every sympathy for the sore trials—and very sore trials they are—of the Western Presidency, but assuredly, as the French say, the appetite does come by eating. Bombay is receiving from Imperial Funds 248 lakhs, all she asks for on account of famine, and over 34 lakhs for a general grant-in-aid, for other objects, including plague, some 283 lakhs in all. And Mr. Mehta wants to try her digestion further with our little surplus.

1900 "The Hon'ble Mr. Spence has brought to notice that there is no account given in the Financial Statement of the Provincial balances. I am afraid I must confess this omission, but I can only say that the entry of the Provincial balances as regards very many of the Provinces have been so entirely fictitious that we thought it was hardly worth putting these entries in. I have no

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doubt that in another year, when this entry will become, as I hope it will become, less fictitious as regards my hon'ble friend's own province, it will be duly put in by the Department.

"In conclusion, after conveying my thanks to my colleagues in this Council for their kind language in reference to myself, there remains one other pleasant duty before me, and that is to express my most sincere thanks to the Members of the Finance Department for the hearty co-operation and support accorded to me during this year. And above all my thanks are due to the Secretary, Mr. Finlay, whose loyalty, knowledge and zeal are above all recognition, and who has most ungrudgingly in every way given to me of his best."

His Excellency THE PRESIDENT said :—"I should like to thank Hon'ble Members for the readiness which they have shown to act upon the suggestion which I ventured to make at the beginning of this sitting, namely, that such parts of their proposed speeches as dealt with matters of a technical character, or were likely to extend to unusual length, should be taken as read, and should be laid upon the table for subsequent publication in the *Gazette*.

"In closing this last debate of the present Session of Council, I am constrained to admit that it has not been a Session very prolific in legislation. It has not, for that reason, been, in my opinion, any the worse. On the contrary, I think that we opened the Session with too full a wallet. Our Session is, owing to the conditions of our life at Calcutta, necessarily limited in duration. All the stages of legislation, after the preliminary enquiries and introduction of the various Bills, have practically to be got through in the space of three months. In the case of small or uncontentious measures this is enough, and more than enough. In the case of an important measure, which has been long debated, and has probably only reached the stage of legislation after years of previous discussion, it may also be sufficient. But I doubt if it is sufficient in cases where several important measures may be simultaneously on the Agenda paper, and where, in the course of examination of the Bills themselves, acute difference of opinion may be developed, or alterations may be made in a Bill in Select Committee or elsewhere that radically affect its original character. In such cases I would sooner be charged with undue caution than with extravagant haste. We are free in India from the particular temptation that impels Governments to legislate at all hazards in the British Parliament, namely, the desire either to fulfil the promises sometimes rashly given upon platforms at a previous election, or to establish a better record than their political opponents for the purposes of the ensuing

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one. Being free from these temptations, and having no standard of action beyond our own sense of responsibility, and of the public needs, I think that it behoves us to legislate sparingly, to look very closely to the quality, and not too much to the quantity, of our output, and, while very jealously guarding the duty of Government, which is to lead public opinion, and in no way to abrogate the supreme authority vested in us—at the same time not to push our measures through with undue precipitation, above all, not to give to any party or interest the idea that its views have been imperfectly considered, or contemptuously brushed aside.

“For these reasons we have, during the present Session, postponed the Assam Labour Bill, upon which we did not receive, until too late a date, all the replies that we had asked for; and the Coal Mines Bill, in which amendments so substantial were introduced in Select Committee, that we felt it desirable again to consult the Local Governments, before proceeding further with the Bill. It was on similar grounds that I announced the withdrawal of the Press Messages Bill ten days ago. Now there may be some people who may make this series of postponements a source of reproach, and may interpret them as a sign of weak or distracted counsels. I do not think that, at any rate in the present case, there would be the slightest justification for such a reproach. Speaking for the rest of my colleagues as well as myself, I can truthfully say that we have acted only after careful deliberation and in the public interest; and I believe that our decision has been ratified by public opinion, and has been acceptable to the majority of Hon’ble Members who sit upon this Council. For my own part, I say unhesitatingly that, in proportion as our Legislative machinery in India is prompt and powerful in its action, and is free from many of the clogs that impede legislation in England—so should it only be employed with much forethought and deliberation. That does not mean for a moment that Government must never pass unpopular Bills. All legislation is unpopular with somebody; and I have seen enough of Parliamentary life to have heard the most salutary measures denounced as iniquitous at the time of their introduction, and to have seen Statesmen and Governments savagely abused for the passing of Acts which were afterwards extolled as their principal title to fame. I daresay, therefore, that this Council in my time will pass some Bills that will be stoutly resisted and roundly assailed. All I hope is that we shall not be guilty of the particular vice of legislation in a hurry.”

“Passing from these general considerations to the discussion in which we are at present engaged, it will, I am sure, be the opinion of all who heard the Hon’ble

Mr. Dawkins last Wednesday, that he placed before us a clear and even luminous statement, dealing with a large variety of subjects, and a great mass of figures, with the easy confidence that betrays the hand of the master and wins the confidence of the pupil. I am sure that we all of us regret that we shall not listen to many more such statements from his lips, and that the Government of India will not profit in future years by Mr. Dawkins' wide experience and expert counsel. He is unfortunately leaving us, after a too brief period of Indian service. During that time he has had to contend with circumstances representing a transitional phase in our financial history; and he has further seen all prospect of a notable Budget, of a large surplus, of great schemes, of a sensible relief of taxation—in fact all the legitimate aspirations of a financier—stolen from him by the sad famine against which we are now struggling. One by one, therefore, his Spanish castles have been dissolved in thin air, and he has been compelled to present a curtailed programme and a stern business statement, in which, if there is nothing startling or sensational, it is yet a matter of sincere congratulation, not merely that equilibrium is maintained, but that a slight surplus is even estimated for the forthcoming year. Nevertheless, in his year of office Mr. Dawkins has not failed to leave his mark, and it will be found to be a durable mark, upon our financial history and system. He has successfully inaugurated the new era under which the sovereign has become legal tender in India, and stability in exchange has assumed what we hope may be a stereotyped form. This great change has been introduced in defiance of the vaticinations of all the prophets of evil, and more especially of the particular prophecy that we could not get gold to come to India, that we could not keep it in our hands if we got it here, but that it would slip so quickly through our fingers that we should even have to borrow to maintain the necessary supply. As a matter of fact, we are almost in the position of the mythological king, who prayed that all he touched might be turned into gold, and was then rather painfully surprised when he found that his food had been converted into the same somewhat indigestible material. So much gold, indeed, have we got, that we are now giving gold for rupees as well as rupees for gold, *i.e.*, we are really in the enjoyment of complete convertibility—a state of affairs which would have been derided as impossible by the experts a year ago. Mr. Dawkins has further introduced several useful reforms in the method of stating our accounts. That delusive column that appeared to represent Loss by Exchange has vanished. The dreadful and bewildering symbol of Rx. has been politely bowed out of existence. I remember last year, when still a newcomer from England, and before I had become accustomed to the multiplicity of Indian financial symbols, being considerably puzzled at the occurrence in the same statement of no less than five different methods of computation, *viz.*,

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Rupees, Tens of Rupees, Pounds Sterling, Lacs and Crores. Now, I have never myself understood why finance, because it is complex, need also be made obscure. But Mr. Dawkins is one of the few financiers whom I have found willing to subscribe to that elementary proposition. A useful step has also been taken by him by which the only public works that will in future be charged against the Annual Famine Grant, or as it is sometimes called, Famine Insurance Fund, of 1½ crores—will be works that are designed and executed exclusively as a protection against famine. This does not mean that such works can be brought up to the full margin of the grant, for protective public works are necessarily limited in number. What it does mean is that the allocation of the grant for such famine protective purposes as are available will be more easily traceable, the unappropriated balance being devoted as now to avoidance of debt. Perhaps in this respect we may be able to carry correct definition even further in the future. During his term of office Mr. Dawkins has further adopted a liberal policy in his attitude towards banking and other enterprise in this country: and if he has not been here long enough to carry to a final conclusion the important question of banking amalgamation or reform, he has appreciably expedited the solution of the problem, and has facilitated the labours of his successor by the free and fearless discussion which he has inaugurated, both in private conference and in public despatch, upon this momentous issue. Finally, in the reply to which we have just listened, Mr. Dawkins has shown an ability to meet the criticisms which have been passed upon his Budget in the course of this debate which renders it a cause of additional regret that this is the last occasion on which we shall listen to a similar performance from him.

“Such are some at any rate of the services which have been rendered by our retiring Finance Member. I now pass to an examination of certain features in the Budget, and of the observations that have fallen from some of my Hon’ble Colleagues this afternoon.

“It has been made abundantly clear that the main source of disturbance in the calculations, both of the past and the ensuing financial year, has been famine. But for famine Mr. Dawkins would have had a great surplus, and might have introduced what is generally known as a popular Budget. Let me endeavour to give you an idea of the extent to which this cyclonic disturbance has affected, and is still affecting, India. I put on one side for the moment the fact, which is known to you all from the weekly Gazette, that we are now engaged in relieving, in one form or another, nearly 5,000,000 persons, more than the entire population of many not inconsiderable States. Such a thing has

never been heard of before in the history of Indian or indeed of any other famine. How greatly this famine transcends in importance its predecessor may be illustrated by the fact that in the Central Provinces, the centre of the deepest scarcity, both in the famine of 1897 and now, whereas at the height of the 1897 famine, *i.e.*, at the close of the month of May, less than 700,000 persons were in receipt of relief, on the present occasion, $1\frac{1}{2}$ million of persons are already receiving relief at the end of March. In one district alone, that of Raipur, over 30 per cent. of the whole population are upon relief, *i.e.*, 500,000 persons, out of a total of 1,600,000, are being supported by the State. In four districts of Bombay between 20 and 30 per cent. of the entire population, in three districts of Berar 20 per cent., and in the Ajmer-Merwara Division 20 per cent., are on relief.

"But let me represent the severity of the affliction to you from another point of view. I see it sometimes stated, and the critics of British rule in India are very fond of this argument, that the real causes of recurring famine are not the failure of rain, the exhaustion of the soil, or the loss of crops, but the pressure of land taxation and the drain upon the resources of the people. Now I cannot pause to-day to discuss the question of land assessments. We have listened to some interesting observations on the subject from Mr. Bose, the Maharaja of Darbhanga, and Mr. Mehta. What they have said will have the earnest attention of Government. But I may point out, in terms of pounds, shillings, and pence, exactly what a great Indian drought does involve in the destruction of agricultural wealth; and those who hear the figures may then judge how far any revision or modification of our revenue system, putting aside the question whether it be or be not desirable or feasible, would of itself alone enable an agricultural population to stand the shock of a calamity at once so sudden and so devastating.

"The wheat crop of India averages 6 million tons, worth at least £24,000,000. This year the estimates received from the provinces point to a crop of about 3,000,000 tons. Even if we allow that the money value of these 3,000,000 tons in a famine year is greater than in an ordinary year, we yet cannot put the losses of the Indian agriculturist on this one crop alone at less than from £8,000,000 to £10,000,000. Take another great staple crop—cotton. The Indian cotton crop averages in value £12,000,000 sterling. This year its outside value does not exceed £5,000,000, or a loss of £7,000,000 sterling. A third great crop is oilseed, namely, linseed and rapeseed. It ordinarily covers 18 millions of acres. In

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the present year this crop is practically non-existent outside of Bengal, the North-Western Provinces and Oudh.

"These losses, great as they are in relation to the annual produce of India as a whole, are still greater in relation to the produce of the famine region, to which they are practically confined. I will take the case of a single province. A very careful return of this year's harvests of food-grains has just been received from Bombay. On a very moderate computation, the loss to the cultivators in that Presidency, as compared with the value of the harvests in preceding years, has been £15,000,000. They have also lost about £4,000,000 on their cotton crop. What they have further lost in the matter of cattle it is impossible to conjecture, but the figures must be enormous.

"These facts appear to me to be sufficient of themselves to explain how it is that the present famine is so terrible, and the distress so great; and how impossible it would be for any Government to anticipate the consequences of a visitation of nature on so gigantic and ruinous a scale.

"Now let me turn to the financial aspect of the famine. The cost of famine to the Government of India is incurred in a number of different ways, in direct famine grants to the Local Governments, in the decrease of revenue arising from suspensions and remissions, in indirect expenditure, and in increase of prices. Summarising these heads, I find that the cost of the present famine, partly estimated, partly already incurred, will be somewhat as follows. Famine relief in the past year, 308½ lakhs, in the ensuing year, 500½ lakhs; loss of revenue in the past year, 236 lakhs, in the ensuing year, 121 lakhs; compensation for dearness of provisions and increase in cost of food-supplies in the past year, 37 lakhs, in the ensuing year, 71 lakhs, or a grand total of over 12½ crores, or nearly 8½ millions sterling. To this should be added the temporary cost of other direct charges, such as loans to Native States, amounting in the past year to 48 lakhs, in the ensuing year to 75 lakhs, and agricultural advances amounting to 37½ and 20 lakhs in the two years, respectively.

"So much for the financial aspect of famine. Perhaps the figures of cost, when viewed alongside of those of the numbers of persons affected, and the loss of crops involved, may give to the public some sort of idea what a great famine in India means. That to some extent its magnitude has already been realised in England is, I think, clear from the liberal contributions that are now pouring in upon us from British sources. I am confident that I shall not err if I take advantage of the present opportunity to express our united acknowledgments to

the Lord Mayor of London, in particular, and to the Lord Mayors and Mayors of other great towns in Great Britain and Ireland, for the patriotic readiness with which they have inaugurated the various relief funds, and also to the generous British public for the splendid manner in which, in the midst of all their distractions, they have remembered our sorrows, and are, weekly and daily, giving of their substance for India's relief. We have done our best for them in respect of their war; and they are nobly repaying the obligation in respect of our famine. Nor must we fail to include in our thanks those British Colonies in both hemispheres who are once again showing a most practical sympathy with our misfortunes; and whose union with the mother country and with her great Asiatic dependency, whether it be for the purpose of conducting a war, or for that of alleviating the suffering of the masses—strikes a harmonious and resounding note at the dawn of a new century, which will re-echo throughout the world.

When in the month of December last a warning Circular was issued by the Government of India concerning relief tests and relief distribution, apprehension was expressed in some quarters that its purport might be misunderstood by the Local Governments, who might thereby be led to restrict relief to a dangerous degree, and to read into the cautious utterances of the Supreme Government, a hint that relief *must* be contracted, and expenditure curtailed, however urgent the requirements of the people. The Circular has now been in operation for three months. The numbers upon relief are in themselves sufficient to show how little ground there was for the apprehensions which I have quoted. On the other hand, we know from the replies of Local Governments that our insistence on the proper application of tests and precautions, and on the limitation of relief to the strict necessities of the case, was greatly needed; and that our warning has led to very desirable reforms. We are satisfied from the reports as to the health and general condition of the people in the distressed tracts which we constantly receive that sufficient relief is being given, and we also have the best of reasons for believing that, had not the conditions of relief been made more stringent, and had not additional precautions been applied, the State would now be engaged in the support of many who were by no means at the end of their resources.

“There remains one more test which I should like to apply to our famine-relief system. I refer to the test of the death-rate. I have called for the figures, and I have been astonished at the number of famine-stricken provinces and districts in which the mortality is scarcely at all in excess of the normal. In the Central Provinces, there is only a single district in which the excess is so

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marked as to attract attention I saw a letter a day or two ago from a visitor to the worst area in that province, and he reported that there was little to distinguish the persons upon relief-works from labourers engaged upon Government work in ordinary times. I understand the same impression to be borne out by the personal experience of Mr. Rees. Contrast these facts with the shocking mortality in the last famine. In some of the districts of Bombay, in Berar, and in Ajmere, where the death-rate has risen, the chief cause of the deaths attributed to privation is the enormous influx of destitute refugees from the neighbouring Native States, where the same perfection of relief-works, and the same care for the life of the people do not exist. I am afraid that in many of these States deaths from starvation are numerous. Jaipur is managing its own relief generously and well; but in January 1,250 deaths from starvation were reported, mostly wanderers from Marwar. In the same month, 250 starvation deaths were reported from Kotah. In Udaipur, which has been very backward, there were 1,100 starvation deaths in January, and 3,250 in February. I might quote other and similar cases. The problem in Native States is a difficult one, arising from the want of experience of the Durbars, the complete novelty to many of their number of the principle itself of State-relief, the lack of organisation, and the wild character of some of the hill tribes. Many of the Native princes have shown wonderful energy and public spirit. But the real efficacy of the system adopted by the Government of India is best shown by contrasting it with that which prevails in adjoining tracts not directly under British administration. The experience of such a famine as this is enough to extinguish for ever the fallacy that these visitations are less severe in their incidence, or less calamitous in their result in Native territory than they are in British India. The figures and facts prove irrefutably an entirely opposite condition of affairs.

“ Now in connection with Famine, there are two classes of remedial or preventive measures frequently suggested to us, about which I should like, at this stage, to say a word. The employers of labour in India are in the habit of saying—‘ Here we are in great straits for want of labour in our mines, our factories, or our mills. On the other hand, only a few hundred miles away are thousands of able-bodied persons, who are only being saved from starvation by the intervention, and at the cost, of Government. Why does not Government spare its own pocket, and at the same time help us, by moving these people from where they are not wanted to where they are? Nothing, indeed, can sound more simple on paper. But nothing is more difficult in practice. In the first place, human labour, and particularly native labour, is not like a cartload of bricks, or gravel, or stones,

which can be taken up here and dumped down there, wherever you please. In the second place, we and our officers have too much to do in time of famine to be able to convert Government into a sort of vast Emigration Bureau. For such a purpose is wanted a close enquiry into the conditions of labour, the organization of transport, protection of the labour when transported, and so on. If we undertake to move these large batches of men, we shall also, if the experiment proves a failure, be held responsible, and shall have to bring them back again. In all likelihood very many of them would die on the way. Now that is not primarily our business. It is emphatically a case in which capital should help itself, and should not shift its own responsibility on to Government. It is the business of Government to lend every assistance in its power, and that I would most gladly do. But I should like to see the employers of labour a little more willing to help themselves. I know that, if I were one of their number, and were in need of labour, I would have my agents out at once, travelling here, there, and everywhere, and picking out the stuff that I wanted in suitable provinces and localities.

"The second suggestion that is frequently made to me, I admit as a rule from the outside of India, where I am afraid that a good deal of ignorance of the actual position prevails, is that the obvious method to stop famines is to introduce irrigation. Some of these writers seem to plume themselves upon the originality of the idea, and to be unaware that such a thing as irrigation has ever been heard of in India, or has been so much as attempted here. They do not seem to realise that irrigation has been going on in India for quite a considerable number of years, that about 19 millions of acres in India are already under irrigation, and that upon the works so undertaken has been spent a capital outlay of no less than 25½ millions sterling. Worthy people write me letters based upon the hypothesis that any Indian river which ultimately discharges its waters into the sea is really so much agricultural wealth gone astray, which somehow or other the Government of India ought to have got hold of at an earlier stage, and turned into crops and gardens. Now I have had a very careful estimate made out for me of the extent of *fresh* ground in the whole of India which we are likely to be able to bring under cultivation, either by new irrigation projects, or by extensions of existing systems. Under the head of Productive works, *i.e.*, works which may be expected to yield a net revenue that will more than cover the interest on the capital outlay, the estimated increment is about 3½ million acres, and the estimated outlay between 8 and 9 millions sterling. Under the head of Protective works, *i.e.*, works which will not pay, and which inasmuch as they constitute a permanent financial burden on the

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State, can only be undertaken in exceptional cases, and then as a rule do very little towards the prevention of famine, we contemplate spending about 10 lakhs a year, and shall probably in this way about double the area of 300,000 acres which is covered by that character of work at the present time. It seems therefore that the total practicable increase to the irrigable area of India under both heads will not amount to much more than 4,000,000 acres. This increase will, of course, be of value in its addition to the total food-supplying area of the country; in the employment of labour thereby given, and in its effect upon prices in time of famine. But I am afraid that it cannot be expected to secure immunity from drought to districts now liable to famine, or to help directly their suffering inhabitants. Indeed, when a desert tract is brought under cultivation, a stimulus is given to the growth of population, and more mouths have in time to be fed. The fact remains that the majority of the irrigation works that were most feasible, or most urgently required as protective measures against famine, have now been carried out, and that there is not in irrigation that prospect of quite indefinite expansion with which the popular idea sometimes credits it. At the same time, I am so much in agreement with the general proposition which has received a good deal of support from many quarters in the course of the present debate, that irrigation should be encouraged, both because of the extension thereby given to the growth of food-supplies in this country, and because, in the case of what are known as Productive works, of the extraordinarily remunerative character of the capital outlay, that, I have inaugurated, since I came to India, a definite and, as I hope, a permanent extension (so long as we can find the works to undertake) of our Irrigation programme. In my predecessor's time, the annual Irrigation grant amounted to 75 lakhs. Last year I persuaded Sir James Westland to increase this; and in the financial year just expired we have spent 90 lakhs, some of it being directly applied to the provision of labour in famine districts; while during the forthcoming year, in spite of the general curtailment of our programme owing to famine, I have prevailed upon Mr. Dawkins to fix the Irrigation grant at 100 lakhs, or one crore of rupees. I am hopeful that generosity in this respect will not be a misplaced virtue, either in the direct returns that it will bring in, or in its general effect upon the prosperity of the country. For the reasons that I have named, I doubt whether irrigation can continue to do as much in the future as it has done in the past, owing to the gradual exhaustion of the majority of the big schemes. Still even if our sphere of action is less grandiose and spacious than in bygone days, I believe that, for a long time to come, and certainly during my day, we shall find more than enough to occupy our funds with smaller and less ambitious designs.

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"I pass to the question of military expenditure. The principal military incident of the past year has of course been the campaign in South Africa, to which we have lent a force of rather over 8,000 British officers and men from India, as well as some 3,000 Natives for non-combatant services. Now, I myself should have been glad if the British Government had seen their way to employ some of our gallant Native regiments, infantry, and perhaps still more cavalry, as well; and at an early stage in the war, I made the offer, on behalf of the Government of India, to send a large force. I should have been willing to send 10,000 men. I believe that had the offer been accepted, it would have provoked an outburst of the heartiest satisfaction in this country, where the manifestations of loyalty have been so wide-spread, and, in my opinion, so conspicuously genuine. You must not imagine for a moment that the Home Government were indifferent to the offer, or were unconscious of the great display of patriotism in India that would have more than justified its acceptance. They were as well aware of these facts, and as grateful for the spirit displayed, as has been Her Majesty the Queen-Empress, who, throughout the war has not ceased to press upon me her desire that I should lose no opportunity of testifying her admiration for the devoted loyalty of the Indian princes, the Indian army, and the Indian people. Nor did the refusal of the offer involve the slightest slur upon the Native army. It was refused for more reasons than one. It was thought undesirable to import any racial element into the contest. The British on one side were engaged in fighting the Boers on the other; and, had other combatants been engaged, it might not have stopped at Indian forces. There was the further consideration that, had Great Britain transferred a portion of her great Indian army to fight her battles in South Africa, an impression might have been produced that her own strength in white men was not sufficient for the strain of a second-class campaign; an impression which might have had unfortunate consequences in its effect upon a local population perpetually hovering on the verge of revolt. For these reasons the offer was declined.

"Now, it cannot be expected for one moment that a war so momentous—revolutionising all our ideas—and not ours alone, but those of the entire world—upon questions of armament, of tactics, and of the whole science and practice of warfare—should pass by without leaving a direct impress upon the military policy of India, as it will do upon that of every military power in the globe. A storm has taken place in the great ocean, the commotion caused by which will be felt thousands of miles away on every beach and shore. Here, as elsewhere, we shall require to set our own house in order, to overhaul our

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[The President.]

military machine, and to profit by the lessons learned. We have already set to work to do it. Do not imagine that these sorts of reforms can anywhere be undertaken without an additional outlay. The first result of the Transvaal war will, I firmly believe, be an increase to the budget of every military nation in the world. If two small republics, however rich in money and in guns, could stand up for four months against the main strength of the British army, and could put the British nation to an expenditure which, before the entire bill is paid, may be nearer to 100 millions than 50, are we to stint the annual expenditure that may be required to protect this vast Empire of India, as large as the whole of Europe without Russia, against the infinitely more formidable dangers by which it may one day be threatened? I venture to say that no sterner critic, and no more uncompromising foe of extravagance, or of levity in military expenditure, has ever entered the offices of the Government of India than myself. But at the same time, as head of that Government, I know my responsibilities, and, if my colleagues and I are convinced that the military protection of India against the perils by which she may be menaced absolutely require that this or that expenditure should be incurred, we shall not flinch from undertaking it. My greatest ambition is to have a peaceful time in India, and to devote all my energies to the work of administrative and material development, in which there are so many reforms that cry aloud to be undertaken. I see no present reason why those aspirations should be interrupted or destroyed. But I do not wish or mean to place myself in a position in which later on, should the peril come, public opinion shall be able to turn round upon me and say, 'We trusted you; we would have given you what you asked for the legitimate defence of India. But you neither foresaw the future, nor gauged the present; and yours is the responsibility of failure, if failure there be'.

"I say then that I see no chance of a reduction in the military estimates for some time to come. There are many respects in which we can save, or in which expenditure can be overhauled, scrutinised, and cut down. In the present and following year we shall make a very considerable saving in consequence of the Frontier Policy which has been inaugurated during the past 12 months, and in the withdrawal of regular troops serving beyond our administrative frontier. There are many such fields of possible reduction. But the sum total of these economies is small in relation to the heavy items of expenditure that cannot possibly be escaped. Take re-armament alone. Sir E. Collen has told us in his Memorandum that the cost of re-arming the Native army and Volunteers in India with a magazine rifle will amount to 1½ crores by itself, and yet who would urge for a moment that the expenditure should not be undertaken, or

should be unduly delayed? If we are spending over 12 crores in two years, as I have remarked in an earlier part of my speech, in saving 50 millions of people from the peril of death by starvation, shall we grudge the crores that may be required to save 300 millions of people from the perils—almost worse than death of disorder, and anarchy and chaos that might ensue were the British arms on or beyond the frontiers of India at any time to experience a serious disaster? Let not any one carry away the idea that because for a few months, or even for a year, we have been able to spare 8,000 of our British troops for Africa, the British garrison in India can be permanently reduced by that amount. There can be no more complete or foolish illusion. Because a man lends for a night the watchdog that guards his house to a neighbour who is being attacked by robbers, does it, therefore, follow that his own house will be able to get on in future without protection? There is always some risk in denuding India of any considerable portion of her garrison. That risk is greater or less according to the conditions of the time, and the attitude of neighbouring powers. It was present upon the present occasion, and the late Commander-in-Chief and I, in deciding to lend to Her Majesty's Government a certain number of troops for South Africa—and here let me remark in passing that the papers have been wrong in speaking of the demands or orders of Her Majesty's Government, seeing that the latter have never done, and could not do, more than ask us to lend what we might be willing to spare—took upon ourselves to run that risk. But because we are likely to surmount it successfully on this occasion, would it be statesmanship to make the risk permanent?

"I wonder if those persons who employ this curious argument would have said that, if we had been able to accept the offers of the various Native Princes who so loyally proffered their personal services to the campaign, it was a proof that India could get on permanently without those Chiefs; or, supposing we had sent 10,000 or 20,000 Native troops to South Africa, that the Native army ought, therefore, in future, to be reduced by that number. Let no one, therefore, be taken in by this sort of argument. These are not days when the military strength of any empire is likely to be reduced. They are not days when the military strength of the Indian Empire can with safety be reduced. If Lord Dufferin could hold 14 years ago that the present armed strength of India, which was raised by him to its present total, was necessary for the preservation of order in this great country, for the fulfilment of our engagements, and for the protection of our boundaries, will any sensible man be found to tell me that anything has occurred since, whether it be in the experience of warfare in South Africa, or

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[The President.]

whether it be in the events that we hear of from day to day in Central Asia and on the borders of Afghanistan, to prove that we can now fulfil our obligations with less ? No, there are two great duties of Imperial statesmanship in India. The first is to make all these millions of people, if possible, happier, more contented, more prosperous. The second is to keep them and their property safe. We are not going, for the sake of the one duty, to neglect the other. We would prefer to discharge our responsibility,—and it is no light one—in respect of both. With these remarks I will bring the present debate to a close, and will now adjourn this Council *sine die*.

CALCUTTA ;
The 30th March, 1900. }

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