

*Wednesday,
27th March, 1901*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

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

The Council met at Government House, Calcutta, on Wednesday, the 27th March, 1901.

PRESENT :

His Excellency Baron Curzon, 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, G.C.I.E., C.B.

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

The Hon'ble Sir C. M. Rivaz, K.C.S.I.

The Hon'ble Mr. T. Raleigh.

The Hon'ble Sir E. F.G. Law, K.C.M.G.

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

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

The Hon'ble Mr. J. Buckingham, C.I.E.

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

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

The Hon'ble Sir Allan Arthur, Kt.

The Hon'ble Sir A. Wingate, K.C.I.E.

The Hon'ble Mr. F. A. Nicholson, C.I.E.

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

The Hon'ble Mr. C. W. Bolton, C.S.I.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. R. P. Ashton.

The Hon'ble Mr. R. H. Henderson.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1901-1902.

The Hon'ble SIR EDWARD LAW moved that the Financial Statement for 1901-1902 be taken into consideration.

His Excellency THE PRESIDENT said:—"If any Hon'ble Member cares in the course of this debate to adopt the plan that was followed in some cases last year, of laying upon the table either his speech, or such portions of his speech as are of a detailed or technical character, I will not stand in the way of his doing so."

The Hon'ble Mr. ASHTON said :—" My Lord, that part of the Budget which relates to railways has such a direct bearing on the industry which I represent in this Council, that I venture to ask permission to make the following remarks.

"I see with very great satisfaction the steps that have been taken by Government to more clearly differentiate between expenditure incurred on behalf of those enterprises which are profitable both in respect to their indirect benefits to the country and in respect to their very satisfactory working balances and on expenditure on the general administration and defence of the country.

"The subject of the separation of railway accounts from the general accounts of the country has engaged much public attention of late years. At the time of the currency agitation it was pointed out how the aspect of that item which was called 'Exchange' in Government accounts, but which was called 'Loss by Exchange' in controversy, was made more serious by balances that were transferred to it from actually profitable undertakings. Mr. Clinton Dawkins referred last year to the misapprehension which arose from this and kindred circumstances which he justly said confounded the public and misled even English financial experts. I think I detect in Mr. Dawkins' use of the word *even* an insinuation that experts other than English were misled to a still greater extent. I refer to this merely to show how the want of clearness in the Government accounts has led to misapprehension in the past. In later times, however, the subject has forced itself on public attention in connection with the influence that it has had in times of stress and famine in preventing the development and working of open main lines of railway which for want of funds have been starved and have therefore not been in a position to earn so much as they would have done had their demands been met as they deserved and required to be met. Within the last twelve months the British Chambers of Commerce, the Indian Chambers of Commerce and many other authorities have strongly urged the very separation of accounts towards which Government has now so wisely taken the first steps. But, my Lord, while greater authorities here and at home have been arguing the need of reform, the same need has been forced on the attention of the coal-trade by a most instructive object lesson. When these Chambers of Commerce were discussing the subject in England, the Acting Agent of the East Indian Railway was advising the Bengal Chamber of Commerce that the wagon supply could not be kept up to requirements, because, though Government sanctioned additions to the supply, they withheld the grant of money necessary to pay for them. To quote his own words :—

' The amount of money available for the purpose of the Company from time to time depends entirely upon the provision in the General Budget Estimates of the Government

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of India and the allotments made therefrom, and for the last two years, owing presumably to financial difficulties, the amounts so provided or apportioned by the Government of India for expenditure on the requirements of the East Indian Railway have fallen short of the requirements of the Company, both for the provision of admittedly necessary works and accommodation to deal effectively with the increasing traffic, and also for the engines and rolling stock to move it.'

'This led to correspondence between the Indian Mining Association, the Chamber and Government, eliciting from the last a letter dated 4th October explaining the difficulties to which the present system led. I quote the following extract:—

'Such difficulties as may have been experienced are due to the impossibility of always ensuring that the actual disbursements on account of sanctioned indents shall coincide with the year against the allotment for which they have been certified. It takes a considerable time to obtain the stores required, and it would be of no use to set aside funds in a year prior to which it may be anticipated that the outlay will be incurred. Even so, it not infrequently happens that, owing to various circumstances, the supply is not obtained as early as anticipated, and in such cases the liability for payment has to be thrown forward to another year. It also sometimes happens, on the other hand, that articles are obtained earlier than was expected, and in that case an additional provision to meet their cost is demanded. Difficulties of this sort, however, are obviously beyond the control of the Government of India, who have discharged their responsibility in providing funds according to the forecast of the railway authorities. They are to a great extent also beyond the control of the railway authorities, and, so far as that is the case, must be accepted as among the inevitable drawbacks of the system under which the funds required for railway expenditure are at present provided.'

'Now, my Lord, I do not feel competent to say how far the new system of accounts will mend matters. But I do not like those words 'obviously beyond the control' of Government, who have 'discharged their responsibility' and 'inevitable drawback.' The Hon'ble Sir Arthur Trevor last year admitted that the making of one desirable line was postponed because difficulty arose in finding money for the line within the programme. Will the new system prevent a recurrence of such an incident? As at present happens and as I understand will still be the case, the schedule for each official year which begins with April is prepared in October previously, although, as pointed out by the Agent of the East Indian Railway, it is in the very nature of a railway business that requirements of a pressing nature often declare themselves after the Railway has submitted its schedule. Surely this is wrong. Is there not still fear that railways will be again starved of funds when the country's cash balances are being eaten up by famine or war expenditure, and can

we be sure that we are free of a system which weakens the chief power which the country possesses both for fighting famine and for making good the losses which famine causes to our revenue? I do not ask these questions with the view to advocating the spending of money on new railways, some of them in districts that are already furnished with lines of communication. The Hon'ble Maharaja of Durbhanga, for instance, last year drew attention to the folly of devoting funds to the extension of the hill sections of the Assam Railway which are not wanted and can only be a loss to the country, while money was required for the most elementary necessities of railways connecting the coal-fields of Bengal with the great industrial centres. But, my Lord, I am particularly referring to those existing and profitable railways whose further development is so important and who can show without any elaborate demonstration or estimates that they return a good percentage on every rupee which Government can borrow for them. May we now feel certain that Government will in future years provide fully for expenditure on the construction of profitable main line branches, and for the provision of suitable and sufficient rolling stock for main and branch lines which are immediately remunerative, undeterred by the claims of lines for military purposes and famine-reliefs, or by the claims of new railways for opening up new districts? The first class of railway work is so distinct in character from the others that it seems absolutely wrong to make it subservient thereto or dependent on what can be spared from the general revenues of the country. It seems to me the Public Works Department will in spite of the reforms made still be bound by hard-and-fast lines, for though in the new railway programme precedence is arranged on most unimpeachable lines, there appears to me nothing to prevent such precedence being absolutely upset by a recurrence of difficulties such as have been lately experienced. I fear that of late railways for the purposes of administration have swallowed up an undue portion of the funds which the Finance Department has been able to allot to the Public Works Department for railway works, much I should imagine to the disappointment of the Public Works Department, who know the urgent requirements of the open main lines. Hence the development of the railway system throughout the country has been delayed, and the trade of the country and the tax-payer are suffering. It therefore seems to me desirable that the financing of open main lines should not only take precedence but be wholly independent of the expenditure on railways which are not immediately reproductive, and whose rate of progress might fairly be made dependent on the country's general financial position, and I trust that the Hon'ble Financial Member will not cease to move forward till this end is reached. Separate borrowing powers should be granted to the main lines, and the fear of adversely affecting Exchange should

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not shake the determination of the Government to give the Public Works Department a fair chance and a free hand to help on as quickly as possible these developments. The main lines should be empowered to take advantage of all favourable offers of material and money. At present the Public Works Department have to spend the money as they get it, and the faculty of operating in the most opportune time in the material and money markets is denied them. It must be remembered that as the railway system extends and opens up new districts the traffic which is encouraged must cause a great increase in the demand for rolling stock on open main lines. We know that the East Indian Railway has been starved. It is probable that lines which are not so much in evidence suffer equally. The grain trade and many other trades are suffering ; but it is sufficient for my argument to confine myself to the condition of the trade with which I am directly acquainted. At the present time steam coal is crumbling into dust at the wharves of every colliery on the East Indian Railway system. In America in such a situation a gigantic Wagon Company would at once spring into being and supply wagons to the railways, and traffic would force itself to the sea-board by new lines if the old could not deal with it. But we do not pursue American methods in this country. In England, colliery proprietors would have a ready remedy against the railway by application to the Standing Commissioners under the Act ; but in this country the Governor General in Council has the power to refuse to even constitute such a tribunal. Moreover, in the case of a railway whose policy and finance are practically controlled by Government, it is a question whether even if Commissioners were appointed the complainants would not be met by the plea that the railways are prevented from doing their duty by Government itself ; and though I am advised that this plea would not avail the railway in view of the imperative nature of its statutory obligations, it would undoubtedly complicate the only method of relief which the public possesses—a relief which ought in justice to be ready and easy to the public as a set off against the monopoly which the railways possess. There seems to me no reason even in times of stress to limit the Public Works Department in their expenditure on works which are immediately reproductive.

“Finally, my Lord, I beg your leave to ask the Hon'ble Member in charge of the Financial Department if his Department hesitates to accede to the demands of the Public Works Department on the ground that the market within which the Government of India can borrow is limited, and that circumstances might arise which would make it incumbent on Government to borrow largely in order to maintain the gold standard fixity of exchange, and that the

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Financial Department regard the salvation of the gold standard as much more important than the development and proper working of paying lines of railway. Certainly such would not be the right way to face the position, for the gold standard will never be effective unless the export trade is carefully nursed, and to ensure this the people must not suffer through the incapacity of railways. Look at it in what light we may, free but not extravagant expenditure should be allowed on main open lines, and this will not be possible unless the money is specially borrowed, apart altogether from the general finances."

The Hon'ble RAI SRI RAM BAHADUR said :—"My Lord, the Hon'ble the Finance Minister is to be congratulated on presenting to the Council a Budget showing the finances of the country to be in a prosperous condition ; and if no untoward circumstance happens the coming financial year will close with a surplus of £690,000. His predecessor, at the time of presenting the last Budget, had estimated the receipts at £70,155,800 and the expenditure at £69,995,500 leaving a surplus of £160,300, only. But better receipts from certain items of revenue (notwithstanding a considerable decrease in Land-revenue proper, on account of the Famine in Western and Central India) and large savings in certain heads of expenditure, notably under the heads of Army Services and Public Works, have swelled the estimated surplus from £160,300 to £1,640,000, or ten times the original estimate. A study of the figures relating to income and expenditure of the year which is about to come to a close leads persons like myself, who are uninitiated in the mysteries and ignorant of the system of the Finance Department, to come to the following conclusion. What I find is that the financial year 1900-1901, that is to say, the present year, began with a large surplus amounting to £2,774,623. The increase in the several items of receipt over the estimate is £2,395,000, from which, if we deduct £382,900 deficiency in Land-revenue, the net increase comes to £2,012,100. Among the items of expenditure, then, there have been considerable savings in Army Services and Public Works, amounting to £1,185,000 and £118,000—total £1,303,000. The two items of expenditure in which more than the budgeted amounts have been spent are Famine Relief which accounts for an increase of £876,000 and 'Railway Revenue Account' £323,000. The Government borrowed £3,000,000 in England and three crores of rupees in India. If from these two loans we deduct four crores lent to the Native States and which will be repaid, there remains an addition of three and half crores to the permanent debt on account of the expenditure on the Famine, which cost the Government £4,245,000 only. This state of things shows that, notwithstanding the large surplus of the preceding year, the heavy

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increase in the items of receipt, and the considerable savings in certain items of expenditure, the Government did not or could not see its way to make a smaller addition to the permanent debt of the country than it has actually done.

"Coming now to the Budget estimates for the financial year 1901-1902, the receipts are estimated to fall short by about £1,014,600, compared with those of the current year, and the expenditure is estimated to exceed a little less than by 4½ million pounds, two most important items being a little above 2 millions in the Army Services and a little over ¼ of a million on the Public Works.

"A crore of rupees has been provided for the Famine relief of the affected districts in Western India. The Government has announced its intention to make an addition of £2,240,000 to the permanent debt, of which two crores of rupees are contemplated to be borrowed in India. The necessity for adopting this course has been indicated to be 'to tide over the critical period of the 'earlier part of the financial year' when the revenue-collections are said to be much smaller as compared with monthly expenditure and the balances gradually diminish until the month of November, when the revenue-receipts begin to pour in. My Lord, if that is the principal reason for the loan, one naturally expects that, the necessity for such loan being of a temporary nature, no 'addition to our permanent debt should be made' on that account.

"My Lord, the past history of the Indian finances shows that there are mainly three potent causes which exercise a disturbing influence on the financial equilibrium of the country; these are frontier expeditions and wars, fluctuations in exchange, and recurrence of famines. Your Excellency's wise and farsighted policy has happily allayed apprehensions as to the first. The measures adopted in connection with the Indian Currency will, it is hoped, give stability to exchange; and no danger can for the present be possibly apprehended. With regard to the third, however, we are unfortunately in no better position than we were about a quarter of a century ago. Since then India has had to suffer from the ravages of no less than three great famines, each surpassing its predecessor in extent and intensity. The famine of 1877-78 caused the deaths of six millions of people according to official estimates. The one that occurred in 1896-97 was characterised by His Honour the present Lieutenant-Governor of Bengal as 'the greatest of the century'; while Your Excellency was pleased to remark with regard to the one which occurred only two years after 1897 as 'the severest that India has ever known'. Fortunately for the people of India, they had a Viceroy at the helm of affairs at this juncture who was as able as he was wise and sympathetic, and who with God's help succeeded in tiding over the difficulty in a manner which has elicited the admiration of the whole world.

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He fed six millions of people daily for months together at the cost of the State—a spectacle which was never witnessed within the memory of man and a feat which was never performed before. My Lord, the people of this country are under deep obligation to you for the measures adopted by Your Excellency's Government for saving lives from starvation, and they will ever remember it with heartfelt gratitude. Unfortunately, the days of India's misery are not yet over; for I find that, in the Budget for the coming year, the Hon'ble Finance Minister has provided for a sum of one crore of rupees, to meet the expenses of another Famine in the Bombay Presidency.

"The popular notion is that the annual drain in the shape of Home Charges to which India is subjected have great indirect effect on these frequent famines. But it is a large question and opinions are divided on the subject. I will not therefore enter into a discussion upon it. All I need remark is that it goes without saying that if the Indian Government can prevent the drain of India's wealth to foreign countries and retain the same here, then they will be in a better position to make the Indians prosperous than under the present circumstances; but whether or not it is possible to put a stop to these drains is more than I can say. It is, I believe, now admitted on all sides that India suffers more from famine of money than that of food. Food-grains are available in the country but the people have not the means to buy them. Any measure that may prevent India's wealth from being taken out of the country is thus most welcome.

"The official view is that it is the fitful rainfall or its failure that brings about famine. But other countries are also subject to freaks of the weather, and yet they are not overtaken by these calamities to the same extent as India. There is, however, no doubt that crops will fail if rains do not fall when they are wanted, or there is too much rain when sunshine is needed. Hence the duty of the Government is to provide for the storage of water; and I am deeply gratified to find that the Government have taken some practical steps in this direction. So far as the opening of means of communication and providing highways in the different parts of the country for carrying food-grains in times of scarcity are concerned, the Government has done a good deal by constructing lines of railways.

"In my humble opinion, future famines may be prevented and their severity alleviated to a large extent by the adoption of the following measures:—

- (1) distribution of takkavi or agricultural advances in time;
- (2) establishment of technical institutes;
- (3) establishment of agricultural schools;
- (4) establishment of agricultural banks;
- (5) light and permanent or long period settlements.

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"(1) Takkavi advances are no doubt now made, but not in the way they should be done. The advances should be distributed as soon as the first symptoms of distress are visible and not when its pinch is actually felt.

"(2) One of the remedies pointed out by the first Famine Commission against the recurrence of famines is the spread of technical education and the establishment of industrial schools, so that facilities may be placed within the easy reach of the masses to learn handicrafts and to become good mechanics. Some such schools have, no doubt, been established here and there in India; but many more are required to attain the desired end. Besides, an institute for higher research like the one proposed by Mr. Tata of Bombay is absolutely necessary to enable the people to learn the higher branches of science and develop the resources of the country.

"(3) But India being pre-eminently an agricultural country, her wealth lies chiefly in the soil and the produce that can be raised from it. What is therefore urgently needed is to improve the present method and system of agriculture and teach the peasants how to make their fields yield more than they do now.

"The efforts of Government in this direction have not been of a far-reaching character. No effective steps have been taken to spread broadcast a knowledge of even the most elementary principles of agriculture among the masses, and the consequence is that the Indian cultivator uses the same implements of husbandry, and ploughs, sows and reaps in the same manner, as his ancestors did hundreds of years ago.

"A Department called the Department of Land Records and Agriculture has been established by Government in every Province. But the duties which that Department has to perform are multifarious. One of its functions, no doubt, is the supervision of the agricultural condition of the Province and the adoption of measures conducive to agricultural improvement. But from the results which have been produced it is clear that the discharge of this function has up to this time been considered of secondary importance only. The methods adopted by this Department towards the improvement of agriculture and diffusion of its first principles among the peasant classes, have not yet produced any fruitful results. The Department has got no machinery at its command through which it can diffuse instruction in the first principles of agriculture among the villagers, or give them advice on the seeds to be sown, crops to be produced, and manures having great fertilizing powers to be used. There is at present a paucity of men

capable of carrying out such work. I venture to submit that, in order to improve agriculture in this country, the system of agricultural education like the one which prevails in the great countries of Europe and America, with necessary modifications, should be adopted, and primary schools to teach the first elements of practical agriculture to the peasant classes should be established in large numbers, as well as Agricultural Colleges to teach agriculture on a scientific basis and to turn out teachers for the primary schools should be opened in places where none exist now.

"That the people of this country enjoy the facilities for agricultural education to a very limited extent will be seen from a comparison of the number of institutions established in India with the number of such institutions to be found in some of the European countries and in the United States of America.

"In the year 1898-99 in Austria the number of primary institutions where chiefly practical agriculture is taught was 97, that of secondary institutions where students are prepared for agricultural service was 12, and that of higher institutions in which the highest scientific knowledge of agriculture is imparted was 2.

"In the year 1898 in the German Empire higher education in agriculture was provided by agricultural institutes at eight Universities, by agricultural schools attached to three other Universities, and by three independent high schools, making a total of 14 institutions for higher instruction only. Besides the above there were 16 intermediate schools, 42 farm schools and 195 winter schools for imparting elementary and practical instruction in agriculture.

"Russia in 1898 had 3 higher, 8 intermediate and 109 lower schools.

"In the United States of America in 1899, there were 61 institutions in which agriculture was taught either exclusively or along with other subjects.

"India, my Lord, in this respect cuts a very poor figure indeed. We have only one Agricultural College at Saidapet in Madras. In Bombay, the Poona College of Science has an agricultural department attached to it. The Central Provinces have one school at Nagpur, and the North-Western Provinces one at Cawnpore. Recently one school has been established in Bengal and is located at Sibpur. My Lord, this completes our list, which all told comprises five institutions of all kinds for agricultural instruction in a vast continent like India, whose principal source of income is agriculture and where about 90 per cent. of the population are agriculturists.

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"My Lord, there is another consideration also which attaches great importance to the subject of agricultural improvement in India. The improvement, if properly carried out, is sure to result in increasing the quantity and raising the quality of wheat and other commodities which can be exported to Great Britain, and thus place the first-named country in a position to look to her own dependency for the supply of her wants and not to foreign countries like Russia, America, etc. At the Cawnpore Experimental Farm good cotton, far superior to the indigenous article, has been produced from seeds imported from America and other places. Samples of it were sent to the Bombay Mill-owners Association for examination, and a Sub-Committee of that Association pronounced a very high opinion in favour of some of them, and recommended their cultivation in larger quantities. They were of opinion that yarns spun from the fibres of some of those samples were quite suitable for producing textile fabrics of the finer sorts. Now, if proper steps be taken to induce the cultivators in the cotton districts to grow cotton of the quality recommended by the Bombay Millowners Association and proper help and advice be given to them, it is sure to be grown in time in very large quantities sufficient to be exported to foreign countries, and Lancashire need not in future be under any apprehension of her industries being threatened by American cotton corners.

"(4) In times of distress the agricultural classes have to borrow money at a very high rate of interest from the village-bankers and thus add to their poverty. The money-lenders cannot be blamed if they charge a high rate, for they risk much by their dealings with men who cannot give good security. If Agricultural Banks can be established in rural centres with the object of advancing loans to raiyats at a moderate rate of interest, that will be really a move in the right direction. But, as the subject is under the consideration of a committee of experts, I need not say anything more on it just now.

"(5) Another remedial measure which is sure to have a very salutary effect on the condition of the agricultural classes, and render them less exposed to the baneful effects of a season of drought and scarcity, is the exercise of moderation in fixing the share which the Government should take on account of land-revenue, and the permanent fixation of this share in provinces or parts of Provinces where circumstances may be found to justify the adoption of this measure. My Lord, in places where the maximum culturable area has been brought under tillage, there is no good reason for not permanently fixing the Government revenue. So far as the North-Western Provinces and Oudh are concerned, the majority of the districts have reached that condition. Means

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of communication have been opened in these districts, and no further development in this respect can be expected. The plea of a further rise in the prices of marketable commodities can no more have any force, because the usual prices at present prevailing in those localities are what formerly used to be regarded as famine-prices. The prices have reached their utmost limits, and the expectation of any further rise is sure to meet disappointment. Under these circumstances the proper course for Government is to make the settlement of such places permanent. I venture to say that the landlords will not grudge to give to the tenants more permanency in their tenures, if once they are assured that the Government revenue on their estates will not be liable to future enhancement. The cultivators of the soil will thus have greater security of their tenures and will be enabled to make better provision for times of distress.

"My Lord, I am aware of the Secretary of State's despatch of 1883 on the subject of permanent settlement in the Upper Provinces. But I venture to submit that, in questions like this, the decision once arrived at should not possess the finality of a decree of fate, and, if a good and sufficient cause be shown for reopening of the question and its reconsideration, the Government will be pleased to give it a favourable hearing.

"If the Government do not find their way to reopen that question, they can at least extend the period of the existing settlement from (say) thirty to fifty years. The thought of revision of assessment at short periods hangs like the sword of Damocles over the landowner's head and does not give to him that peace of mind which is so necessary to enable him to improve his own estate and help his tenants in improving their condition.

"My Lord, there is another point in connection with the subject of the periodical revision of assessment of land-revenue which deserves particular attention. The different enactments on the subject do not contain any legislative limit of the minimum and maximum amount of percentage which the Government can take as its share of revenue out of the gross rental. The fixing of such limits is left to departmental circulars, which I do not consider to be a desirable course. Legislative enactments on the subject should fix such limits.

"There is one more point concerning this subject. Government has been imposing cesses and rates from time to time, and the landholder has to pay them

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out of the share of gross rental which the Settlement-officer pleases to leave to him. The number and amount of these cesses have reached such a limit that here should be a declaration made by the Government that no new cess will be levied in future, nor their rate be enhanced.

"The next and last point to which I beg to invite Your Excellency's attention is the amount which the North-Western Provinces and Oudh are allowed to spend locally out of the revenues raised by them. This is a subject of great importance to my province. I would, therefore, crave the indulgence of Your Excellency's special attention to certain facts and figures in this connection which I shall mention later on. First of all, the sum allotted by the Imperial Government to the United Provinces for their provincial expenditure is not only inadequate, but does not bear a fair proportion either to the amount of revenue raised by the provinces or to the surplus contributed by them to the Imperial Exchequer. Then again, of all the provinces, the North-Western Provinces and Oudh pay the largest contribution to the Imperial Government. The result is that those provinces require larger allotments for education, administration of justice and other reforms which are so necessary to secure the advancement of the people and keep them happy and contented.

"My Lord, the North-Western and Oudh Government is rather in a disadvantageous position in regard to its financial arrangement with the Supreme Government. A look at the figures given in the Finance and Revenue Accounts of the Government of India for the year 1899-1900 will at once show such to be the case. This will be all the more vividly realized when a comparison is made with 'the important and wealthy provinces of Bengal, Madras and Bombay.' In order to make my case more clear, I give below a tabular statement (the figures having been taken from the Finance and Revenue Accounts referred to above) showing in its several columns the total revenues raised by Bengal, Madras, Bombay and the North-Western Provinces respectively (the totals of the several items of the Imperial revenue such as Opium, Salt, Customs, Tributes from Native States, Post Office, Mint, Railways, Receipts by Military Departments, collected by each province being deducted from the above); the contribution made to the Government of India; the amount left to the Provincial Governments to be spent locally; and the percentages of the last two items on the net revenue. I have not taken into consideration, for purposes of this comparison, the figures for the Central Provinces, nor for 'Assam, the poor province

with many wants,' nor for 'the young and rapidly progressive Province of Burma, nor for the Punjab, as all these provinces stand on a different footing.

Name of Province.	Total Revenue of all kinds collected by the Province.	Total of items of exclusively Imperial Revenue collected by the Province.	Revenue after deducting item in column 3.	Portion of Revenue specified in column 4 taken by the Imperial Government.	Portion of Revenue specified in column 4 left to the Province.	Percentage of Revenue specified in column 5 on that specified in column 4.	Percentage of Revenue specified in column 5 on that specified in column 4.
1	2	3	4	5	6	7	8
	Rs.	Rs.	Rs.	Rs.	Rs.		
Bengal	22,39,15,233	12,00,56,159	10,38,59,074	4,98,03,591	5,40,55,483	47	53
Madras	14,13,38,175	4,45,11,163	9,68,27,012	5,36,99,475	4,31,27,537	55	45
Bombay	13,57,03,045	6,32,89,752	7,24,13,293	2,65,48,008	4,58,65,285	36	64
North-Western Provinces and Oudh.	12,74,82,628	2,05,59,971	10,69,31,657	6,04,02,038	4,65,19,619	57	43

"A study of the figures given in the above tables shows that 'rich' Bengal paid only 47 per cent. of her revenue to the Imperial Exchequer, Bombay 36 per cent. (something might be said in favour of Bombay for this special year), Madras 55 per cent., while the North-Western Provinces and Oudh had to pay 57 per cent., having only 43 per cent. left to them for provincial expenses. Our Local Government have repeatedly made representations to the Government of India on the inadequacy of the allotment made to them for their provincial expenditure. When the former quinquennial contract, which terminated with the financial year 1896-97, was about to come to an end, and the terms of the contract at present in force were being settled, the Local Government again pressed their claim for an increase in the allotment for expenditure made to them. The inadequacy of such allotment was admitted by the Government of India and provision was made for allowing the Provincial expenditure on a more liberal scale, by fixing it at 342½ lakhs of rupees, *i.e.*, 22½ lakhs above the figures of the contract of 1892.

"The quinquennial contract having expired at the end of the financial year 1896-97, a new contract for the same period would in the usual course have been settled to come into force in 1897-98; but, as the United Provinces were at that time in the midst of a great famine it was thought that any calculations then made could not have formed a reliable basis for fixing the standards of

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income and expenditure for future years, and it was therefore decided that for that year a working arrangement was to be made to remain in force for one year only. In the next year contractual relations between the Supreme and Local Governments were renewed, and in March, 1898, a contract for two years was settled, the arrangements for provincializing certain items of income and expenditure, and for dividing others between the Imperial and Provincial Governments, remained with one exception, the same as in the quinquennial contract which expired with the financial year 1896-97; the one exception being an alteration in the old arrangement for sharing certain items of revenue arising from Irrigation. I shall show later on what effect this alteration produced on the Provincial finances.

"It appears that, before the expiration of the biennial contract just mentioned, the Local Government in 1899, with the view of securing more advantageous terms for the future, approached the Government of India on this subject, and the latter Government took into consideration the question 'whether (1) revised figures should be settled for the years 1900-1901 and 1901-1902 for the heads of revenue and expenditure treated special in the current Provincial settlement with the Government of the North-Western Provinces and Oudh, or (2) an entirely new settlement to last for five years from 1st April, 1900, should be made in respect of these heads.' In considering the above question the Government admitted the fact that 'there has been an improvement of revenue under some of the excepted heads which might justify some increase of the figures adopted under those heads,' but came to the decision 'to let the figures taken for the years 1898-99 and 1899-1900 stand for the remaining two years of the current Provincial settlement'.

"From the above it is therefore clear that the existence of the necessity for re-adjustment of certain heads of revenue, and for re-fixing the proportionate shares which the two Governments should get in those heads, has been recognized by the Government of India.

"With Your Lordship's permission I shall now refer to two departments of administration to show how they are affected by the insufficiency of the sums allotted to the Local Government of my province for Provincial expenditure. Our Local Government has no alternative but to spend a much smaller sum upon education than the Governments of other provinces.

"In the year 1899-1900, out of the total sum of Rs. 4,52,46,355 spent by Bengal in the items of Provincial expenditure, Rs. 40,43,682 were spent on Edu-

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cation, giving a percentage of 8·8 per cent. on the total expenditure. Madras spent Rs. 3,90,10,064 on Provincial items of expenditure, devoting Rs. 28,30,087 to Education, which gives a percentage of a little over 7 per cent. on the total expenditure. In Bombay the total expenditure under the Provincial heads was Rs. 4,88,50,342, the sum spent on Education Rs. 34,44,607, thus giving a percentage of a fraction less than 7 per cent. The North-Western Provinces and Oudh occupy the lowest position, their total expenditure on all heads being Rs. 3,59,58,332, and that on education being Rs. 23,51,531, giving a percentage of 6·4 only. The educational wants of the United Provinces are several. Some of the higher educational institutions are in need of greater and better means for teaching Physical Science. The Medical School at Agra, which at present teaches up to the Native Hospital Assistant standard, requires to be raised to the status of a college which can teach up to the M.B. and M.D. degrees, and turn out students qualified as Assistant Surgeons. The establishment of an Agricultural College, and the addition to some of the schools of tuitional staff to give lessons in practical agriculture, as well as the establishment of additional institutions suited to impart technical education, are other educational wants of the United Provinces.

"The judicial administration is another branch which requires strengthening. The state of business, increase of work, as well as the nature and value of the cases, and the important points involved in them, call for the permanent addition of a third Judge to the highest appellate court of the province of Oudh, and also the raising of that Court to the status of a Chief Court—a measure most urgently desired and needed by the people of that province.

"There are other branches of administration which require reforms and improvements, and, if Your Excellency's Government will be pleased to take the claims of the Provincial Government into favourable consideration and increase the amount allotted for Provincial expenditure, they will be placed in a position to remove the wants above described.

"My Lord, I will now cite two specific instances to show how the partnership, if I may be permitted to use the expression, entered into between the Government of the North-Western Provinces and Oudh and the Supreme Government has turned into something like a friendship formed between the dwarf and the giant. Indeed, the Government of India have not only taken the lion's share of the profit, but something more. I doubt not Your Lordship's generous heart will sympathise with the condition of the United Provinces when the disadvantages under which they have been placed are described.

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"After the introduction of the Provincial contract system, in the eighties, the Local Government, by the observance of very rigid economy in every branch of administration, and perhaps at the sacrifice of several useful works, accumulated a balance of a crore of rupees from their savings. The Government of the day, with a view of securing an assured income, which they thought would be left at their disposal, applied that accumulation to the construction of certain railways. These railways have proved very profitable and have substantial income at the present time. But after their completion the Government of India, for reasons not known to the public, took over these railways into their own hands in 1892; and their income, instead of going into the local exchequer, has since been appropriated by the Imperial Government. The Local Government has thus been deprived of its crore, which it had saved at such sacrifices. I submit, my Lord, that it is fair that either the profit of the railways should be given, or an equivalent increment in the Provincial allotment should be made, to the Local Government.

"My Lord, I have said before that the temporary arrangement in 1897-98 was followed by a two-years contract in 1898-99, and a change was made in the old arrangement for sharing certain items of revenue under the head of Irrigation. The alterations in the terms of sharing the Irrigation revenue were made with the view of benefitting the Provincial Government. But these changes, instead of doing any good to the Provincial exchequer, have proved otherwise. I give below in a tabular form the amount of revenue arising from Irrigation under the different heads, the expenses which are borne by the Imperial and Provincial Governments in connection with those heads, and the profit or loss to the two Governments. These figures are for a period of three years previous to the present settlement coming into force, and for a similar period after its enforcement. The figures for 1900-1901 are not the actuals, but are taken from the Budget Estimates, which alone are available. A glance at this statement will disclose the startling fact that the Local Government has been losing a large sum in this bargain.

1895-96.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working Expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	25,880	87,470	...	87,470	-61,590
Provincial	36,79,410	20,15,150	29,81,260	49,96,410	-13,17,000
TOTAL	37,05,290	21,02,620	29,81,260	40,83,880	-13,78,590
Land-revenue due to Irrigation—Imperial . .	11,74,980	...	...	...	+ 11,74,980
Minor Works and Navigation—Provincial . .	1,37,290	2,14,920	...	2,14,920	-77,630

1896-97.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working Expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	83,700	90,290	...	90,290	-6,590
Provincial	74,78,630	23,85,180	30,34,930	54,20,110	+ 20,58,520
TOTAL	75,62,330	24,75,370	30,34,930	55,10,400	+ 20,51,930
Land-revenue due to Irrigation—Imperial . .	11,74,980	+ 11,74,980
Minor Works and Navigation—Provincial . .	2,42,620	2,35,990	...	2,95,990	-53,370

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1897-98.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working Expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	1,37,700	1,07,430	...	1,07,430	+ 30,270
Provincial	89,34,100	25,06,660	30,86,750	55,93,410	+ 33,40,690
TOTAL	90,71,800	26,14,090	30,86,750	57,00,840	+ 33,70,960
Land-revenue due to Irrigation—Imperial	11,74,980	...	...	...	+ 11,74,980
Minor Works and Navigation—Provincial	2,70,990	3,02,580	...	3,02,580	- 31,590

1898-99.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	24,79,284	1,01,686	...	1,01,686	+ 23,77,598
Provincial	50,48,296	26,79,678	31,30,824	58,10,502	- 7,62,206
TOTAL	75,27,580	27,81,364	31,30,824	59,12,188	+ 16,25,392
Land-revenue due to Irrigation—Imperial	11,74,980	...	...	...	+ 11,74,980
Minor Works and Navigation—Provincial	2,42,841	2,65,297	...	2,65,297	- 22,456

1899-1900.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working Expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	27,57,509	95,360	...	95,360	+ 26,62,149
Provincial	53,70,041	27,06,799	31,72,144	58,78,943	—5,08,902
TOTAL	81,27,550	2,80,159	31,72,144	59,74,303	+ 21,53,247
Land-revenue due to Irrigation—Imperial	12,41,086	...	...	...	+ 12,41,086
Minor Works and Navigation—Provincial	2,15,826	3,53,603	...	3,53,603	—1,37,777

1900-1901.

	Receipts.	EXPENDITURE.			Surplus or deficit.
		Working expenses.	Interest paid to Imperial Government.	Total.	
Major Works. Direct Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial	25,28,000	80,000	...	80,000	+ 24,48,000
Provincial	51,96,000	27,60,000	32,08,000	59,68,000	—7,72,000
TOTAL	77,24,000	28,40,000	32,08,000	60,48,000	+ 16,76,000
Land-revenue due to Irrigation—Imperial	12,18,000	...	...	...	+ 12,18,000
Major Works and Navigation—Provincial	1,76,000	3,99,000	...	3,99,000	—2,23,000

"Now the present arrangement with regard to the Irrigation-works in my province is as follows: (1) the Local Government should pay interest at 4 per cent. to the Imperial Government on the total capital outlay from all sources; (2) the Local Government should get only half the net direct receipts from

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major productive works, and the whole of the direct receipts from minor irrigation-works; (3) the Government of India should get half of the net direct receipts from major productive works, 4 per cent. interest and the total land-revenue due to irrigation.

"The working expenses are however heavy and the minor irrigation-works have no profit, and as the Government of India would not remit a pice of the interest, so the arrangement has proved, as I said, injurious to the Local Government. A study of the table of figures which I hold in my hand and which I have given above will show what I mean. These arrangements have been in force since the last three years. Let us begin with the year 1898-99. In that year we find that the Government of India secured a solid income of Rs. 35,52,578. But what was the gain of the Local Government? Why, it lost Rs. 7,84,662 by the bargain! Similarly, in the following year, the loss of the Local Government was Rs. 6,46,679. And when the accounts for the present year are closed it will be seen that in this year also the North-Western Provinces Government has suffered a similar loss.

"My Lord, I have barely stated the facts as I have found them in official papers, and it is for Your Excellency to dispose of the matter in the way Your Lordship deems fit. In my humble judgment, the fair course in regard to this irrigation question is that the India Government should give up their claim upon the net direct receipts from major productive works and land-revenue due to irrigation, and be satisfied only with the 4 per cent. interest paid on the total capital outlay. Otherwise it would be a great mercy shown to the Local Government if it were relieved from the charge of these irrigation-works, if the present arrangements cannot be altered.

"My Lord, the contract now in force will terminate at the close of the next financial year. The revision of its terms and settlement of the next quinquennial contract will most probably come under the consideration of Your Excellency's Government some time in the course of the financial year which is to begin four days hence, and before the next Budget debate. It is submitted that, at the time of settling the terms of the future contract, due regard should be paid to the claims of the United Provinces to have a more liberal allotment for their Provincial expenditure.

"My Lord, in addressing Your Excellency's Council on this point, I consider it my pleasant duty to acknowledge, on behalf of the United Provinces, the liberal and unstinted financial help which the Imperial Government gave to

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them during the famine of 1896-97, and the readiness with which the Imperial Government extended a helping hand to the Local Government in restoring the Provincial finances to their equilibrium."

The Hon'ble MR. SMEATON said :—" My Lord, my remarks will be very brief, and will be chiefly concerned with Provincial finance ; but before I touch upon that I have just one word to say with regard to an Imperial matter. I congratulate the Hon'ble Financial Member on the exceedingly lucid exposition of a successful year's finance, and notably upon the addition of a new chapter to the statement under the name of Economic Progress. It is a new and a very welcome feature of the Statement, and I hope it is to continue to be a conspicuous feature in future Statements. The Imperial matter to which I wish to draw attention is connected with the circulation of currency notes referred to in paragraphs 93 to 100 of the Statement. Any careful observer must have noticed how confidence in the currency note has increased and how its circulation is also steadily increasing, and I entirely agree with the remarks of the Hon'ble the Financial Member in paragraph 98, in which he says : 'I am, however, strongly of opinion that if the use of currency notes became more general, and larger amounts were held in circulation, the percentage of rupees required to meet demands for encashment would be considerably less than that which is required to-day, when unfortunately the circulation of notes is still hampered by the fact that the holder of the note cannot be assured of converting it into rupees at the Treasury, and is therefore willing, and sometimes obliged, to dispose of his note in the bazar, at a discount.' This I think cannot be disputed. But when we come to the second of the two tables given in paragraph 99 and to the remark in paragraph 100 to the effect that 'the above tables show a decided and satisfactory increase in the average note circulation in the hands of the public,' I venture to think that these words are somewhat misleading. These currency notes are concentrated in the vaults of 267 District Treasuries and in some 1,500 Sub-Treasuries. I do not think that this can be held to be 'in the hands of the public.' I should be inclined to suggest, if I may do so, that perhaps it would be more correct to say that the last column of the second schedule indicates 'an approximate ratio of the increase of circulation.' It is very difficult at any time to estimate the amount of the note money in the hands of the public, but these figures will show the approximate ratio in which the increase of circulation is proceeding.

" And now in regard to Provincial finance. I am very sorry, my Lord, to have to revert to that old and fatiguing subject—the Burma salt. We have

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had enough of that already, but I really must enter my protest against two remarks which have been made in the Statement and which will be found in paragraphs 19 and 157. The Hon'ble the Financial Member appears to be somewhat dissatisfied with the revenue from the Burma salt. I think that, considering the amazing progress under the other heads of revenue, it is a little hard, even if there had been some reason for it, that we should be found fault with for a small deficit in one year. I will now proceed to explain how the deficit has occurred and to exculpate the Provincial Government from the blame which the Hon'ble Financial Member attaches to it. There is a deficit no doubt in the year that is just closing, and there will be a slight deficit in the year that is now about to open. But, my Lord, what is the reason? It is chiefly in imported salt that the deficit occurs; but that has been caused by the large import of Madras salt which already paid duty in Madras. If the salt which comes to Burma from Madras in large quantities has paid revenue in Madras, it cannot pay it in Burma; the Government cannot eat its cake and have it still; hence the deficit, and I hope that this explanation will be taken as an adequate one. With regard to this matter I said the last word I had to say last year and I will not repeat my arguments. But it seems to be clear that the Hon'ble Member and the Financial Department are looking forward longingly to the eventual extinction of the Burma local salt-industry. Well, if it is to be so, I would ask on behalf of the people that the process of extinction be gradual and as merciful as possible; and the plea for this is strengthened, my Lord, by the remarkable fact that Burma pays now in its general revenue, per thousand of the population, six times more than Bengal, three times more than Bombay and Madras, four times more than the North-Western Provinces, four or five times more than the Punjab; and I think that, if these large contributions are considered, the little deficit in Salt, even if it had been a real deficit—which it is not—will appear a small matter. And, moreover, Burma makes hardly any drain, as Your Excellency knows, on the Imperial finances for famine, and is of incalculable value as a storehouse and feeding ground for the rest of India. I make no complaint of excessive taxation notwithstanding these very large contributions; for I know, having been the guardian of these finances for some years, that the resources of the province are equal to the demand and that the burden is fairly equitably adjusted. I admit that, but still there is a limit to the extraordinary expansion that is now witnessed in the direct taxation of Burma, particularly in the land-revenue, and I would solicit Your Excellency's attention to the necessity of caution and moderation in taxing the land and to the wisdom of endeavouring to develop the indirect sources of revenue, such as forests and minerals. We know these exist, but they have been lying for centuries idle and only now are

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being tapped to a very infinitesimal extent. They are the most promising resources in Burma, and I would ask the serious attention of Your Excellency's Government to the necessity of doing everything that is possible to encourage and develop these resources.

"Last year, my Lord, I had occasion to mention, at the instance of Sir Frederick Fryer, the need of a reinforcement of the forest superior staff, and the reasons which the Lieutenant-Governor gave were, I think, very strong indeed. He showed that for every increase of that staff there would be a very large proportionate increase of revenue, and he now begs me to point out that owing to the deficiency in the superior controlling staff the forests are not being adequately worked, and such as are being worked are not being economically worked. He asks me to point out that, for instance, in the estimate for 1901-1902 the revenue to be derived from the forests is 77 lakhs of rupees; the expenditure probably will be 31 lakhs of rupees; and the nett surplus will be 46 lakhs of rupees. These forest-revenues are capable of almost indefinite expansion; and so I think there is a very strong case indeed for the reinforcement which Sir Frederick Fryer so earnestly desires. Last year a promise was given that there should be this reinforcement. The promise was given, but I understand it has not yet been redeemed. I would ask that this matter be taken into consideration as early as possible, and that in addition to this the long delayed Forest Bill may also be expedited.

"The surplus, my Lord, of the Provincial revenues, as the Hon'ble the Financial Member points out, is large. He says in paragraph 270: 'The Provincial revenues of Burma are in a most prosperous condition. The revenues have increased very much above the standard of 1897, and the Lieutenant-Governor is in the fortunate position of finding difficulty in usefully spending all the funds at his disposal.'

"The Lieutenant-Governor very wisely resolved to attempt to utilize his very large balances in the construction of a Provincial railway, not connected with the Burma Railway Company—a Provincial railway which shall tap the central part of the Southern Shan States—a railway which has long been expected and anxiously looked for by the people of the Shan States, and one which will do very much to stimulate agriculture in these fertile plains. Your Excellency in the Public Works Department has sanctioned a survey of that line. I hope that when the survey is completed early sanction will be given to the prosecution of

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the project ; and I will add in conclusion, seeing that such a promising project is in hand, that I hope the Hon'ble Financial Member, when the time for the Provincial settlement comes round, will make it as liberal and as generous as possible."

The Hon'ble SIR ALLAN ARTHUR said:—" My Lord, I would join the other Members of the Council in congratulating the Hon'ble the Financial Member on the satisfactory condition of the finances of India. To the fixing of the rupee is no doubt to be ascribed in great part the comparative ease with which India can recover from an apparently staggering blow, such as last year's famine ; and I venture to think that in a very few years, unless something unforeseen occurs, the Government of India will be able to show a steadily increasing surplus. I should like to make a few remarks on some points which have occurred to me in studying the Hon'ble Member's highly interesting Financial Statement.

"The first point I would notice is in paragraph 47, in which it is stated that it has often been urged that the relatively high rates of discount prevailing in the busy winter season are due to the low figures of Government deposits with the Presidency Banks during that season. This is not exactly what the banking and mercantile communities urge. Their point is that the Government deposits are much the same all the year round and are not increased sufficiently in the busy season. The busy season comes on concurrently with the season when withdrawals from the circulation to meet Government demands are greatest ; and what leads to the relatively high rates of discount in the busy season, apart from the question that more rupees are required to finance the trade of the country, is the fact that a large portion of the circulation is locked up in the Government coffers, just when it is most wanted. To the figures showing the Government deposits with the Presidency Banks, which the Hon'ble the Financial Member has given on page 7 for the months of December to March to prove his case, I have added the figures for April to November to prove my case, although my figures do not correspond with the Hon'ble Member's. He, I think, gives the figures for the last week of each month, when the Government deposits with the Banks are raised to meet the large demands for salaries, etc., in the beginning of the following month ; and consequently he shows—quite inadvertently I believe—greater liberality than there has in fact been. The figures I

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give are the *average* Government deposits with the Banks in each month. The figures are as follows :—

Average Government Deposits with the Presidency Banks during each of the following months, in lakhs.

	1897.	1898.	1899.	1900.	1901.
	₹	₹	₹	₹	₹
January . . .	255	275	270	248	264
February . . .	277	272	280	258	287
March . . .	306	316	327	271	...
April . . .	331	344	342	272	...
May . . .	216	327	337	262	...
June . . .	264	319	334	257	...
July . . .	241	307	347	287	...
August . . .	250	325	314	255	...
September . . .	195	302	272	267	...
October . . .	204	299	264	241	...
November . . .	219	288	235	231	...
December . . .	251	242	239	246	...

"I think that these figures when compared with the variations in the total Treasury balances, which I shall shortly place before the Council, completely support the contention of the commercial community not that the Government keep their balances with the Presidency Banks low in the busy season, but that they do not increase them sufficiently in that season. In paragraph 49 the Hon'ble Member admits that the Government of India are not unmindful of the advantage to the business community of placing comparatively large balances at their disposal during the busy season, and I trust this solicitude will be shewn more markedly in future years than it is shewn by the figures which I submit to the Council. I understand that it is held in some quarters that, if the Government balances were markedly increased in the busy season, sales of Council bills would be affected; but the sales of Council bills, like the net imports of specie, will always be regulated in the long run by the balance of foreign indebtedness. The Government of India, by locking up excess amounts of money in the busy season, will probably force the Exchange Banks to enlarge their purchases of Councils and their imports of specie for a time; but the effect will be temporary, as the balance of indebtedness is the ultimate regulator, and there is a danger that later on, when the Government reduces its lock up of money, the currency will be found superabundant. Our Financial authori-

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ties have on various occasions hesitated to coin rupees for fear of creating a redundancy of currency ; but nothing is more likely to lead to excess imports of currency and to a redundancy than this dog-in-the-manger policy of locking away an excess quantity of rupees in the busy trade season.

" In paragraph 46 the Hon'ble the Financial Member, in deploring the non-existence of a Financial institution sufficiently strong to lend the Government money at all times for short terms as they may require it, seems to overlook the great differences that at present exist between the rates of interest in the busy and slack seasons, and also between the cash balances of the Presidency Banks at these two periods. The position is that the Hon'ble the Financial Member wants a strong Bank to lend Government money from August to November, and the commercial community want Government to hoard less money during the busy season, January to April. If the Government will comply with the request of the commercial community by increasing the Government deposits with the Banks from January to April, the Banks will, I am sure, be happy to make over a corresponding amount to Government from August to November. At all events, an arrangement such as this might be attempted, and I attach some tables to show how mutually advantageous such an arrangement would be :—

" The closing-cash balances of the Government Treasury for each month of the year undernoted.

		In lakhs.			
		1897.	1898.	1899.	1900.
		Rs.	Rs.	Rs.	Rs.
January	. .	1,195	1,290	1,419	1,066
February	. .	1,187	1,414	1,420	1,107
March	. .	1,381	1,596	1,670	1,271
April	. .	1,240	1,369	1,562	1,186
May	. .	1,180	1,280	1,653	1,275
June	. .	1,115	1,519	1,822	1,313
July	. .	921	1,497	1,684	1,426
August	.	850	1,437	1,517	1,120
September	. .	760	1,397	1,316	971
October	. .	809	1,184	980	920
November	. .	807	1,127	885	879
December	. .	996	1,152	876	1,001

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"The closing cash balances of the Presidency Banks for each month of the years undernoted.

In lakhs.			
	1897. Rs.	1898. Rs.	1899. Rs.
January	504	435	568
February	495	356	526
March	490	389	538
April	429	440	492
May	401	408	488
June	479	469	557
July	671	517	699
August	665	665	560
September	591	619	557
October	530	653	484
November	592	628	587
December	420	550	437
1901.			
January—610 February—554			

"The rate of interest is usually much lower during the second half of the year than during the first half, and one reason for the discrepancy is that the Bank cash balances are low when the Treasury balances are high. From the foregoing figures it will be observed that the average balances for the year 1897 to 1900 were as follows:

	Treasury Balances. Lakhs.	Presidency Bank Balances. Lakhs.
January to April	1,336	494
August to November	1,060	634

"The Banks can spare money when Government are in special need of it, and Government lock away excess sums when the Banks are drained by the seasonal trade demands; and yet the practice of Government is to maintain a steady balance with the Banks all the year round.

"Before leaving this part of the subject, I would remark that the Hon'ble Member's apparent desire for a large Central Bank seems to be not so much to assist trade as to save the situation for the Government during the autumn, when the state of the Treasury balances is such that the Secretary of State is unable to offer his bills freely. But thanks to the amendment of the Gold Note Act

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introduced by the Hon'ble Member, a stoppage or curtailment of Council bills need no longer hamper trade, provided an ample stock of rupees is maintained in the Paper Currency Reserve, because drafts can be issued under that Act and silver can be shipped to India to meet the drafts with ease and promptitude. It should surely be the business of the State to see that they are always in a position to sell either Council bills or gold note drafts so as to avoid disturbance in the Indian money market. It is in their own interest to do so, otherwise the Exchange Banks must finance their operations by the importation of sovereigns, which have so far proved anything but a blessing to the Government of India in the working out of their currency policy.

"I now pass on to paragraphs 81 and 83, from which I am glad to see that the Government intend to invest the profits on the coinage of rupees in a special fund, which will no doubt immensely assist them in maintaining exchange at 1s. 4d. It is unfortunate that circumstances have occurred which have made it impossible to remit the whole of the profit already made to London and to invest it; but I would submit that in future the profit should be remitted as made; otherwise, if it is accumulated, the amount when remitted will practically go to swell the amount which the Government of India has to remit to London; and in a year when the balance of indebtedness is less favourable to India than usual, there might be some difficulty in selling the full amount of Council bills.

"From paragraphs 84 and 85 and 88 to 91 it is not quite clear whether the Hon'ble the Financial Member intends in future that the imports of gold and silver for coinage purposes will be regulated in response to the demands of trade as indicated by the proportion of gold to silver in the Paper Currency Reserve, or by some arbitrary amount fixed by the Financial Department. It has been the practice in the past to postpone the regulation of the respective quantities of gold and silver in the currency until excess amounts of sovereigns reached India, and it is doubtless this policy which has brought about the undue proportion of gold to silver in the Paper Currency Reserve. Lately the Secretary of State has reduced his rate for Council bills so as to compete with the import of sovereigns into India, and it is to be hoped that the authorities in London will, when necessary, substitute drafts under the Gold Note Act for Council bills when sales are necessary to put a stop to imports of gold which are shown to be superfluous by the proportion of gold to silver in the Reserve.

"The Hon'ble Member says there are practical difficulties in the way of any attempt to stereotype such a system by legislative enactment; but if one

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metal can be imported by automatic process to the precise extent required, and if the Secretary of State can substitute the flow of the one metal for the other whenever the Paper Currency Reserve indicates that the change is desirable, it is not clear what difficulties could arise, and it appears highly desirable that the procedure for regulation of the coinage of rupees as well as for the setting aside of the profits on the coinage of silver should be enforced by legislative enactment.

"My Lord, I agree with my Hon'ble friend Mr. Smeaton that a very admirable innovation in the Financial Statement is that part of it dealing with the economic progress of India. It is not apparent to what extent the Hon'ble Member desires to claim credit to the Government for the progress he shows; but there are many people who think that Government might have done much more than they have done, and that progress is remarkable in spite of a somewhat lukewarm attitude on the part of the authorities as regards many questions. There are not wanting signs, however, that a greater sympathy is being shown by the Government in regard to many matters, and I am particularly glad to note that the Hon'ble Member is of opinion that the question of economic development is one in which those responsible for the financial situation must take the keenest interest. I would direct my Hon'ble friend's attention to a few weak spots still demanding attention, *vis.*, the scarcity of railway wagons not only for transporting coal from the Bengal coal-fields to the sea, but also in nearly all parts of the country; the comparatively meagre support which figures show is given by the Government to local industries; the obstruction which is shown to private enterprise in the matter of the assistance private enterprise may render Government in the construction of railways; and lastly we have our old friend, the highly expensive telegram to Europe, which, notwithstanding that its reduction was declared by the Government of India to be a measure of Imperial importance so far back as 1893, continues, like Tennyson's brook, its monotonous and defiant song of 'I go on for ever.'

"My Lord, I understand that considerable latitude is given to Members of the Council in respect of the subjects on which they may speak on Budget day, and I propose to avail myself of this latitude to make a few remarks on a question which is not a financial question. If it were regarded as such, and the financial screw applied, it would benefit not only the finances of the country but also the dumb creatures for whom I should like to say a word. From all parts of the country one hears that the destruction of the wild animals of India, even in forest-reserves, goes on at an appalling rate; and I cannot think it inappropriate to draw attention to this important subject in the first Council of

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the land on the only day of the session when Members may speak freely without restricting themselves entirely to the point brought up for discussion.

"From Travancore I have particulars of a low caste man, originally a tea-garden coolie, who has supported himself and his family for many years and saved money by shooting game and selling the flesh to tea-estate labourers, sparing neither cow nor calf, hind nor fawn, all coming alike to him. I hear of two hills in Mysore, once swarming with ibex, where not one of these beautiful animals is now to be seen. From the Satpura Range, the scene of that charming book *Seonee*, come reports of the reckless slaughter of cow bison, of hind sambhur and of deer of every description. Near Agar, where there is no restriction as to the possession of guns, every man who carries a gun shoots every sort of game all the year round, without respect to sex or season. The Government of His Highness the Nizam of Hyderabad not long ago issued a very excellent set of rules to prevent the destruction of game in his dominions. The difficulty of finding game in Cashmere is too well known to require demonstration. On the Nilgiris, it has been found necessary to form a Nilgiri Game Association, and from other parts of India one can get innumerable instances and convincing proof of the cruel and wanton destruction that is going on. Unless something is done to check the evil, the wild animals of India will soon become practically extinct.

"It may be urged that an appeal to preserve the wild animals of India is made for the sportsman only; but it must not be forgotten that all animals are created for a purpose, and the folly of indiscriminate slaughter is only too apparent.

"If certain birds, which are eager insect-destroyers, are killed, the crops suffer by reason of a plague of insects. If the usual food of the tiger, such as deer, pig and so on, are wantonly destroyed, the tiger by the inexorable law of nature must find some other victim, probably the village-cattle, not infrequently the villager himself. If it is necessary that a large number of wild animals be killed in famine years to provide food for the people, the killing should be done with system and in moderation; otherwise, when another famine comes, there will be no wild animals left owing to the slaughter of the young and of females. It should surely be possible to find a remedy for this state of things.

"After the experience of the past session, it seems undesirable to press for fresh legislation on any subject, but the only remedy for the evil I have pointed out would appear to be in legislation. I should make every European or Native alike who wishes to shoot game take out a license to do so, and

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among other things I would make the globe-trotter pay a heavy export-duty on every trophy that he buys and that he cannot prove to have been shot by himself. Care should be taken not to deprive the cultivator of his legitimate means of protecting his crops from the ravages of wild animals. But it is not the cultivator who is the butcher. The butcher who sits over the drinking places and slays even a female in young, is the man to be got at. What would probably meet the requirements of the case would be a skeleton Bill on the lines of the Mines Act, which the Native States should be invited also to pass into law, and in the Bill the fullest powers should be given to local authorities to make laws and regulations for the correction of the present abuses, including the netting of game, and for, among other things, fixing close seasons. Above all, the basis of the Act should be the protection and preservation of tender age and of the weaker sex. If anything is to be done to prevent one of the great charms of Indian life to Indian and British sportsman alike from becoming a memory of the past, it should be done quickly. My Lord, I am told on good authority that in some parts of the country the people themselves are beginning to recognize and regret the folly and license they have permitted themselves in this indiscriminate slaughter, and they would be less than human if they did not welcome a measure that will bring them back their friends of the jungle."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, before submitting the remarks I have to make I beg to say a word about what the Hon'ble Mr. Sri Ram has said regarding the revenues of the different provinces not being properly distributed for purposes of expenditure. He apparently forgets that the different provinces are not like independent kingdoms standing by themselves. They form integral parts of one great Empire. There are some backward provinces which have not the same revenue as the richer ones, and in order that all may have an equal chance of prospering it is essential that the poorer provinces should be treated more liberally than the richer ones. To lay down one cast-iron rule of proportion or any other rule of that character applying to all alike, rich and poor, thriving province and backward province, will be to accentuate, if not to perpetuate, the backward condition of the backward provinces.

"I join in lamenting with the Hon'ble Sir Allan Arthur that the railway now and then fails to respond to the demands on it. In the height of the famine in the Central Provinces, the price of food-grains was going up by leaps and bounds for several weeks because the railway was unable to supply sufficient rolling stock to carry the grain that the merchants were ready and willing to pour into our distressed tracts.

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"In summing up the economic situation, reference was made to the satisfactory character of the evidence of recuperative power except in some unfortunate territories affected by temporary difficulties. I grieve to say that the day when the troubles and tribulations of the people of the Central Provinces will be over is not yet within sight.

"The official year about to close opened there badly. Following upon an almost total destruction of the kharif, the rabi of 1900 was, under the blighting influence of the terrible drought, even worse than that of 1897. Some idea of the heavy loss which this entailed may be formed when it is said that the export of wheat from 1st October 1899 to end of April 1900 was less than one-eighth of the quantity exported during the corresponding period of the last normal year we had, namely, 1893-94. How completely the crops were destroyed would further appear from the fact that, whereas in a normal year the value of imports of food-grains into the province is under six lakhs, in 1899-1900 it rose to 205½ lakhs. The vast quantity represented by this figure was almost wholly paid for with the money given by Government as famine-relief. The miseries resulting from these grievous crop-failures were aggravated by a considerable destruction of plough-cattle. Even before the hot season of 1900, about two lakhs of them had perished. The export of hides and skins during the year ending 31st March 1900 was 162,000 maunds, which is three times the quantity exported in 1893-94. But when the account of losses comes to be finally made up, it will be found to be more serious than what is indicated by the above figures. For, even in a normal year, it is just after the rains begin that the cattle, half-starved and hard-worked in the hot season, largely die, and this mortality must have been exceptionally high during the rains of 1900, when the conditions were very much more unfavourable than in an ordinary year. Besides, the belated monsoon made matters worse. The returns of rail-borne traffic during the half-year ending 30th September 1900 show that the exports of hides and skins during this period reached the enormous figure of 1,31,000 maunds. The effect of these misfortunes was painfully apparent in the unprecedented rise in the numbers on relief, a rise which was more than maintained in spite of the stiffening of the conditions of relief. In the spring of 1900, for the first time in the history of famines in the province, cultivators who had once seen better days were driven in considerable numbers with their womenfolk and children to seek refuge from starvation in the relief-camps, to labour and live there with people who sweep the village-sites and eat the flesh of dead cattle. Another sad feature of this famine, bespeaking its terribly severe character, has been the loosening of the bonds of caste. I speak not without painful personal

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knowledge when I say that severe privations were silently put up with as long as there was anything of value left which could be turned into food. But a time at last came when the only safety from the agony of death from hunger lay in accepting State relief. In these melancholy facts mainly lies the explanation of the high percentages on relief, a circumstance which formed the subject of some discussion last year. The highest percentage of people who might have eked out a miserable existence otherwise than by coming on relief was put at ten by some of the witnesses before the Famine Commission at Nagpur.

"The monsoon of 1900, though late, burst upon the country in a steady downpour, and this enabled the people to sow a large kharif area. But in spite of 25 lakhs most generously given as *takkavi* from the public funds and 18 lakhs as gift from the noble charity fund inaugurated by Your Excellency, so great was the loss of resources, that the area sown could not have been much above what was needed for the food of the people. Complete figures are not yet available, but I find that the exports of rice, the principal kharif, from 1st October 1900 to end of February last was 3,21,000 maunds, which is a little less than one-third of the exports in the corresponding period of 1898-99, which itself was not a very favourable year. At the same time the imports of food-grains continued to be large, thus showing that the local produce (after setting off exports) was not enough to meet local wants. The imports from 1st April to 30th September 1900 aggregated as much as 67 lakhs of maunds. But while the kharif gave them their food the hopes of the people to recover the ground lost lay in the rabi. Here, however, and it is most unfortunate, they have met with heavy disappointment. Proper cultivation of rabi was interfered with in several places by heavy rain in August and September and the absence of the *Dewali* showers, which soften the ground for sowing and help germination. Nevertheless, when I left the province in the middle of December last, the people were looking forward to a fair outturn. But the untimely rains since then, accompanied as they have been in some parts by destructive hail-storms, have changed the situation for the worse. It is estimated that the outturn of wheat will not go beyond a third of a normal outturn on a normal area and that of linseed beyond one-fifth. In two districts, which were very hard hit last year, all the spring crops, except wheat, are said to have been wholly ruined. Then again, unlike what happened in 1897, when the prices went down as soon as the famine conditions ceased, the prices this year never regained the normal rates. Indeed, they touched famine figures in many places. Since the new wheat and gram have begun to come to the market within the past ten days or so, the rates have become somewhat easier. The future is full of anxiety both for the people and the Government. I am afraid when the harvesting of rabi will be over and

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the employments in the fields cease, it may be necessary to start relief in some parts of the province.

"I gratefully acknowledge that proceedings with a view to lighten the burdens on land and thus facilitate the progress towards recovery have begun. The ten to twelve years' settlement in Bilaspur and Raipur will expire in June next, and the proceedings set on foot last year for a revision of the assessments are, I understand, in abeyance. Considering how hard these two districts were hit during the recent famine and how even this year their rabi has failed, I hope and pray that, when the settlement-operations will be taken in hand again, it may not be with a view to further enhance the total assessment, but, to adopt the language of the Hon'ble Mr. Ibbetson, to redistribute the burden of rent and revenue which might have become unequal during the last twelve years under ordinary circumstances and still more so under the depressing conditions of recent years. Proceedings with a view to abatement of rents of tenants payable to malguzars and of revenue payable by the latter to Government are in progress in Hoshangabad, a district twice described by its Deputy Commissioner as 'bankrupt,' even before the famine of 1899-1900. Speaking at Khurai in the Saugor District lately, the Hon'ble Mr. Fraser thus described the measures taken there :

'It would be difficult to conceive a more serious succession of calamities than I have indicated, and the effect on the country and the people has been most disastrous. When I visited Khurai last year, and now as I have again gone through some of its once flourishing but now ruined villages, I have realized something of what the people must have suffered, and of the feelings of compassion that have stirred the hearts of some of your officers. The facts on which the abatement proceedings are based are certainly startling. In 1892-93 the cropped area of Khurai was 183,825 acres. In 1898-99, the year before this last famine, it had fallen to 81,928 acres—a decrease of 55 per cent. The decrease in rabi cultivation, on which the country mainly depends, was as much as 75 per cent.The revenue-assessment, I say, was Rs. 1,29,459; the actual collections during the past seven years have averaged only Rs. 45,800 per annum.....Under the abatement scheme now in progress, the revenue will be reduced to Rs. 55,123, or by 57 per cent. as compared with the assessment. This reduction in revenue is a little more than the percentage of reduction in cropped area (55 per cent); and it will remain in force for the whole period of the settlement. This is the sacrifice which the Government has made with the hope of securing the restoration of this tract to the prosperity which it enjoyed before these seven years of calamity.'

"I entertain no doubt that other tracts which have suffered, though not so grievously as Khurai, will receive similar generous treatment. In connection with this matter I may quote here what Mr. Robertson, Deputy Commissioner,

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Jabalpur, is reported to have said in his evidence before the Famine Commission :

'The district was in a distressed state. This is attributable to seven very bad seasons. Under the circumstances, the present assessment in some parts was too high. I would advocate a reduction for the remaining five years of the settlement.'

"I find that under the head of 'Land-revenue' Rs. 80,67,000 have been put down in the Budget against the Central Provinces. The revenue on the roll, including the enhancements of the new settlement, stood at Rs. 85,82,000 on 1st October 1899. Thus the Budget assumes a realization of 94 per cent. Considering that the yield of kharif in 1900 had to be supplemented by imports to meet the local demand for food-supply and that the *rabi* of 1901 is likely to give a poor return, it seems doubtful whether, even with a propitious monsoon, the people will be able to pay as much as 94 per cent. of the revenue-demand. In the year following the famine of 1896-97 the percentage of realization was 82. But the people are more resourceless now than they were after the previous famine; and there will be, besides, this additional difficulty that good seed will be scarce. For, under the unfavourable climatic conditions of this year, the yield of *rabi* will be poor not only in quantity, but also in quality. The Budget provides a most generous grant to the province to enable it to rehabilitate its finances. I venture to hope the same generous treatment will be meted out to the people if their condition does not permit of such a large payment of revenue as 94 per cent. out of the year's produce. I have ventured to draw attention to the matter as the subordinate officials directly responsible for the realization are generally apt to be influenced in their proceedings by what they think Government expects of them than by the capacity of the people to pay.

"Along with the measures that are being taken to relax the pressure of the Government demand, conciliation proceedings with a view to an amicable settlement of private debts referred to by me last year have made further progress. It would appear from Mr. Fraser's Khurai speech that in the district of Saugor unsecured debts aggregating nine lakhs of rupees owed by tenants were remitted in 1899. A wider extension was given to the scheme during this year. Debts owed by pattidars and secured by mortgages and even decrees and amounting to over five lakhs and a quarter have been remitted to the extent of two-thirds. Further remissions to the extent of half in the case of other similar debts are expected. The creditors who took part in this good work well deserved the thanks they received at the hands of their Chief Commissioner.

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"But the relief given by remission of existing debts is not likely to lead to any lasting good, unless it is accompanied by banking facilities, which will hereafter provide the tenants and land-owners with funds on fair terms for their current needs and for the improvement of their lands. The question of rural Banks may be said to have been under consideration during the latter half of the now expired century. For I find it pressed on the attention of the Bombay Government by the Collector of Poona as far back as 1854. Nevertheless, it does not seem to have advanced beyond the stage of academic discussion. In 1884, however, a scheme was matured by the Government of India for starting such Banks as an experimental measure in the Purandhar Taluqua of the Poona District. Its main feature may be thus described: (1) the Government was to advance to the Bank a sum of ₹ 4 lakhs for the liquidation of the existing debts of cultivators, loans made out of this advance to be a first charge on their lands; (2) where the Bank would under these liquidation-proceedings acquire the position of first mortgagee, it would enjoy, in respect of further limited advances, the same priority as a first mortgagee can acquire by stipulation under section 79 of the Transfer of Property Act; (3) the Bank was to be permitted to recover through the revenue-authorities the debts referred to above, a light fee being payable on the process of recovery; (4) as regards other loans, no stamp-duty or registration-fee was to be charged on deeds executed in connection with them and no court-fee on suits instituted to recover them was to be levied for a period not exceeding ten years. The scheme fell through, apparently because the Secretary of State would not sanction it. Acts have now and then been passed to release the peasantry and land-owners in some localities of their load of debt, but nothing has as yet been done to enable the thrifty and industrious cultivator to secure loans for agricultural purposes on easier terms than what are obtainable now. I earnestly hope that the enquiry which Your Excellency has been pleased to order will at last bring about the devoutly wished-for consummation. For the people who are to benefit by any scheme that may be sanctioned are sick almost unto death, and whatever has to be done should be done at an early date. The system that seems to find favour is what is called the mutual credit institution based on the principle of co-operation among those who enrol themselves as its members. Evidence regarding its feasibility in the Central Provinces was taken by the Famine Commission at Nagpur, and, as far as I can gather from newspaper reports, there seems to be a consensus of opinion among official and non-official witnesses that its success there is doubtful. This accords with the opinion of some well-informed friends I have consulted and also with my own opinion formed after such enquiry as my limited opportunities have enabled me to make. The scheme we

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need and which is likely to succeed is the scheme formulated by the Government in 1884. The Bank should take the place of the present money-lenders and be able like them to lend on individual responsibility. This would not, of course, prevent loans being given to associations of borrowers, who would borrow on their combined credit and lend the sum thus borrowed among themselves. The concessions which the Government was prepared to make in 1884 would, I believe, suffice to bring about a reduction of the present rates of interest and also to make the terms otherwise easier for the borrower. These rates and terms are now determined not only by the law of demand and supply but also by considerations arising from the difficulty of recovery through the Civil Courts and the expenses incidental thereto.

"In November last there was a conference at Nagpur between Mr. Higham, Inspector General of Irrigation, and our Engineers and Revenue-officers on the subject of irrigation in the Central Provinces. Speaking before the Council on the 19th of October last, Your Excellency was pleased to say, with regard to the methodical preparation in advance of programmes of famine relief-works, that railway earthwork had been pretty well exhausted and that more roads existed than could be properly kept up, but that there were few parts of the country where works for storage of water were not practicable. They might not, probably would not, be directly remunerative. But if such a work would conduce to greater security of the crops, and if it could be maintained at a moderate cost, it was just the sort of work that should be kept in hand for an emergency. Your Excellency further stated that the recommendation of the last Famine Commission, that the cost of investigating and preparing new projects for protective works should form a charge against the famine grant, has been accepted by the Secretary of State. I believe that it has been made clear in the investigations that have followed the Nagpur Conference that there is a wide field for useful irrigation-tanks in the Waingunga Valley Districts and in the Chhatisgarh, where rice is largely grown, and that, if funds could be made available, surveys could be undertaken and projects prepared. The whole question is now before Your Excellency's Government, and I may be permitted to hope it will receive sympathetic consideration, and that ere long our people may have the satisfaction of seeing these useful projects taken in hand. Further some irrigation-tanks have been partially made in the district of Raipur by famine-labour, and unless they are completed the money spent on them will bring no return. I hope we shall not have to wait for the next year of drought to see them brought to completion. I may mention here that during the recent drought, in one rice-district, a considerable area of cultivation was saved from destruction by two large irrigation-tanks. The villages served

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by them had a good rice crop and were able to meet with ease the revenue-demand, while in adjoining villages, outside the influence of these tanks, crops failed grievously and large remissions had to be granted.

"In the midst of our misfortunes, the one thing that cheers our heart and makes it overflow with deep thankfulness is the conspicuous success of the campaign, which, under Your Excellency's guidance, our Chief Commissioner, the Hon'ble Mr. Fraser, helped by a noble and devoted band of local officers, waged against an unprecedented combination of calamities that had well nigh threatened to submerge the province. The scars left will no doubt take long to be healed, even with a succession of kindest of monsoons. Considering the nature of the visitation, it could not be otherwise. But nothing which the indomitable resolve of a great Government to save its people could do to repair its terrible havoc was left undone, and the consequence has been an administrative feat of which any Government may well be proud. How this gratifying result was attained is easily told. To begin with, as soon as it became clear that the kharif was likely to fail, elaborate instructions were issued to grapple with the threatened calamity. As early as the 14th of August 1899, Mr. Ibbetson sent out circular after circular prescribing, down to the minutest details, the various modes of relief to be given, the manner of administering them, the duties and responsibilities of each class of relief-officers, and their relations to one another as forming parts of an integral whole. The result was that, when the distress actually appeared, it found the machinery of relief perfected in every part, and though the demand for help reached proportions far exceeding the limits prescribed on the basis of past experience, on the whole it did not outstrip the capacity, or dislocate the organization, to meet it. Valuable time was not lost in hazardous experiments to gauge the existence of distress needing relief through test-works with stringent deterrent conditions attached. As has been demonstrated elsewhere, even starvelings will prefer death to working for a wage that will not let them have a mouthful for themselves and their dependents. That most important part of relief, village-relief, was organized from the very outset. Relief-works, specially large works, were not possible until the rains ended, and in order that the poorer able-bodied labourers might not starve and thus run down in condition, necessitating expensive medical relief later on, it was ordered as an exceptional and temporary expedient to extend gratuitous relief to them. Necessary safeguards were laid down to prevent abuse, but everything was subordinated to the high ideal that no one was to be allowed to starve or suffer serious privation for want of relief, and thus it was that, when after the rains the works were opened, they found the people in good heart and good condition. A special feature of the works was the prominence given

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to village-works. Their greater usefulness as compared with much of the road-work that has perforce to be undertaken to create employment for famine-labour was fully recognised. Stress was laid on the desirability of getting these works done as much as practicable through the agency of the village-headmen. Their too great attractiveness was provided against by a rigorous labour-test and a restricted wage. A great deal of most useful work has thus been done. One of the saddest incidents of the famine of 1896 was the collapse of the ordinary system of relief in the case of the aboriginal jungle-tribes. For them Mr. Ibbetson laid down special measures of relief mainly on the lines of the recommendations of the Commission of 1898. The success of this wise and humane policy has been complete; while a too anxious solicitude to save the morals of the people have elsewhere resulted in failure to save their lives. Nor was the protection of cattle forgotten. One of the great horrors of this famine lay in the fact that in many tracts to a famine of food was added a famine of fodder and water for cattle. Government forests were thrown open to grazing, either free, or at reduced rates. The jungle-tribes were employed in the congenial task of cutting grass, which was then baled and sent to places where it was wanted for the cattle, or for supply to large towns. Mr. Ibbetson offered to supply any quantity of fodder to Bombay, but apparently the railway would not or could not supply the rolling stock, and thus it was that, while cattle were dying for want of fodder in other parts, it was lying idle in the forests of the Central Provinces. The above efforts to save our cattle were unfortunately to some extent nullified by the late appearance of the monsoon, which, by prolonging the hot-weather conditions, proved disastrous to the beasts that had till then been kept alive. With the approach of the rains, a somewhat new departure was taken by Mr. Fraser, with the approval, as I understand, of Your Excellency's Government. Most of the large works were closed, both because it was essential in the interest of agriculture that the people should be sent back to their fields, and also because it was difficult to keep large works open during the rains. But it was not forgotten that the resources of the people would at this juncture be at their lowest ebb, that the ordinary openings for private employment would, owing to the exhaustion of resources of the tenants and malguzars, be much contracted, and that in any case the wages earned would, owing to the high prices, be insufficient to buy food for the labourer's whole family. So it was decided to supplement private employment and wages by expansion of village-relief. This took the form of cooked food at kitchens for dependents and of money-doles to able-bodied labourers in return for work supervised by the village-headman in the shape of local improvements and, what is to be specially noted, of weeding and transplanting in fields of raiyats who were themselves unable to employ labour. It would be difficult to over-rate the good this system of relief has

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done. But for it an appalling mortality, not unlike what took place elsewhere, would have taken place in the Central Provinces and nullified the effect of the gigantic efforts hitherto put forward to keep the people alive. And, what is no less satisfactory, this helped thousands of broken-down raiyats to grow and reap a good harvest. The savings from the wages given are said to have been not inconsiderable, and some have further said that these, without any further State aid, would have carried the people through until the crops ripened. Whether the savings were made because the wages were more than what was needed for bare subsistence, or because the people were determined, whatever the wage, to save a fraction by pinching themselves to provide against the time when Government relief would close and for their other necessities, certain it is these savings were not enough even with the liberal help from Government to keep the death-rate during the monsoon months within normal limits. In spite of these advantages, the people evidently had to live on reduced rations, and thus, with a system debilitated by insufficient nourishment, they fell an easy prey to the diseases which always break out during the rains. The death-rate began to rise perceptibly from June, when the provincial average stood at 6·78 as against 2·43 in the same month of the previous year. In July the rate was 6·88 as against 2·05 in the previous year. In August it rose to 7·71. Here I may note that at this time there was no curtailing of relief, the numbers relieved reaching a total of over two millions and a quarter out of a population of ten millions of the affected tracts. In September, with the ripening of the smaller millets, the death-rate went down to 6·82, and in October to 5·65 as against 2·13 in previous October; and it was not till November was reached that we get such a rate as 3·78, which, however, is nearly double the rate in the same month of the previous year. During this period the rate in some tracts approached 18, 17, 16, 15 and 14. The recent census has shown that, whereas between 1881 and 1891 population had increased by 9·61 per cent., between 1891 and 1901 it has decreased by 8·71 per cent., or by nearly 10 lakhs of people. In the face of these significant after-facts, the question whether the wage given was too liberal because the people saved a pinch out of it, and were at the same time able to keep body and soul together *for the time being*, would require most careful consideration. A battle against the forces of nature could not be fought and won as it has been in the Central Provinces without a heavy expenditure, but, if human life is worth saving and human misery worth alleviating, then has the money not been ill-spent. At the same time the danger that lurks in the setting-up of a system of relief on this colossal scale is not to be lightly passed over. But the fear of pauperising the people was not allowed to paralyse the hands of the relief-officer. And, now that the thing is over, I do not find that

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any of our Deputy Commissioners complained that relief had sapped the independence of the people. Possibly in some places they stuck to relief a little longer than what was absolutely necessary, but on the whole it does not appear that there has been any demoralization. Two millions of agriculturists and labourers have gone back to their ordinary occupations in good heart and trim, and, as stated by one Deputy Commissioner before the Commission, the work in the fields was quietly resumed when the proper time came without any sign of loss of self-respect. I must confess I feel a glow of supreme satisfaction at these achievements of my Government under circumstances of unparalleled difficulty. I am sure the general verdict will endorse what it has been my privilege to say before this Council today.

"I cannot conclude my reference to the famine in my province without a word about the Charity Fund. I need say no more than this, that it is impossible for those whose high privilege it has been to take part in its blessed work not to acknowledge with the warmest gratitude the benefit it has conferred on the people. As I have said elsewhere, a mere enumeration of the numbers relieved will give but a faint idea of the incalculable good it has done. For the hope that has been infused into the hearts of the people, for the opportunity they have to build up once more the fabric of their prosperity, they are no less indebted to the noble Charity Fund than to the help from the State funds. And, if they have not been loud in proclaiming their gratitude at this splendid exhibition of charity and devotion in the sacred cause of humanity, none the less the moral effect of all that has been done for them in drawing closer together the tie that binds them to their rulers must make for good government in its truest, highest sense."

The Hon'ble MR. BUCKINGHAM said:—"My Lord, two very important Bills affecting the industries of India have been passed into law this session, but I do not think it is sufficiently recognized how narrowly we escaped from these Bills coming into force last year in their amended, and I may say objectionable, form. This only shows how disastrously the industries of this country may be affected by undue precipitation in passing any Bill into law, and to Your Excellency alone we are indebted for the postponement of them to the present session.

"My Lord, domestic legislation may be necessary in some cases, but there has of late years been too great a tendency to legislate on Western principles, which not only produces a bad effect, but creates imaginary grievances, and gives agitators the opportunity of saying it is the policy of the Home Government

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to sacrifice Indian to English interests. The industries of India must, to a great extent, be allowed to develop spontaneously, according to her requirements and needs, and, if this can be brought about without over-legislation, capital must and will come more freely into the country. Indian labour is not organized in the same way as it is at home, and it will probably take generations to bring this about. It was very truly said by the late Mr. S. E. J. Clarke, who had made 'India and its people' his chief study for a lifetime, that 'Native labour, whether at a mine or in a factory, has no sort of resemblance to anything known the other side of the Suez Canal. For all purposes of comparison, India might be a part of the planet Mars.' Labourers come and go in a way which would appear disastrous to an Englishman ignorant of their ways—they disappear for months to get married once, twice or even oftener, and on the pretext of a relation dying, which same relation has more than the proverbial nine lives of a cat: a liberal amount of leave is granted for each such death.

"Regarding the financial position of Assam, Your Lordship said at Tezpur that a larger proportion of the gross receipts of Assam was expended upon the administration and development of that Province than of any other Province in India, and that we were absorbing a large amount of Imperial capital, our balance being on the wrong side of the ledger. I notice, my Lord, that at page 58 of the Assam Revenue Account for last year, the gross income from Assam (Imperial, Provincial and Local) amounted to 146½ lakhs of rupees and the gross expenditure to 109½ lakhs; to this expenditure may perhaps be added the interest paid on account of the capital of the Assam-Bengal Railway, which I find at page 126 of the Finance and Revenue Accounts amounts to Rs. 20,27,000 on account of Indian interest and an equivalent of about Rs. 10,12,000 English interest, or a total of Rs. 30,39,000. This sum, added to our expenditure, will still leave a balance of 6½ lakhs on the right side of our ledger. It is true that we have not been able to contribute anything to the military and other general charges of the empire; but still I think it will be admitted, my Lord, that we are advancing in the right direction and that we are not such a burden to the Imperial exchequer as we are generally supposed to be. It is also satisfactory to find in this year's Financial Statement, at paragraph 271, that a grant in aid of Rs. 2,00,000 only was required from the Imperial Treasury, and that the damages caused by the earthquake constituted the sole reason for requiring such aid.

"I feel sure, my Lord, nothing would hasten a more satisfactory state of affairs than the construction of a system of tramways and feeder lines to the river and to the main line of railway. One has only to see the development

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of the country in two years, in the vicinity of the main line, to be convinced that, even if remuneration is not at once forthcoming from the actual working of the line, still the revenue side of the Provincial balance sheet is most beneficially affected.

"I trust therefore, when the time comes, Your Excellency will give us a substantial guarantee towards a system of railroads and tramways throughout the province."

The Hon'ble KUNWAR SIR HARNAM SINGH said:—"My Lord, it is a matter for congratulation that the Finance Member has been able to present to the Council a Financial Statement of such an extraordinary character. It shows how carefully, in a year of unparalleled calamity, the resources of the State have been husbanded, how economy has been exercised in all branches of administration without affecting efficiency, how manfully the struggle has been maintained, how successfully the difficulties of the financial position have been overcome without imposing fresh burdens on the people, and how all gloomy forebodings have been falsified. Receipts have improved, with a single exception, under every main head of revenue, and the originally estimated small surplus has been converted into a handsome one.

"The exception I refer to has been with regard to land-revenue receipts. A heavy deficiency has been recorded, as between the Revised and Original Estimates of land-revenue, amounting to £382,900. I took the liberty of pointing out, during the Budget debate last year, that a rather sanguine view was taken of our sources of Revenue. I said that in Provinces affected by famine the mortality among agricultural cattle would be considerable, that large tracts of land would be lying waste, and that low prices following on a plentiful harvest would reduce the receipts of cultivators, and that on all these grounds the revenue realizations would be greatly affected. I ventured to observe that in tracts of the country afflicted with famine the increase of land-revenue was overestimated. The Revised Estimates show that I was not wrong in my conclusions.

"I notice that in the Budget Estimate for the coming Financial year, Land-revenue is estimated to produce £474,800 more than last year, and the Finance Member says that, in view of improved prospects throughout the greater part of India, this estimate is unlikely to prove too sanguine. I have my misgivings, my Lord, with regard to this view of the question. Famine has not yet disappeared from the land, and it is feared that a considerable time must elapse before there will be any likelihood of its disappearance. I have

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to repeat what I said last year with regard to revenue realizations in provinces affected by famine. And then I quite agree with the Finance Minister that, until we are sure of a favourable monsoon, the most moderate estimates may be suddenly and hopelessly falsified.

"The large surplus shown at the end of the financial year was due to exceptional circumstances. Had normal causes been in operation, I believe that the estimated surplus announced last year, in spite of improvement under every main head of revenue, would have been considerably diminished, if not converted into an actual deficit. Had it not been for the saving due to the absence of troops in China and South Africa, and consequent increase in Telegraph receipts, Military Department receipts, and reduced expenditure on Military Works, the financial condition of India would have greatly deteriorated. These extraordinary causes will now soon cease to operate, and the consequence will naturally be a material reduction of receipts. I point to these facts with the view of showing that our sources of revenue are not on a stable footing, and that the increase of receipts in most cases is purely fortuitous.

"I find that in the Budget Estimate for the coming financial year Railways are expected to yield an important increase of revenue. The receipts are expected to exceed those of last year by £331,400. I do not know how this expectation can be fully justified. It is true that some increase may be due to an adjustment of accounts, and also to some extent to an increased mileage opened to traffic. But it must be borne in mind that there will be a considerable diminution of Railway receipts owing to the absence of any large movement of food-stuffs for famine requirements. I believe, therefore, that the increase from the Railway source of revenue has been over-estimated.

"Then again considerable reduction has been anticipated under various important heads. I am afraid that the reduction has been under-estimated. Owing to calamities in China, the Opium revenue is sure to be affected, and not only will the abnormally high prices of last year be greatly reduced, but the consumption of opium is likely to be decreased. As has been anticipated, Customs will yield far less than they did last year, owing to reduced imports of sugar. The duties on the extraordinarily large importation of sugar abnormally swelled our receipts during the past year, but there is reason to apprehend that these receipts cannot continue to be in the same proportion in which they have hitherto been fixed. I believe the reduction from this source of revenue also has been under-estimated. Although opinion as to the effect of the countervailing duties on bounty-fed sugar cannot

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yet be definitely formed, yet it must be admitted that the addition to our revenue from this source exists under most abnormal conditions. It is certainly not an unsatisfactory reflexion, in the language of the Finance Member, that 'this addition to our revenue has been realized at the expense of the European taxpayers, taxed by their respective Governments to provide the bounties which enable foreign sugar-refiners to sell their sugar in India at prices below the cost of production.' But this satisfactory reflexion is constantly accompanied with the apprehension that foreign Governments may before long realize the impolicy of artificially maintaining the selling price of bounty-fed imported sugar, and may at any moment withdraw their subsidies—the effect of which will be the extinction of this source of revenue.

"It appears to me, my Lord, that from what I have said above Indian finances are not in a satisfactory condition, and our sources of revenue cannot be depended upon with certainty. The Finance Member observes that expenditure in all directions has been so greatly restricted during the period of financial distress, that 'now that we may fairly estimate for an improvement in revenue and an important diminution of charges for Famine Relief, we have been glad to show some comparative liberality in meeting urgent administrative demands.' This to my mind means, my Lord, that the precautions which have hitherto been taken, the vigilance which has been so effectually exercised, are to be relaxed, and that considerable increase in expenditure is proposed. I cannot but view this proposal with apprehension. I fear, as I have pointed out, that there will be a considerable reduction in the estimated receipts. If my fears prove to be well-founded, the proposed increase in expenditure will place our finances in an embarrassed position. I am led to think, my Lord, that it is a bad State policy, as it is bad domestic economy, to sanction increased expenditure in anticipation of increased revenue. When the increase is well assured, and the increased revenue is in the Treasury, then extensive schemes of reform may be matured, and money may be freely expended in successfully carrying out those schemes. But when our revenue has not yet recovered its lost balance, or rather I should say when our finances are not in a prosperous condition, when we have to meet urgent administrative demands by raising loans every year, and thus adding to our permanent indebtedness—this, I venture to say, is not the time to launch into large undertakings necessitating a large outlay.

"The Government of India proposes to make a considerable addition to the expenditure on the Army. I admit of course that our whole existence depends on proper provision for the defence of our frontiers, and that the lessons derived from the war in South Africa could not be neglected. I fully realize the gravity of the situation, but still I am inclined to think that the proposed

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increase on Army expenditure is abnormally high. I am aware that I am treading on delicate ground. The question I have ventured to refer to is certainly an Imperial question, and must be settled on Imperial grounds.

"In dealing with the great question of meeting famine requirements, the Finance Member alluded to the recuperative power of India. 'The fact,' he says, 'that we have been able to meet the extraordinary demands on our resources, due to famine and plague, and that we are to-day able to present a Budget showing, notwithstanding the simultaneous serious depression in three such important industries as cotton, tea and indigo, a distinct and satisfactory increase of revenue obtained without increase of taxation, is in itself the strongest evidence of that recuperative power.' There is abundant proof that his belief in this recuperative power is not an idle assumption; it is certainly based on substantial facts. What I only wish to say is that this recuperative power and the economic conditions of the country are not so well assured as they have been represented to be. The land-revenue of the country is in a serious condition at present. The proportion of land-revenue to the general revenue is striking. Under normal conditions I think it ought to be over 27 per cent. I notice in the figures adduced by the Finance Member that this proportion has been fluctuating. This may be due to famine, but still the fact remains that the land-revenue taken as a whole has not been able to completely recover its balance. This is the only source of revenue which is on a stable footing. Opium, Salt, Stamps, Excise, Customs, Post Office, Telegraph, and other sources of revenue are not at all to be compared, as regards stability, to Land-revenue. That land-revenue is not increasing, but that the proportion of land-revenue to the total of our resources shows a diminishing tendency, is not a matter for congratulation.

"The most important industry in India is agriculture. The prosperity of the agricultural population, to use the Financial Member's language, has, within the last five years, received apparently crushing blows through the unprecedented recurrence of famine. It is difficult to say how long it will take to remove the effects of these crushing blows. I am not prepared to say that the agricultural population in the Indian Empire is 'somewhat better off today than it was a year ago.' The agriculturist's want of staying power during severe famine is in itself a convincing proof of agricultural distress. Then, again, if it is an admitted fact that the indigenous industries of the country are perishing, and that new industries in sufficiently large numbers are not replacing them, it will be easily conceived that the recuperative power of India in this direction does not assert itself. What I mean to say is that the economic

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situation of the country, in my judgment, is not so cheering as it has been described to be; and the evidences of general recuperative power are not so many and so satisfactory as they have been represented to be.

"It is, however, very gratifying, my Lord, as I have stated, that the Financial Member has been able to present to the Council such a remarkable budget, without increase of taxation; and the whole country will feel grateful to him for his invaluable services."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—"About this time last year, speaking of the terrible demands of famine, Your Excellency said that you were resolved to devote all the available resources at your disposal to the alleviation of suffering and the prevention of death. It would be as ungrateful as ungracious not to admit, in the most unequivocal manner, that this promise has been kept to the very letter. Nor is it less a matter for gratitude that, instead of adding insult to injury in the shape of diatribes against the alleged unthrift, wastefulness and extravagance of the suffering victims, the Finance Member has, in a spirit of unbiassed justice and strict impartiality, paid a well merited tribute to their frugality, their industry and their powers of endurance—attributes for which they have always received credit, except when disingenuous attempts were made to substitute false for true causes of famine and its attendant evils. As though Providence wished to reward Your Lordship's righteous resolves and hearty performances of them, more than one godsend has come to us with a sheaf of plenty to repair the incident damage or to re-fill the exhausted coffers; such for instance as the unforeseen flush of opium revenue and the repayment from the British Exchequer of charges which the Welby Commission made out to be an unauthorised or unwarrantable burden laid on the Indian tax-payer—although I, for one, think that the amount paid should have included not only arrears, as has been already contended, but also a contribution, as is to be yet contended, towards retiring pay, and pensions, etc., of Indian troops employed in South Africa and China, as was wrung from India in 1884 or 1885 by the British Exchequer when British forces served or were serving India. But amid all this overflow of thankfulness and gladness, it would be failing in an important duty not to notice the shortcomings that exist and not to examine the soundness of certain conclusions, as to economic conditions, recorded in the Financial Statement as following from the figures and facts therein set forth. It is impossible, and it will be unavailing and wearisome, even if it were possible, to go over the entire ground which has been traversed in the Financial Statement and its tables of figures and appendices. Some of the Hon'ble Mem-

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bērs who have spoken before me have, besides, a good deal anticipated me, either by saying exactly what I meant to say or in analogically forestalling me. Expenditure, on the Army and on matters kindred to it, is indeed a legitimate battle-ground by reason of being, in the words of the Finance Member, the greatest drain on financial resources. But the Finance Member has said in paragraph 53 on this topic that 'every additional item which has been agreed to, has not only been most jealously scrutinised in the Finance Department, but has also been submitted to the close examination of the Governor General in Council.' In paragraph 54 he has also pointed out how the 'lessons derived from the war in South Africa could not be neglected and how the Government had done their best under the guidance of their military advisers to profit by them.'

"In the face of these assurances and deliverances, it would perhaps be too bold to indulge in criticism. Any little wish that might still linger to probe the question must be effectually quelled by the recollection of the short, decisive and perhaps too curt reply which was vouchsafed, in this very Council Chamber some three years ago, to one who ventured to suggest a modest reduction in the numerical strength of the Indian Army; for the circumstances now are far more inopportune than they were then, seeing how the war-pulse is at the high fever beat all the world over and realising how the doctrine now in the ascendant is that in all countries, great and small alike, to be armed *cap-a-pie* is the only way to be safe, as much for the preservation of peace as for triumphs in war. The good fortune, and perhaps the best solace as well, in these circumstances, is that this country is ocean-protected on her three sides, by far the largest part for external attack, and that she is not called upon either to maintain a navy of her own or to make contributions towards the cost of the British Fleet.

"Quitting this nettle, which, however one may handle it, must prick one's fingers, I shall confine myself to some words on public works, on irrigation and on the conclusions of economic progress, drawn and recorded by the Hon'ble Finance Member from the figures before him. Judging by the figures set forth in paragraph 60 of the Financial Statement, it looks as though the extension of railways is regarded as several times more important than the works of irrigation—ranging from nine to nearly fourteen times. Upon the relative value of railways and irrigation-works there has always been, and there is sure always to be, a wide and equally decisive difference of opinion, depending, as it does and as it must, on the difference in the stand-points from which they are looked at. It is, however, noteworthy that after Sir Arthur Cotton, of irrigation fame, no one has made or has bid for a name

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for himself by pressing the exceptional claims of irrigation as energetically as he had done—one who, on the banks of the Krishna and the Godavari, is ranked with by-gone Indian saints and receives occasional oblations of sacred water on certain days when those sainted benefactors receive holy offerings for signal, unforgotten service. A great deal, besides, could be said on both sides; and a great deal has been said. Having regard to the main consideration that, while works of irrigation help in raising and multiplying food-stuffs and economic and commercial products, the railways help in their speedy transit to places most advantageous for making profit, the claims of production have plainly a precedence over the facilities of transit. The surplus things to be carried must exist before the carrying agency is called into request. If not, the inevitable consequence is that the bare sufficiency of one place is laid under contribution for the benefit of places where there is want, and the area of scarcity and desolation is made to grow wider and wider—though it must be admitted in the interests of humanity that, if nothing better could be done, it is less objectionable to swell the number of half-starved than to let even a few to die of utter want. One ought not therefore to dogmatise on this knotty problem. It is rather the duty of every one to discuss the question with himself soberly and with the paramount, if not the sole, object of preventing the too speedily recurring famine. I humbly think that, making the amplest allowance for every pertinent consideration, the claims of irrigation have not, and have not had, such warm and vigorous championship and such large and continuous outlays as they deserve. Neither in the Financial Statement nor in its annexures do I find any detailed or defined scheme for the creation of a Government system of wells, to tap subterranean streams by way of supplementing the service of canals and reservoirs, which are solely dependent on monsoons, which have, of late, learned too much the trick of being fitful or precarious. I know it may be said, as it has been said, that this was a pure Provincial affair and that the Provincial Governments would surely be attending to it in the requisite degree. So are many of the canals, in so far as they belong to this or that Provincial Government and so far as they are cut and excavated by the particular Government within whose limits they respectively are. We nevertheless find these canals named and specific allotments labelled on each of them in the Financial Statement. Why should not schemes, devised and formulated in respect of a system of well-supply, be similarly honoured? That there is urgent need for some such course is shown by regard being had for the scanty attention such a system or other irrigation systems command in the Madras Presidency as noted in the following extract from the Hindu newspaper of Friday last :

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'From the annual report of the administration of the Irrigation Branch of the Public Works Department in this Presidency during the past official year 1899-1900, it will be seen what little has been done and what more remains to be done. The irrigation-works shown in the sketch map annexed to the report appear like specks in a vast area. The total cultivable area in the districts of the Presidency is 33,423,401 acres, out of which only 3,902,050 or about 12 per cent. only is commanded by the irrigation-works, coming under the classes of major and minor productive and protective works; about 2,601,088 acres are shewn as irrigated by works coming under minor works under the charge of the Revenue or Public Works Department—which are dependent upon rainfall for their supply of water. Deducting these two from the total cultivable area, we find that about 27 millions of acres or nearly 80 per cent. of the cultivable area has no sources of irrigation whatever. Herein lies a great field for the useful and benevolent operations of the Local Government. It may not perhaps be possible to bring all these lands under irrigation, but a large portion of them may be so brought. Unfortunately, however, Government draws its purse-strings tight when expenditure on useful public works has to be undertaken. During the last year, the amount spent on all classes of works from Imperial, Provincial and irrigation-cess funds was about Rs. 50,97,988 against a revenue of Rs. 2,01,75,080. This expenditure, be it remembered, included establishment charges which are not at all on an illiberal scale—tools, plant, construction and repair of quarters for officers and servants. How much of the fifty lakhs was actually spent on works is not clear from the report. It would be well if in future reports the cost of establishment, etc., is eliminated and the actual amount spent on works separately shown in the body of the report.'

"Paragraphs 72 to 76 are devoted to the consideration of the countervailing duties on sugar under the Act to which I lent my humble support in passing. The main ground on which the Act was sought to be passed and on which it was widely supported was that it would safeguard and promote the interests of the many thousands who had many thousands of acres under sugarcane cultivation. Looking over the paragraphs in question, one is sadly disappointed that no figures or facts in relation to that declared object are discernable, and it is no consolation to be told either that certain colonies profited thereby—one more than the rest—or that we were getting revenue at the expense of certain European countries. It is unfortunate that the avowed intention is presumably unfulfilled, and that the suspicion, freely expressed at the time, that it was legislation for the benefit of some of the colonies, seems not to have been altogether unfounded.

"I next beg leave to say a few words on the economic progress on which some stress is laid in paragraphs 101, etc. The propositions laid down in

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paragraph 102 are, in the highest degree, unexceptionable. They are as follows:—

‘(1) The question of economic development is one in which those responsible for the financial situation must take the keenest interest.

‘(2) It is comparatively easy for a Government to take money out of the pockets of the public, provided that those pockets are sufficiently well-filled.’

“The first of these propositions enunciates a rule of abstract duty and in it there is not the least flaw. The second proposition, too, is in one sense an abstract principle; and I presume that, in thus unreservedly predicating it, the Finance Member connotes that the pockets out of which the increased receipts have come, as noticed in the Budget, are, as a matter of fact, well-filled pockets; for otherwise there would be little relevancy in the statement of the principle. Is this true as a matter of fact? Reverting for a moment to his paragraph 18, we find that, except Land-revenue, the main heads of receipts are stated to show more or less of an important increase. In the next paragraph he goes into those main heads and virtually votes against many of them to be undeserving of acceptance as more or less permanent or established factors tending to or illustrative of economic progress. Firstly, increase of receipts in Opium is due, admittedly to abnormal prices. The receipts from Railways and from Telegraphs are equally due to famine or other adventitious causes. Receipts under the Military Department are, in his own words, purely fortuitous. Eliminating all these, there are but two main heads which are left to be inferred as healthy sources of enhanced income, *vis.*, Salt and Customs. As to Salt, the dictum is inexplicable, unless indeed it is assumed that big lumps of salt are swallowed in lieu of morsels of solid food, or unless there is some chemical process under which salt, combined with air, turns into human pabulum. It is quite plain that salt by itself is no article of food, and that it is only when combined with very much bigger doses of solid substances that it is an ingredient of human consumption. It is therefore somewhat problematic how, except as flavouring the charity doles or famine-rations, so much salt could have been consumed by human beings. If consumed as last suggested, the amount of its consumption is an index of the wide extent of pauperism, relieved by charity or the State, rather than any criterion of well-filled pockets. Salt might indeed have also been thrown into fields to improve the soil or given to plough-cattle to make them healthy. But in the face of the admittedly terrible holocausts of cattle and the parching-up of extensive areas for want of rain, it is rather a violent conclusion to draw that, in the track of the salt thus extended, prosperity or plenty followed in any appreciable degree.

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"Then regarding Customs as an index of progressive well-being by being, as it is alleged, a certain sign of consuming capacity, I shall grant some force in it, and I am entitled to ask whether one swallow would make summer and whether the Customs returns are any indication of well-filled pockets as a matter of necessary inference. I have my serious doubts; and Customs income is no more an evidence of well-filled pockets than is the mere fact of the payment of revenue under distraints and threats of distraints is an evidence of recuperative power. We have had too frequent proofs of full payment of revenue in one year being followed by dearth in the succeeding year to derive from that single fact the comfort that the pockets out of which the revenue has come have much left behind. To make payment of revenue under stringent processes or under menace of them an index of well filled pockets is like inferring a well-filled granary by the number of rats and bandicoots in the farm-house, or like assuming the solid solvency of one who borrows heavily and pays exorbitant interest. True economic progress will and can come only from the colossal demands on the country's resources being considerably reduced, from the administrative machinery being cheapened a great deal, by the raiyat being relieved of harassments of re-assessments and re-settlement, and, above all, by the growth, development and multiplicity of industries which constitute a necessary complement of agriculture in working out the prosperity of a country, and which will converge towards producing what the Finance Member has very properly called the highly satisfactory result, from an economic point of view, of substituting expenditure in India for expenditure abroad."

The Hon'ble SIR CHARLES RIVAZ said :—"I have only a very few words to say. My Hon'ble friend Mr. Bose has remarked that 'the day when the troubles and tribulations of the people of the Central Provinces will be over is not yet within sight,' and he seems to think that the estimated land-revenue collections of the coming year have been put at too high a figure for these provinces in the Budget. My Hon'ble friend has, I think, taken rather too gloomy a view of the situation. The present spring harvest has unfortunately been a good deal damaged in parts of the Central Provinces by unseasonable rain, but not to so serious an extent, according to the latest official reports, as my Hon'ble friend has stated; and the last autumn harvest was on the whole a very fair one, especially as regards the rice and cotton crops. The estimated land-revenue collections of the coming year as entered in the Budget are 10 lakhs below the figures sent up by the Chief Commissioner, which again were 5 lakhs below the estimates of the District and Divisional Officers; so it will be seen that the Government of India have fully recognized the necessity of dealing leniently with the land-holders of the Central Provinces in their present circum-

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stances. The estimated collections of 80½ lakhs are made up of 67½ lakhs on account of the current demand of the year and 13 lakhs on account of arrears of suspended revenue; and I may remark that the current demand amounts to 88½ lakhs or 3 lakhs more than my Hon'ble friend has stated it to be. In any case, he need be under no apprehension that any undue severity will be exercised in realizing land-revenue if the coming agricultural season should again unfortunately prove unfavourable. The Chief Commissioner has been authorized, in response to an application recently received from him, to remit all arrears of revenue, amounting to about 21 lakhs of rupees, which accrued previous to the revenue year 1899-1900, that is, the year which ended last July, and to exercise his discretion as to remitting up to one-half the demand of the year 1899-1900; and my Hon'ble friend will perhaps accept these orders as an indication of the desire of both the Local Administration and the Government of India to treat the land-holders of the Central Provinces with generous consideration in view of the undoubted misfortunes which they have lately undergone.

"With reference to the Hon'ble Mr. Smeaton's remarks about the deficiency in the superior forest-establishment in Burma, we have not been unmindful of the promise given by Mr. Ilbetson during the discussion of the Financial Statement last year, but unfortunately we are still hampered by the want of forest-officers in all Provinces. The annual recruitment has been enlarged, but it will take some time before this is felt. I am informed that, compared with other Provinces, Burma is not badly off, and that on the 1st January last there were four young forest-officers stationed there in excess of the sanctioned cadre. The matter shall, however, be looked into again. The forest-revenue of Burma is large, and we will do our best to meet the wish of the Local Government."

The Hon'ble SIR ARTHUR TREVOR said:—"My Lord, I do not think it would serve any useful object for me to try to anticipate what my Hon'ble colleague in the Finance Department may have to say in reply to the remarks of the Hon'ble Mr. Ashton and the Hon'ble Sir Allan Arthur, on the subject of the financing of productive public works. I may remark, however, that I should have esteemed myself fortunate if things had been as easy during my term of office as I think we may hope they will be in future.

"The question of railway rolling stock to which the same two gentlemen have referred is in a fair way of solution, so far as the grant of funds to meet all demands under this head in full can avail to solve it.

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"I agree with the Hon'ble Mr. Smeaton as to the *prima facie* desirability in the interests of Burma of a line to open up the Southern Shan States. Several alternative proposals for such a line which have been put forward are now under investigation. It will rest with my Hon'ble colleague in the Finance Department to say, when that time comes, whether, if the results of the investigation are favourable, the accumulated Provincial balance can be made available as suggested for the prosecution of the work.

"I have had the pleasure of a conference with the Hon'ble Mr. Buckingham and the Hon'ble Mr. Henderson on the subject of light railways in Assam, at which the Hon'ble Sir Edward Law was good enough to attend, and which I hope may result in the submission of proposals which the Government of India may be able to accept."

The Hon'ble MAJOR-GENERAL SIR EDWIN COLLEN said :—"My Lord, I have already laid upon the table an explanation of the estimates with which I am concerned—the Indian military estimates, the Home (Indian) military estimates, the Military Works, and the Marine estimates. I have submitted an abstract of them, and have explained the causes which have led to a considerable extra expenditure for the coming year. It is not necessary for me to repeat the figures which I have already presented. But, as this is the last time I shall have the honour of addressing the Council, I shall ask permission to trespass on their patience while I deal with certain matters upon which I think a somewhat fuller explanation is necessary than that I have already given.

"I have explained more than once how the military expenditure has increased since the measures were carried out in 1885-86-87, under the auspices of Lord Dufferin and the guidance of Lord Roberts and Sir George Chesney, for raising the strength of the British and Native armies, the establishment of reserves, and for the creation of coast and frontier defences. I have also set before them the fact that, besides these great measures, there have been many others which have caused additional military expenditure. The equipment of the field army for mobilisation, the rise in prices and wages, and the increase of the pay of the British and Native army, account for a very large sum; and I have also shown to the Council that in the ordinary annual military expenditure a very large proportion consists of money spent on the pay, the food-supply, clothing, doctoring, and arming of our military forces.

"When I took office five years ago I hoped to have had the leisure to pursue the aim, which for a great many years I had set before myself, to do everything in my power to assist in the completion of all our preparations for

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the field army and for the efficiency of the army in general, and to forward all measures which would make for the internal security of India, while endeavouring to apply the money granted to the best advantage, and at the same time searching for means of economy in every branch of the military administration. But besides these I felt that there were many other questions which I might at least help in bringing forward—measures which would be beneficial to the army and to the country, not all of them perhaps of surpassing interest to the public, but which would, if carried out, lead to a considerable improvement in our army system in India. I hoped to have had the leisure to pursue these subjects, and that time would be given me to carry them forward to a conclusion. We had learned many lessons from our experience in the Chitral expedition, and there was no one who had considered the military questions of the day who did not feel that there was a vast deal to be done. But a year had hardly passed when we were confronted by the campaign of 1897-98, on the north-west frontier. In 1898 we were engaged in gathering up the fruits of our experience of the war, in 1899 we had to send a force to South Africa, which saved the situation in Natal, not only by the presence of the gallant troops who left these shores, but by the supply of the stores and munitions of war which we sent with them. In 1900, as I have shown in my memorandum on the estimates, we had to despatch a large expedition to China, and it must be a satisfaction to all of us to know that Her late Majesty's Government expressed their admiration of the promptitude with which the Indian reinforcements were delivered in South Africa, and again that similar satisfaction was expressed at the expedition with which a much larger body of troops was despatched for service in China. It must be remembered that we have no enormous fleet of sea transports at our command. If we had these, with the arrangements for mobilisation at which we have so long laboured and with the reserves we keep up, we should be able to despatch troops beyond sea in much less time. But, gratifying as these results have been, it must be allowed that a time of constant pressure and hard work to all concerned is not one in which reforms and improvements of all kinds can be threshed out. I have certainly not been able to do all that I had hoped for, but I trust that, with the support received from Commanders-in-Chief and from Your Excellency and my colleagues, I at least have been able to pave the way and to make it easier for my successor.

"I have attached to my memorandum on the estimates a paper showing what has been done in the past sixteen years, and I have specially desired to indicate the progress we have made, although we have had no extraordinary grants of money, because some critics have affirmed that since the great measures

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of 1885, 1886 and 1887, very little has been done to improve our military position in this country. Now, it must be remembered that since these years we have had exceptional financial difficulties—difficulties caused by exchange, by widespread pestilence, by frontier wars, and by two great famines; so that it has been a difficult thing to obtain money to fulfil those military requirements which are necessary.

“Fifteen or sixteen years ago there was no field army, but by degrees, and with comparatively small grants, we have done an immense deal to put that army into a state of efficiency, and time, labour and money have been spent on these preparations. Besides the mobilisation we have had to face rearmaments, though not to the extent that is now necessary; we have reorganised a large portion of the Native army in the direction of higher efficiency; the presidential army system was not suited to the circumstances of the time or to efficiency in war; but, although its abolition involved an enormous amount of labour, it has been replaced by a simpler system of organisation. The pay of the British and Native armies has been increased, and many improvements have been effected in every arm and in every branch of the service. In the North-West Frontier campaigns of 1897-98 our mobilisation scheme had been heavily tried and our resources had been heavily taxed, and we therefore took up all those questions which stood out as the lessons to be learned from the war.

“In 1899, the Commander-in-Chief, the late Sir William Lockhart, and I presented to the Government of India a statement of the measures which we considered necessary for improving the efficiency of the army. In March last year the Mobilisation Committee sat continuously for some weeks, and the whole situation was again reviewed; and almost with his last breath Sir William Lockhart expressed his approval of the labours which had been undertaken. And in that month we laid before the Government further proposals. The remainder of the year and the first quarter of this has been occupied in a similar manner, and the Government are now in possession of a complete statement—complete at all events for the present time—of what is needed for the army both for the defence of the country and its internal security.

“But, if the Council will permit me, I shall hope to show as concisely as I can, what the large expenditure is, which has been agreed to since we considered not only the lessons of the frontier campaigns of 1897-98, but the still more striking experience of the war in South Africa. The initial expenditure which has been agreed to or proposed by the Government of India amounts in round numbers to Rs. 3,50,00,000 or £2,333,000. I will deal with these measures of improvement under the headings which I have adopted in my memorandum, but,

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as some of the greatest of them affect every branch of the army, I will mention these in the first instance.

"First and foremost is the rearmament of the Native Army and the volunteers, and upon that we have to expend a total sum of Rs. 2,05,00,000 or £1,367,000; a portion only of which is included in the sum already mentioned, because some of the expenditure on rearmament will fall upon the year after next; that is, we have incurred a portion of the expenditure this year, a further sum is provided in next year's estimates, and the year after the total expenditure should be finished. We hope to complete the armament in a three years' programme instead of in five years as originally settled for financial reasons. The next important measure affecting the army is the increase in the number of officers. I need not go into the merits of that question, because it is well-known and appreciated by all that we require a much larger number of officers not only for war, but to provide an establishment sufficient to meet the normal drain upon it from all causes, and for the increased training of the army which must now be undertaken in peace time.

"The third measure is the increase and reorganisation of the transport.

"The subject is too large to deal with in all its details, but experience had shown that our transport was inadequate, that there was no organisation for its rapid expansion, and that we had no system of permanent registration of the transport resources of the country. The proposals made were considered too large to meet at the present time, and we therefore had to re-examine the question to bring it in closer harmony with the exigencies of our financial position. The measures which have been finally accepted were, first, the addition of 26 officers to the transport service; secondly, the organisation of permanent cadres of mule corps, camel corps, and pony-cart trains; thirdly, the creation of a permanent registration staff; fourthly, an improvement in the status of transport drivers together with the formation of reserves of drivers. This plan will give us, besides the 26 officers, an increase of 21 warrant officers, 34 British non-commissioned officers, 273 native officers and non-commissioned officers, 30 veterinary assistants, 228 artificers, and 4,396 drivers. We increased the complement of transport by 2,000 mules last March and have added 2,143 camels under the silladar system; so that we shall have, when our establishment is complete, 54 transport officers, 40 departmental warrant officers, 52 non-commissioned officers, 277 native officers, 149 veterinary assistants, 943 artificers, 21,226 drivers, 21,924 mules, 5,393 camels, 6,660 bullocks, 594 ponies, and 7,067 transport carts.

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"The whole subject has received from the transport committee under General Sanford and from other authorities the most exhaustive consideration, and both the late and the present Commander-in-Chief, Sir William Lockhart and Sir Power Palmer, strongly supported the proposals. The transport under the system we have initiated will be capable of expansion. The machinery of the cadres will be linked with the operations of the registration staff in districts, and the transport service will be placed on a footing which will induce good men to enter it; while the military organisation we have proposed will do much to bring about this result. We have also an auxiliary plan for obtaining camels, which has so far been most successful, that of making grants to camel-owners of culturable land on the Chenab canal, with grazing privileges attached, on the condition that they keep a specified number of registered camels for military service; and we hope to apply the same principle to the lands adjacent to the Jhelum canal. This should give us a large reserve of camels, and the results so far have been very encouraging. Of course, our actuals by no means tally with our establishments, because we have had to send a considerable amount of transport to South Africa and also to China; but we are gradually getting the new plan into working order, the mule cadres previously organized under the provisional scheme are in process of completion, and I hope that by the end of this month they will be in fair working order, and that the equipment and gear required will be stored at the head-quarters of each cadre by that time. The purchase of ponies for the pony-cart trains is in progress, and the siege-train and army transport bullock establishments have been reorganised. A vast number of details have had to be settled, and a good many still remain for disposal. We have been greatly hampered by the shortage of officers, but the Commander-in-Chief has been good enough to give us aid from the army—although this has acted injuriously on regiments—as we were unable to supply the officers from the Commissariat-Transport Department. If these officers had not been supplied from the army, we should not have been able to start the new organization. I have only been able to see the initiation of the scheme, but I am sure that under my successor, and General Christopher and Colonel Mansfield, the reorganisation will be carried to a satisfactory conclusion. And, before concluding the subject of transport, I may mention that we have accepted, in a modified way, the conclusions of the committee on ambulance transport which was presided over by Sir Alfred Gaselee. We propose that the existing establishment of bearers or kahars shall be enrolled in companies, that the pay, clothing, etc., shall be improved, and that each company shall be properly organised and commanded; the control of each division composed of a certain number of companies, to be under the Principal Medical Officer of each command. We hope that each company will have the nucleus of further

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expansion in itself, which will be left, when the company takes the field, as the *dépôt*. In this way we trust that we shall get what we have not had for many years, bearers physically fit, and that they will know that there is some one to take charge of them and to look after their interests. Under ambulance we have also provided for a large reserve of ambulance riding saddles.

"In the artillery during the past two years we have accepted various measures for its improvement, such as an increase of mountain artillery, improvement of ammunition columns, purchase of material for batteries, increase in howitzer batteries, increase in the number of artillery horses, improvement of the equipment of field batteries, provision of new mountain guns, and an increase to the scale of practice ammunition. The artillery is greatly in need of improved arrangements for mobilisation so as to avoid breaking up batteries to supply those of the field army, and it requires thoroughly and completely organized ammunition columns. All I can say on this point is that the subject has been exhaustively discussed.

"With regard to the cavalry, we have provided for an issue of Maxim guns for the regiments of the field army and for the supply of periscopes and binoculars, also additional heliographs for Native cavalry; and we have also acquired land for cavalry exercise. As to the infantry, a good many minor measures have been accepted in respect to British infantry, and to the Native infantry we propose to give additional officers. Here again we provide Maxims for a portion of the infantry for the field army and bandolier equipment; we have also been able to provide for the improvement of army signalling in the Native army, gymnastic instruction, an increase in the tools for the Pioneer battalions, an office allowance to Quartermasters of Native infantry regiments, and a great many minor items which time does not allow me to mention. We have also provided for five schools for mounted infantry, which will train a considerable number of officers and men and by degrees will establish a fairly large force of mounted infantry in this country both British and Native.

"In the Engineers we have provided for an equipment of war balloons, for ten miles of light tramway and fifty miles of light field railway, for the completion of the bridge-train equipment, for electric-firing apparatus with service companies of sappers, and for other requirements.

"I have already dealt with transport. Under the head of commissariat we propose an increase of officers as an instalment and various improvements which we trust will make this service more attractive; and we have somewhat improved the pay of warrant officers of the department. If we cannot get

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officers to enter the Commissariat Department, we must try other inducements, as if we desire economy as well as efficiency we must have adequate supervision and a sufficient number of officers.

"Under the head of medical and hospital service we hope to increase the number of officers of the Indian Medical Service; we have provided for the completion of the equipment of field and general hospitals. In future wars the provision of medical officers, hospitals, etc., will have to be largely increased, and we must not overlook that fact.

"There are also several items in connection with mobilisation, such as the provision of the requirements of mobilisation rest-camps, railway sidings, and water-supply and other things which make for the efficiency of the field army.

"It will be allowed that the development of our manufacturing power is of the highest importance. We are pushing on the cordite factory, and the central gun-carriage factory, and additional grants have been made for this purpose. Both these will well repay the outlay which is proposed not only from the point of view of efficiency but of economy. Then we have decided to propose the establishment of a small-arms factory, so that India may, as far as possible, be independent. This policy will be generally approved, but although it receives its greatest and most attractive development in the manufacture of war material, we must not forget that there are other branches of local industries of the greatest use to the Military Department and most economical to the State. For very many years the brewing industry of India has supplied the soldier with good and wholesome malt-liquor. We have the power of inspection and analysis, and the soldier is supplied at a uniform price wherever he is stationed. From local mills we obtain large quantities of clothing and other supplies, and I trust that every effort will be made to extend this local supply; the boot factory at Cawnpore worked by Messrs. Cooper, Allen manufactured 174,793 pairs of British army boots in 1899, and 246,663 in 1900 up to 30th November; of this number 198,663 pairs were supplied to South Africa. In addition to these quantities the factory supplied 314,262 pairs of boots and shoes for the Native troops in India and for troops elsewhere, or a grand total of 735,724 pairs in the two years. These figures speak for themselves, and testify to the important reserves and manufacturing powers we possess. Before I leave this branch of the subject let me mention that the Army Clothing Department at Alipore under Colonel Buckland have made up nearly 500,000 articles of clothing for South Africa and China, besides supplying about 180,000 helmets, and this without any addition to the normal permanent establishment, a remarkable result only to be accom-

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plished by the zeal and energy of the Superintendent and his subordinates. I know that my Hon'ble colleague Sir Edward Law is deeply interested in the development of local industries, and I feel sure his efforts in this direction will be rewarded.

"Under the head of internal defence I am glad to be able to announce the measures which the Government of India have accepted for the increased efficiency of the volunteers, such as proficiency and other allowances to officers, larger amount of ammunition, additional help in the construction of ranges, band allowances, and prizes for rifle shooting; and I hope that the better equipment of the volunteers may be carried out later. No one can regret more than I do the delay in the issue of rifles to the volunteers, but we perhaps may hope to issue a percentage, and that steps will be taken the year after next to supply the volunteers with the new rifle. We hope, too, that before very long an officer may be appointed who shall be specially charged with the interests of the volunteers.

"Under the head of coast defences we have provided for various improvements, such as electric lighting, submarine mining, additional garrison artillery, supply of cordite ammunition for certain guns, and a partial rearmament. I have touched on frontier defences and frontier railways in my memorandum, and it is exceedingly satisfactory to know that there is a large development of traffic on the Nowshera-Dargai Railway.

"But besides such measures as I have mentioned or are enumerated in my memorandum, we are constantly endeavouring to improve the sanitation, health, and comfort of the army. These measures involve large expenditure, but I am convinced that none will repay expenditure so well. We have been able to do something in the way of improving the gymnastic training and, as I have shown in my memorandum, to improve the sanitary requirements. I have been particularly interested in what is being done to improve the meat which is issued for the British soldier's ration; experiments of great value have been undertaken by Captain Meagher; and we are improving and extending grass farms and dairy farms, and increasing them so as to be able to give fresh and plentiful supplies of meat, butter, and milk. And besides the goodness of the supplies, an advantageous financial result is obtained; while cattle-breeding is improved, and fodder production is increased, and I look to the whole of the fodder for the mounted branches being supplied by these farms. The system of fattening slaughter cattle has been a great success, and is being extended, and we hope that the beef and mutton issued to the troops will be immensely improved. Better food and better cook-

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ing will, I feel certain, do a great deal for the British soldier. We want more trained directors and managers, and if we get these, I believe that these military farms will prove a remarkable success all over India, and this will be due in a high degree to the enthusiasm, knowledge, and industry of Captain Meagher.

"The sanitary condition of cantonments must always be a matter of the greatest interest to those responsible for the military administration, and although a good deal has been done, and in the course of years we have spent a considerable amount on hospitals, water-supply, drainage and the like, we cannot say that we have approached perfection. We require to derive our piped water-supply from the purest sources, and this may mean going to a greater distance in many cases. This piped water-supply should be connected with all buildings where water is required. The removal of refuse, both liquid and solid, is a matter of immense importance to the health of stations. In my belief the present means of removal, where scientific trenching cannot be undertaken, are inadequate. In some cases we ought to have tramways, as they have indeed in some Native States. We are endeavouring to pursue this subject to the best of our means, but those means are not large, and I submit that it would be a good measure to take certain stations and bring them up to the best possible conditions of sanitation in every detail. I commend to my successor the steady pursuance of the policy of quartering British troops in the hills during the hot weather. Our hutted camps have not been increased as much as I could have wished for.

"There is one matter to which I referred very briefly in my memorandum, and which will, I believe, when carried to a conclusion, be one of the greatest reforms which has ever been undertaken for the comfort and welfare of the soldier in barracks, that is, the application of electricity in punkah-pulling and the lighting of barracks by electricity. It cannot be doubted that the discomforts experienced do tell on the health of the British soldier in the extremely trying hot weather in many parts of the country, and the transformation of the barracks into cooler, more cheerful, and better lighted quarters, will effect a vast amelioration in the condition of British troops serving in the plains of India. I may venture to say that Your Excellency has taken the deepest personal interest in this matter, and, although the expenditure will be large, I am sure that there is no greater benefit which can be conferred on the British soldier in this country—a benefit which will be due to the personal interest and sympathy of Your Excellency. I only hope that the name of Lord Curzon will be for ever associated with the carrying through of this beneficent

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measure for the improvement of the condition of the British soldier serving in the plains of India.

"I would just allude for a moment to three great questions of importance which cannot be left out of consideration in discussing the needs of the army. The first is the question of the distribution of the troops. I have alluded to that on a previous occasion, and all I need say here is that it has never been lost sight of, but that the enormous expenditure involved has undoubtedly prevented practical effect except in small and minor ways. But we have at this very time under consideration a project which will remove many of the defects which have been noticed in our distribution of troops in this country. The second question is the composition of the Native army as it exists at present. That is a matter which has been considered over and over again. I have shown that we have made great improvements within the last ten or fifteen years, but we must progress further in this path, and at this moment under the Commander-in-Chief's auspices an endeavour is being made to obtain better material and to raise the standard of efficiency in one portion of the army. The third question is that in which I have been specially interested, *vis.*, the creation of a more powerful agency by reorganisation both at Army Head-Quarters and the Military Department to cope with the great work which is before them, and by the more practical training of the staff in all the duties of staff officers.

"Last year I mentioned Lord Welby's Commission and my Hon'ble colleague Mr. Ananda Charlu has alluded to it today. For many years it was one of my duties to help to fight the battle of India in respect to the War Office charges. If we have not got all we hoped for—and I gather that my Hon'ble colleague does not think we have got enough—I think a reduction of £230,000 a year is a very substantial relief to our Indian military estimates. My statements of the military value of India to the Imperial army made before the Commission were hotly contested at the time, but I think South Africa and China have supported my view of the question.

"And now, if I may be permitted, I should like to say a few words about certain measures with the initiation of which I have been concerned but the completion of which I have not been able to see. The first is with regard to horse and mule-breeding in India and the remounting of the army; this is a matter of immense importance to the efficiency of the army, and from the financial point of view it deserves the highest consideration; while the promotion of horse and mule-breeding among the people of the country concerns the welfare of large numbers. The appointment of a commission under General Tyler to consider the subject was only resolved upon after very great considera-

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tion, but it was apparent that we should not arrive at a thorough investigation without such a commission, and I believe—and I have the authority of General Tyler for saying so—that, if their conclusions are correct, there is no reason why India should not take her place as one of the great horse-breeding countries of the world.

"The second matter is the inquiry which has been made by the Special Commissioners, Colonels Hutchinson and Wingate, regarding compensation for dearness of provisions, commissariat procedure and accounts, and other matters. I again must affirm that their reports are in every way practical and admirable. I believe we shall derive great benefit from their enquiries, and that the Commissariat Department itself will be vastly improved. One of the results of their labours will, I hope, be the lightening of the burden now thrown upon that Department. Another question in which I have been deeply interested is that of the account and audit system of the army. That system has grown up in course of time; it has in my opinion become over-elaborate, and we are trying to see whether the burden laid upon the army cannot be lightened with due regard to the requirements of audit and financial regularity; in fact, we wish to substitute a simpler system for the complex one which now is in vogue. Colonel Anderson, who has a complete knowledge of the whole business, and has the confidence of the army, is president of the committee which is now considering the subject, and I shall look forward to seeing the results of their labours.

"I have alluded on a previous occasion to the question of the reduction of reports and returns. Very much has been effected under the orders of the Commander-in-Chief, and I hope we have succeeded in the Military Department in doing a good deal. Your Excellency, as I mentioned before, has taken a powerful interest in the matter, and we have undoubtedly reduced a considerable number of returns and have shortened the terribly lengthy reports and reviews. A great deal still remains to be carried out, but I can thoroughly trust my successor to press on this work with vigour.

"But there is one great subject to which I must refer at the last. I took it up with enthusiasm when I entered upon my term of office, but wars and expeditions and other difficulties have prevented my achieving what I hoped to have done in a matter which I have had at heart for so many years—I mean the decentralisation of military business. Still we have done something. When the presidential system was abolished we decentralised a considerable amount of business. We have since carried this on, and we have now under consideration the report of the committee of which General Burnett was president to see how far the powers of General Officers Commanding districts can be

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enlarged, and we have also under consideration certain proposals made in the Military Department for what may be called the higher decentralisation of army business and military finance. That is an immense subject to enter upon which would carry me far beyond the limits of a speech of this kind. I can only say that, although I have not seen the realization of the project, I confidently leave it in the hands of the Commander-in-Chief and of my successor, feeling assured also that Your Excellency will do everything in your power to further this great reform.

"Last year I said that the continuity of the hostile criticism of military expenditure had been broken, and, with one exception, those of my Hon'ble Colleagues who have mentioned the subject have spoken of the measures we have undertaken, with approval. Sir Harnam Singh has, however, alluded to the military charges as abnormally high. But as in the same breath he agreed that the army should be efficient and the country secure, I do not think I can regard him as a hostile critic, and hope I have convinced him that the cost of the army is a national insurance which we are bound to incur.

"My Lord, I think that it will be admitted that we have done very much to improve the efficiency of the army and to secure the defence of this country. We have been greatly assisted by a large sum from the savings due to the absence of the troops in South Africa and China and the recurring expenditure is not a very heavy burden, but I am convinced that very great efforts are still necessary. The Commander-in-Chief and I have endeavoured to place before the Government the whole of the requirements of the army, and, so far as it is humanly possible to forecast them, I do not think we have omitted a single item. We can only tell the Government what we consider to be necessary at the present time or in the immediate future, as new scientific, warlike, or political developments may arise which may be followed by great changes. A great deal has been done, but a great deal remains to be done. We cannot propose a state of finality in military affairs. We require to be able to put a powerful army into the field and to ensure the safety of the country. More I cannot say, and I am afraid I have often been accused of too great persistency in this matter, but at all events the Government have the materials for further and greater efforts. The preparation of these materials—and the exhaustive elaboration and discussion of the measures which have actually been carried out—has thrown an immense amount of extra labour on General Maitland and the other officers of the Military Department, not to speak of the very heavy additional calls on the clerical establishment.

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"I feel I have trespassed on the attention of the Council long enough, but before I conclude, and as this is the last time I shall have an opportunity, I should like to say a few words with regard to those with whom I have been specially connected in the work of military administration. From successive Commanders-in-Chief I have received the greatest consideration and support, and I am also much indebted to the officers of Army Head-Quarters for their efforts to assist me in my labours. The officers of the Military Department it would be invidious to particularise by name, but I must express my very deep appreciation of the ability and industry with which they have worked, and I would also at the same time desire to express my appreciation of the support which has been given to me by the assistants in that department, who have rendered me the most efficient help. Of the heads of the great departments with which I have been specially connected, the Ordnance, Commissariat-Transport, Military Accounts, Military Works, Medical, Horse-breeding and Army Remount Departments, I can only say that General Wace, General Hobday and Major-General Christopher, the Commissaries-General for Transport, Colonels Hawkes and Mansfield, Colonel Miley, the Accountant-General, my lamented friend General Turner, Surgeon-General Harvey, Colonel Queripel, and Colonel Goad, have always given me the most valuable assistance. And although I have already mentioned in my memorandum the Royal Indian Marine, for the administration of which the Military Member of Council is responsible, I cannot conclude without referring to the services of Admiral Sir John Hext, and of Captain Goodridge, the Directors of Marine during my tenure of office, through whose work and exertions the Royal Indian Marine has attained, and continues to maintain, the fine position it now occupies. My belief is that the Indian Marine, which I have seen grow up from very tiny beginnings into an admirable service, will prove a powerful auxiliary to the resources of the Empire. From the Commander-in-Chief, Sir Power Palmer, I have always received the greatest help and consideration, and there is no one who is more deeply interested in the efficiency of the army. It is naturally a very great regret to me that I shall no longer be concerned in the military administration of this Empire, or associated in the carrying out of measures for the good of the British and Native Army of India. But my successor, Sir Edmond Elles, is well versed in all the great problems with which we have to deal, and I look forward confidently to his tenure of office being marked by a still further development of what we all have at heart—the efficiency of the army and the security of the country. And now, my Lord, in conclusion permit me to thank Your Excellency and my colleagues, not only for the patience with which you have listened to me today, but also for the kindness and courtesy which I have invariably received in this Council."

The Hon'ble SIR EDWARD LAW said :—"With Your Excellency's permission I will endeavour to answer some of the questions which have been more particularly addressed to the Finance Department during the course of this discussion.

"The Hon'ble Mr. Ashton has spoken forcibly on a question which, in view of the great importance of railway finance on our general financial situation, properly attracts considerable attention.

"I may perhaps, with advantage, first reply to some of his observations on the question of railway accounts as distinguished from the larger question of railway finance.

"My Hon'ble Colleague refers to certain questions connected with the heading 'Loss by Exchange' in our statements. It is perhaps sufficient to say on this point that the heading 'Loss by Exchange' no longer appears in our accounts.

"On the general question, I have already expressed my opinion that it is particularly desirable, in order to encourage investors, that we should seek so to show our main headings of accounts that possible investors, not versed in accounting, and not sufficiently interested to seek for explanations in our very elaborate, and, I consider, very complete, detailed statements, may be able at once to grasp the situation and see at a glance that Indian railways are a very important, and as a whole, a paying undertaking.

"We have, as I pointed out in my Statement, made a practical step in this direction by shewing, grouped together in that part of our accounts more especially devoted to Capital expenditure, the different heads of Capital expenditure on railways, while under the heads Revenue and Expenditure Charged against Revenue, the net result of the working of all our railways is at once evident. I do not say that it is impossible to still further improve our system of railway accounts; but, under present conditions of railway financial organization, it is very difficult in practice to introduce such simplification as may appear easy of accomplishment, until the question is studied closely in detail.

"The Hon'ble Mr. Ashton dwells with great earnestness on the system of raising money for railway construction and asks if our present arrangements are such as to obviate difficulty in finding money for the construction of a desirable railway within the programme. I think that to answer this question it may be well to endeavour to explain somewhat fully our situation as regards securing capital for railway construction.

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"Our resources for this purpose consist of such proportions of surplus revenue as we may be able to devote thereto, of capital which we may raise in India by rupee loans, and of sterling loans which may be raised in England either for direct account of Government or for railway companies under Government guarantee.

"When then the Public Works Department presents its statement of desirable and feasible railway expenditure for any given year, the Finance Department have to consider (1) what, if any, is the proportion of surplus revenue which they can afford to give to railways; (2) what is the amount which they can raise in India without unduly straining the resources of the Indian money market; (3) what is the amount which can be raised in sterling in England, whether for direct account of Government or under Government guarantee, without causing the depreciation of credit which must result from any endeavour to raise capital in excess of what the market is freely disposed to give.

"There are only a certain number of investors in England inclined to place their savings in Indian investments at the low rate of interest which we offer, and at any given season their disposition to invest in Indian securities is influenced by the condition of the money market and the profit obtainable at the time in other forms of investment.

"I think it must be admitted that the foregoing considerations place a distinct limit on the sums which we can possibly raise for railway development. I must therefore admit that the construction of the most desirable railways may be unavoidably postponed for want of funds, and I must add that until the investing public shew themselves ready to enter into railway enterprise in India without a Government guarantee, this condition of affairs is likely to continue. With reference to the observations made by the Hon'ble Mr. Ashton in connection with the relation between Exchange and railway enterprise, I would here point out that British investors will never invest their money in England if they have no confidence in the maintenance of Exchange. The question of Exchange, therefore, takes a very primary place in the question of railway finance and the provision of money for railway enterprise.

"I would next say a word with reference to the system adopted for the allotment of capital for the different classes of railway expenditure, and I would call attention to the information given in the Budget Statement shewing that in our programme for 1901-1902 we have given the first place to expenditure on

open lines, the second to the completion of lines under construction, and the third, and a very small place, to new lines.

"Before quitting this subject I would like to impress on the mind of my Hon'ble Colleague the fact that from the financial point of view it makes practically no difference to Government whether we are called upon to raise the money ourselves, or whether it is raised under Government guarantee. The responsibility of the Imperial Government remains the same in either case, and further I may point out that, when Provincial Governments offer a provincial guarantee for the construction of railways which they have much at heart, the Imperial Government cannot but feel that they are practically just as responsible for the provincial guarantee as if they had given it themselves.

"The Hon'ble Rai Sri Ram Bahadur in the course of his remarks made a statement regarding the amount of capital raised or debt incurred by the Government during the year, and compared that with the cost of the famine as shown in the Revised Estimates. He said the Government borrowed £3,000,000 in England and three crores of rupees in India, and that if from these two loans we deduct four crores lent to the Native States and which will be repaid, there would remain an addition of three and a half crores to the permanent debt on account of the expenditure on the famine which, however, only cost the Government £4,245,000. I think there is a slight misapprehension in this calculation, for the sums borrowed in England and in India provided not only for famine expenditure, but also for capital expenditure, including railways.

"Another point discussed by the Hon'ble Rai Sri Ram Bahadur is the treatment of local revenues by the Central Government, and in support of his argument that the provinces are not always well treated he adduces certain figures; but I think that here also the Hon'ble Member is under a slight misapprehension. In the tables which he has drawn up, he shows what he calls proportions of revenue taken by the Imperial Government, and, deducting this from the total, the proportions left to the provinces; but he appears to have assumed that the province has no advantage from the administrative and other expenditure undertaken by the Imperial Government in the province. This is an assumption which I think we cannot admit, because expenditure in the province, whether it passes through the accounts of the Local Government or through the accounts of the Imperial Government, is expenditure by which the province is directly benefited. My Hon'ble Colleague further raised the question, which I believe has been frequently discussed before, of the Provincial settlements, and

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pointed out that according to certain calculations he has made the North-Western Provinces were specially hardly treated in that they contributed a larger percentage of their revenue to Imperial needs than any other of the provinces which he mentioned, and for which he gave figures. The percentages assumed are in themselves subject to discussion, but I think it is hardly worth while to endeavour to establish other figures which in their turn might also be criticised. It is better to consider the subject from the broader ground of the necessary financial relations between the provinces and the Central Government. I think it must be held to be quite impossible that any particular province should be considered as having a special right to a special quota of Imperial revenues. We must look upon the country as a whole, and, where there is a weak and struggling province, it must receive assistance from the richer and more prosperous provinces. Others of my Hon'ble Colleagues at this table today have made certain remarks showing their acceptance of this principle. We have heard remarks from the representative of the Central Provinces, the Hon'ble Mr. Bose, on the subject of the need of his province for assistance beyond that which its revenues can afford, and we have further heard statements by the Hon'ble Mr. Buckingham as regards the needs and the resources of Assam, admitting that Assam is unable at present to provide any contribution towards what we may call Imperial expenses for defence, etc. Well, it stands to reason that if Assam cannot provide a contribution for such expenditure, some other province must, and consequently I think the idea of fixing anything like uniform percentages necessarily falls to the ground. It is a very difficult matter to arrange provincial settlements in an equitable manner, and I fear it is impossible to arrange them in such a manner as to give satisfaction to all concerned. We must, I think, maintain a system which in appearance is more or less arbitrary, but which has, as a guiding rule, that what has been found to be the necessary expenditure of provinces must be the figure used as a criterion in estimating what its future expenditure should be. I do not say that this is a satisfactory system, but it appears to be the only practicable one.

"The Hon'ble Mr. Smeaton has made some observations on the subject of the figures given in my Budget Statement on the circulation of notes, and he objected that my Table II included notes in the Treasuries, and does not therefore really show the amount of notes in the hands of the public. It is perfectly correct that the said table does include the notes in Treasuries, but not those in the Reserve Treasuries; it only includes the amount of notes in the local Treasuries, and these are notes which are practically in continual

circulation. Strictly speaking, the figures given are not those of notes solely and exclusively in the hands of the public, but I think they practically represent what may be understood by the expression 'notes in the hands of the public ;' they represent notes in general circulation, the notes in the general Treasuries not being, like those in the Reserve Treasuries, locked up and kept aside.

"The Hon'ble Mr. Smeaton has also made some observations concerning our notice that the salt revenue in Burma was not giving all the satisfaction that we might reasonably hope for, and I gathered from my Hon'ble Colleague's remarks that he admitted there might be some ground for criticisms, because he said it was a very little matter—but the idea of the Government of India is that the Burma salt revenue should become a more important matter. We think that at present this revenue is unduly small, but we have no doubt that with the measures the Local Government are preparing to take, some satisfactory progress will be registered in the course of the next few years.

"With Your Excellency's permission, I may now refer to the important remarks which have been made by the Hon'ble Sir Allan Arthur, and I may at once express my sense of the service which he renders to Government as well as to the commercial community by his competent and unbiassed study of different financial questions.

"Our Hon'ble Colleague takes exception to my remark that 'it has often been urged that the relatively high rates of discount prevailing in the busy winter season are due to the low figures of Government deposits with the Presidency Banks during the busy season.' He says that this is not exactly what the business community urge, but rather that the Government deposits are pretty much the same all the year round, and are not sufficiently increased in the busy season. I do not dispute my Hon'ble Colleague's statement. He is in an excellent position to know and to state the views of the commercial community ; but I must observe that this view is not quite in accordance with one which is, I believe, also held, namely, that it is advantageous to have a fairly constant balance with the Presidency Banks, while the excess receipts flow into the Reserve Treasuries, the Banks being thereby relieved from the sudden and fluctuating demands which the exigencies of a great Government may entail. It may be possible to find some means of reconciling the two views mentioned, but although I should be glad to see measures devised which might tend to give greater ease to the money market in the busy season of the year, the question of the precise nature of the measures which could reasonably be adopted is a very delicate one, since it is clear that it would not answer in the long run for the money market to be led to consider that Government was

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in any way definitely bound to provide for its requirements. On this subject I may say that I do not see how, under existing conditions as between the Government and the Presidency Banks, any serious change can be made. It is, however, possible that we may at an early date come to some agreement with the Banks which will enable us to review some of the existing arrangements, and Government will be prepared to give every consideration to the question now raised.

"In the meanwhile, I may once more point out that the balances which are shown by my hon'ble friend's figures to have been at the disposal of the Presidency Banks have not been inconsiderable; while in other ways also, Government has shown its consideration for the requirements of trade.

"As regards the figures showing the average monthly amounts of Government deposits with the Presidency Banks, my Hon'ble Colleague is correct in his supposition that the figures which I gave last week, and with which he compares his own, were those for the last day of each month. They are the figures which were furnished to me by the Department, from our usual monthly statements, on my request for information on the subject, but I am quite willing to admit that the averages now tabulated are more useful than my figures for the purposes of our argument.

"As regards the suggestion concerning the possible effect on the sales of Council Bills which might be caused by placing more currency at the disposal of the Banks in India during the busy season, I can only say that Government has not acted under the influence of such considerations, and has endeavoured to follow, rather than attempted to control, the demands of the market. My own view is that, even if we had the desire to exercise such a control, we have not the power as long as we give rupees for sovereigns at our Mints and Treasuries. We cannot, I think, as the Hon'ble Sir Allan Arthur suggests, 'lock away an excess quantity of rupees' when rupees are required. They would speedily be extracted from us by the importation and presentation of sovereigns. When we find sovereigns being imported in an inconvenient manner, we must increase our offers of Council Bills, and accept, if necessary, lower rates. That is all we can do. The machine will work automatically, and control our general operations.

"On the next question, the desirability of Government being able to raise temporary loans, I fear that my Hon'ble Colleague has somewhat misunderstood the situation as I endeavoured to explain it. We are not in a position to repay temporary loans in November even if we could count on existing Banks being able (of which I am not perfectly sure) to make advances repayable at that date.

November is our month of lowest balances and greatest financial stress, and it is then that we most need money, which we could only repay in the latter part of December, in January, or in February. But these are precisely the months when trade requires funds, and we could not be sure of repaying in time to meet their demands. Possibly some arrangement may be come to, to meet the difficulty, but I do not, so far, see my way clearly. This is also my answer to the Hon'ble Sri Ram Bahadur, who commented on our apparently unnecessary increase of permanent debt. I may assure my Hon'ble Colleague that we shall not increase our permanent debt by one penny which, with due regard to our legitimate requirements, we can possibly avoid.

"On this point some other questions have been raised. An explanation has, I believe, been asked as to why, if we hold the large balances which we have shown, it should be necessary to borrow. I think that people who ask that question have asked it through want of experience of the necessity of a very considerable working balance for any Government or indeed any large administrative or commercial organization. The fact that we have money in our Treasuries is not a fact which prevents the necessity for borrowing. Of course, if the money in our Treasuries shows a surplus over the amounts required for daily current requirements, which are always fluctuating and for which we must be prepared, then we need not borrow; but it shows a misapprehension of the whole situation if we are asked why, having considerable balances, we nevertheless find it necessary to borrow. The balances are required and must be maintained.

"With regard to the suggestion that the profits of coinage should be remitted without delay for investment in London, I think that the arguments of my Hon'ble Colleague have an important bearing, but, in any case, we should never make large accumulations for later investment, since it would never be profitable to offer too large sums for investment at one time.

"The next question dealt with by the Hon'ble Sir Allan Arthur is that of the regulation of imports of gold and silver for coinage. As regards gold, I do not think that Government is likely, for some considerable time to come, to be obliged to consider the question of importing gold on its own account. As to private importation of the metal, as matters now stand there is an evident waste in allowing gold to be imported by private parties which Government must subsequently re-export, and we have lately shown by our action that we are prepared to regulate our Council drafts so as to stop, or at all events check, such unnecessary importation. As regards the importation of silver for coinage, I have already endeavoured to explain that we are prepared to import and coin silver whenever the demand for rupees appears to render such a course necessary to

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insure their supply. Experience enables us to gauge fairly the amount of rupees which, under existing conditions, should be maintained as a minimum in the Currency Reserve, and as soon as it may appear that we are unlikely to be able to maintain that minimum by other means, we shall lose no time in importing and coining silver, at the same time reducing by the necessary corresponding proportion the amount of gold held in the Currency Reserve.

"For reasons which I gave in making my statement on the Budget, I am unable to accept my Hon'ble Colleague's opinion that automatic action can be secured by legislative enactment. We cannot definitely fix for any length of time the amount of gold which, with due regard to the requirements for rupees, can be held in the Currency Reserve; equally, we cannot definitely fix the amount of rupees which should be so held. If our circulation expands, we shall require a smaller proportion of rupees, and can safely hold a larger proportion of gold. If our circulation should contract, we shall be bound all the same to maintain our minimum stock of rupees for current purposes, and we must, therefore, reduce the amount and proportion of gold held. I cannot find any general factor governing the proportion between gold and silver to be held. What is the right proportion with a circulation of 28 crores would (other general conditions remaining unchanged) be a wrong proportion with 32 crores. The only sure guide, to my mind, is the minimum stock of rupees which it is necessary to hold for current requirements.

"The Hon'ble Mr. Bose in the course of his remarks has dwelt strongly on the unfortunate position of the Central Provinces, and though he did not make any direct or special appeal to Government on their behalf, and although he acknowledged with great sincerity and warmth all that has been done by the authorities to meet the distress of those unfortunate provinces, still it seemed to me that he had a feeling that possibly something more might be done. Perhaps I am wrong; but, being under this impression, I may state that, besides contributing Rs. 34,15,000 to the Provincial exchequer, we incurred a direct famine-relief expenditure of Rs. 2,86,32,000, and gave allotments for agricultural advances up to Rs. 40,00,000, making a total of Rs. 3,60,47,000 which Government provided for the benefit of that single province.

"My Hon'ble Colleague also spoke on the subject of Agricultural Banks and expressed his hope that means would be devised and measures taken at an early date for establishing such Banks in the Central Provinces. The Government of India are most anxious to forward some satisfactory scheme, and Your Excellency has taken a first practical step in ordering the assemblage of a Committee to consider the question of establishing such Banks; but I am bound to say that

the remarks made by the Hon'ble Mr. Bose are to my mind somewhat discouraging; for I think that for an Agricultural Bank or any Bank of that class to be successful in the long run, it is absolutely necessary that we should establish the principle of mutual liability and that it should be founded on the basis of mutual co-operation. The great idea which has prevailed where such Banks have been successful is that, where a single individual cannot obtain credit, a group of individuals knowing one another, judging of the necessities of one another, judging of the character of one another, and intimately acquainted with the resources, means and character of their neighbours, can co-operate, and offer their joint security, which is a valuable and a tangible one, and unlikely to fail. Where credit is sought by an individual, and Government is invited to take the place of the money-lender, I should greatly fear that Government would find itself sooner or later somewhat in the position of the money-lender as regards the recovery of its debts, that is, Government would find itself either unable to recover the moneys advanced or would appear to that class which it desired to help as a harsh and severe creditor. I do not say that no arrangement can be made; it may be possible to devise some system to meet the special wants of special classes or special provinces; but I am bound to say that I think that any scheme which departs from the general principle of mutual co-operation will be very difficult to carry out.

"I may once more refer to the remarks made by the Hon'ble Mr. Buckingham, and I would say that the Government of India have naturally the interests of Assam quite as much at heart as those of any other portion of the country. I must observe, however, that the country as a whole cannot consider any particular province as a thoroughly satisfactory portion of the body corporate from the financial point of view, when it is found necessary to secure its financial stability by a contribution from the pockets of other provinces. My hon'ble friend himself admitted that Assam is not itself at present in a position to contribute its full quota to the military and other charges of the Empire.

"I now turn to the observations made by my hon'ble friend Sir Harnam Singh. My Hon'ble Colleague has criticized our estimates of revenue as unduly optimistic. I must say that it is rather a surprise and somewhat of a relief to me to hear criticism taking this direction; for I confess that I had rather feared that the contrary might be the case and that we might be assumed to have been over cautious and to have under-estimated possibilities. I can assure my Hon'ble Colleague that we have done our best to be cautious in every direction in framing our estimates of revenue. In regard to land-revenue, the Local Governments are certainly in the best position to frame accurate estimates,

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and the Government of India ordinarily accept, after consideration, the amounts proposed by the Local Governments. The proposals of the Local Governments this year were subjected to exceptional and specially careful examination, in both the Revenue and Finance Departments; and we adopted the unusual course of reducing the estimates proposed by 20 lakhs in Bombay, 10 lakhs in the Central Provinces, and 6 lakhs in the Punjab, making a total reduction of 36 lakhs below the amount which Local Governments estimated to realize. It must, however, be borne in mind that the estimates are framed on the assumption that the coming monsoon will be normal. If the monsoon fails in any way, our estimates will be upset, and that not only in regard to land-revenue. The non-realization of the estimates of land revenue in the current year was entirely due to the delay in the establishment of the monsoon, and in some districts to its practical failure. The collections of land-revenue including that from irrigation in the now closing year are expected to be less than the estimate made last March, by 54½ lakhs. Of this falling off, however, no less than 47 lakhs occurs in Bombay, the province in which famine-relief operations have to be continued during the coming year.

"My hon'ble friend expresses a fear that Government may become too lavish in its expenditure. I am happy to repeat the admission I have already made that we have been encouraged by a moment of comparative financial ease to act as liberally as strict prudence permits, in making grants to the Local Governments amounting in the aggregate to 164½ lakhs.

"It is certain that, owing to financial stress during past years, the administration in many provinces has been unduly starved, and a most serious check has been imposed on that material and moral development on which the welfare and prosperity of the people depend. I am convinced that when expenditure is possible we should welcome the possibility of providing for it, and I fancy that, as far as his own province is concerned, he will not cavil at the expenditure of Rs. 12,40,000, the amount of our grant-in-aid to the Punjab, and that he will approve the increase of the grant for Civil Works there to Rs. 37,33,000.

"As regards my Hon'ble Colleague's criticisms on our railway revenue estimates, I think we need not be under any apprehensions that our estimate is excessive. It is perfectly true, and we stated it clearly, that the revenue of last year was abnormally augmented by the exceptionally large transport of food-stuffs required for famine purposes; but the nine lakhs by which we have increased our estimate for the coming year, over what we practically know to have been the realizations of the closing year, is a small addition

compared with what we should have been justified in adding on account of the steady development of our railways if we had not taken into account the exceptional causes which increased the revenue last year; indeed, an exceptional increase of mileage would have entitled us to anticipate a special augmentation of revenue above the average of past years.

"I now turn to certain remarks made by my Hon'ble Colleague Mr. Ananda Charlu. I think that my Hon'ble Colleague does not sufficiently realize the importance of railways as a means of alleviating distress by the transport of food-grains to famine districts. This is a question on which the Hon'ble the Chief Commissioner of the Central Provinces has recently borne strong testimony.

"My Hon'ble Colleague has made some remarks on the question of the countervailing duties on sugar, and has asked if those duties had been imposed specially for the benefit of the colonies of the Empire. I would suggest to my Hon'ble Colleague that it is absolutely impossible that such a duty could operate exclusively for the benefit of any colony or any single foreign country, and that as long as the duty is levied, as it now is, on produce which it is sought to bring into this country at an artificially cheap price, the Indian producer of sugar must benefit by the maintenance of the duty.

"The Hon'ble Mr. Ananda Charlu then passed on to criticise our estimates of revenue in the sense that he considers them unduly optimistic, and he spoke with considerable severity on the question. As regards salt, he says that salt is not an article of food by itself. That is a truism which we may admit, but he appears inclined to assume that the considerable increase in the consumption of salt must have been solely due to the fact that salt was issued with famine-rations. I can assure my Hon'ble Colleague that such is not the case. Northern India was exempt from famine-conditions, and the increase in the revenue from salt obtained through the Northern India Salt Department was from Rs. 1,94,65,000 in 1899-1900 to the revised estimate of Rs. 1,99,50,000 for 1900-1901, while in Bengal the revised estimate was within Rs. 94,000 of the highest figure ever attained in a generally progressive series of years, and this notwithstanding the fluctuations due to the fact that the greater part of the salt-revenue in this province is due to duty on importation. In Madras, again, which was very slightly affected by famine during the last year, in the sense in which my Hon'ble Colleague spoke, that is, as regards the distribution of rations, we find that the salt-revenue rose from Rs. 1,85,50,000 to Rs. 1,89,06,000. I think that these figures sufficiently establish my contention that, notwithstanding great trouble and depression in

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certain Provinces and among certain sections of the population of this country, there was, taking India as a whole, increased general prosperity, and such increased prosperity is, I believe, clearly indicated by an increased consumption of salt.

"My Hon'ble Colleague Mr. Ananda Charlu also dealt with the question of customs, and he observed that customs-revenue returns were no criterion of the situation. He apparently considers customs-duties as revenue raised by compulsion. I must confess that I am quite unable to follow his arguments in this direction. There are necessities which, to maintain life, a man must obtain no matter how distressed his circumstances, but of such, in a country so happily productive as India, few, if any, can be cited among those articles imported from abroad and paying customs-duty. My hon'ble friend talks of the population as being under a process of distraint. I never knew an honest man under process of distraint consuming articles which were not essential to his existence, and, seeing no reason to call in question the honesty of the Indian peoples, I think I must assume that, if they were able to consume and pay duty on larger quantities of articles not essentially necessary to their well-being, their pockets must have been better filled than at dates when they consumed smaller quantities of the same.

"My Hon'ble Colleague is, I am sure, convinced of my sincere desire to appreciate correctly and to promote, if possible, the welfare of the Indian peoples, and I trust that I may have succeeded in convincing him that, as regards customs-revenue, I am on firm ground in holding that its increase is a sign of increase in average well-being.

"My hon'ble friend says that one swallow does not make a summer. It does not, but I thought I had pointed out a whole flight of swallows when I cited the increases of revenue over budget estimates during the closing year.

"The items of increase excluding those which may be esteemed as fortuitous are as follows:—

Increases in revised over budget estimate, 1900-1901.

<i>Revenue.</i>										£
Salt, increase	.	.	.	.	.	.	.	.	.	106,000
Stamps, increase	.	.	.	.	.	.	.	.	.	76,300
Excise, increase	.	.	.	.	.	.	.	.	.	137,700
Customs, increase	.	.	.	.	.	.	.	.	.	189,900
Post Office, increase	.	.	.	.	.	.	.	.	.	33,100
Telegraph, increase	.	.	.	.	.	.	.	.	.	85,900
Receipts by Civil Departments, increase	.	.	.	.	.	.	.	.	.	60,500

"I really hope and think that this flight of swallows may be looked on as an indication of the approach of a happy Indian summer!"

His Excellency THE PRESIDENT said :—" We have arrived at the close of what I venture to claim as a practical and businesslike session. A year ago, in my Budget speech, I had to confess and to explain the withdrawal or the postponement of our most important legislative measures. In the present year we have a better record; for not merely have we placed upon the Statute-book a number of subsidiary measures, to one of which, providing a much desired relief in respect of inheritance and of succession-duties to Native Christians, I attach no small weight; but we have also carried into law two Bills of the highest importance, the Assam Labour Bill and the Mines Bill, both of which raised issues of a very controversial character, and were keenly watched by public opinion. I ventured to prophesy last year that we should profit, rather than lose, by postponement; and I have little doubt that, whereas we have in both cases secured general assent, and in one case absolute unanimity, in the final stages of these measures, we should not have been so fortunate had we persisted in pushing them forward at that time. I feel, therefore, that we may all compliment ourselves upon good work done: and although my test of the success of a legislative session in India certainly would not be the amount of the legislative outturn, I yet feel that, even judged by this standard, we have not done amiss. It is hardly necessary for me to reiterate the opinion to which I have given expression on a previous occasion and which, I am sure, will meet with the enthusiastic acceptance of the Hon'ble Mr. Buckingham, that I am not anxious to strain too heavily the productive capacity of our legislative machine during the remainder of the time that I am in India.

"If our session has been one of a workmanlike character, we may also claim that it has terminated in a very businesslike Budget, and in a discussion of solid interest. My Hon'ble Colleague, Sir Edward Law, has hardly met with the conditions which a financier of repute would voluntarily choose for the inauguration of an Indian term of office. He has had to fight a famine of exceptional severity, and to watch a financial situation that has always been delicate, and sometimes anxious. Nevertheless, at the end of a year of strain, he has been able to convert the almost nominal surplus that was estimated for by his predecessor into a sum of nearly 1½ millions sterling. He can congratulate the country and himself that the currency policy which was inaugurated just before he joined us has gained in strength and stability at his hands, so much so that all those gloomy ravens who sat about and croaked of disaster, at about the time when the London Committee issued its report, seem to have vanished from the scene; and after making the most ample provision for a generous famine expenditure in the Bombay Presidency, which unfortunately is not yet free from serious drought, for increased military expenditure, for a much larger outlay

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upon railways and upon irrigation, in the forthcoming year, he is yet able to predict a substantial surplus at its close, which, if only we can count upon a recurrence of normal conditions, I shall hope to see largely increased.

"I do not wish to strain these achievements, or the figures upon which they rest, beyond their legitimate scope. I am well aware that we have had a number of windfalls during the past year, which no one could foresee, and upon which we most certainly cannot reckon in the future. But, nevertheless, making due allowance for them, I still claim that the situation is one that is hopeful, both as regards the economic and the financial position of India. I shall revert to the first of these subjects later on. But, as regards the latter, while I should always be cautious in dogmatising either about the durability of any financial situation, or the vitality of any fiscal system, I yet think that, if we examine our main sources of revenue and note their steady increase, we may feel some confidence that, barring a recurrence of disasters which are beyond our foresight or control, India is already beginning to tread upon a brighter and happier pathway.

"There is one heading of the estimates upon which I desire to say a word. I allude to the Military Estimates. They have been introduced in a statement, and have been explained today in a speech, by the Hon'ble Military Member, enumerating the very considerable reforms and additions which we have already undertaken, or are about to undertake, and summarising in a concise manner the principal measures of improvement that have been carried out in the Indian army during the sixteen years with which, in one or another capacity—culminating in the highest—Sir Edwin Collen has been connected with the Military administration of the Government of India. He is now retiring from our service with a record of long and honourable work, such as few administrators can point to, and that has left an enduring mark upon the *personnel*, the organization, and the equipment of the Army in India. May I be allowed to congratulate him upon the record which he has so modestly compiled, and also upon the very substantial addition that he has been able to make to it during the past two years? I am sure that he will be willing to make the reciprocal acknowledgment that, although his proposals have never been more searchingly investigated than during the many hours which the Members of the present Executive Council have spent at the Council table in discussing with him the problems of our military administration during the past year and a half, and although there are many respects in which we have not been able to concede the full measure of his demands, he has not in his long experience been associated with colleagues who were more profoundly impressed with the

gravity of their responsibility for the defence of the Indian Empire, both to the inhabitants of this country, and to the larger unit of which India forms a part. I need not repeat today what I said in the Budget debate last year. I gave a clear warning on that occasion that there would be a rise in the Military Estimates, and that rise has come. I am not in the least disturbed by the argument that all this Military expenditure is a waste, and that the money had much better be spent upon projects of economic development. I would gladly spend the whole of our revenues in the latter way, but I say frankly that I dare not. The Army is required to make India safe; and it cannot be said that India is safe. In the event of an invasion or a campaign, those very theorists who are so fond of the phrase 'bloated expenditure,' and who denounce any attempt to make the Army more efficient that costs money, would be the first to run round and take shelter under the armaments whose expansion they had resisted. Exorbitant or ill-considered outlay, equally with them, I would decry; but my Hon'ble Colleague will bear me out that there is not an item in the new Military expenditure of one million sterling in the forthcoming year which has not been exhaustively threshed out and sifted at the Council table, whether the outlay was half a lakh or twenty lakhs. He has given to Council in his memorandum an indication of the objects to which this expenditure is to be devoted. They are not fanciful experiments, the emanation of the brain of the faddist or the doctrinaire. Still less do they spring from schemes of aggression or advance. There have never been two years in India less marked by a bellicose ambition. The purposes to which the money is to be devoted are such objects as rearmament of the entire Army with the latest weapon, the increase of our artillery and its supply with the most modern guns, a very substantial addition of officers, the creation of an organised transport corps, instead of the fumbling units which have hitherto been a substitute for it, the proper armament of our coast defences, the building of light railways with which to strengthen our frontier posts, the establishment of factories with which to turn out our own military material. I am far from saying that the list of necessary improvements is exhausted. Year by year the discussion has to be resumed in the light of fresh experience and of demonstrated needs. But at least no one can say that, while the whole world has been busy with military reform, we in India have stood still. I remember last autumn reading in the leading organ of the English Press an article about the Indian Army. It was one of those rather sensational letters which, from the cover of anonymity, fling broadcast the accents of denunciation and doom. I never blame the writers of these productions; because their purpose is almost always honest, even where their knowledge is imperfect; and because their invective, though sometimes exaggerated, very often calls

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attention to positive blots. This particular writer declared that our armaments in India were hopelessly inadequate, our *personnel* insufficient, our equipment obsolete and absurd. How far these opinions are correct must be judged in the light of the information contained in the present Budget and in that of last year. But when the writer went on to say that nothing was being done, or, if being done, was being done so slowly and so incompletely as to be little better than absolute inaction, and that the Government of India was not in the least likely to take the necessary steps, he revealed an ignorance which was profound and, if he possessed any opportunity of learning the facts, culpable.

"In my first Budget speech two years ago, I alluded to twelve important reforms to which I hoped to address myself while in India. I was sufficiently cautious at the time not to indicate their nature, and I remember that there was some playful conjecture as to what they might be. Inasmuch as before we meet again at this table, more than half of the normal term of office of a Governor General will have elapsed, and as I shall be terminating my third, and entering upon my fourth year of administration, I may perhaps take advantage of the present occasion to indicate in more precise language how far the Government of India has travelled up to the present date along the road which we then set before ourselves. I hope I may not be misunderstood. Neither my colleagues nor I desire to claim for ourselves any premature credit for measures as yet only recently introduced, and to which the test of experience has yet to be applied. We also know enough of India not to be sanguine or to prophesy. Just as two years ago I never anticipated that we were standing on the brink of an appalling famine—the second within three years—so now there may be vicissitudes or risks ahead of us of which we know nothing, and which may upset all our calculations. All I desire to do upon the present occasion is to take the public into our confidence as to the measures which we have placed before ourselves, and to indicate to it that we have not so far been idle.

"First in importance among these objects I placed the creation and pursuit of a sound frontier policy. It seemed to me that many of our blunders and misfortunes had arisen from the fact that there was no settled basis of policy, no principle of action operating throughout that long and troubled zone, but that each situation was apt to be dealt with as it arose and according to the advice or influences that happened to be uppermost. I do not think that there is in this picture any disparagement of the officials who were responsible for what was done. They were dealing with a transitional

epoch, in which the frontiers were being pushed forward by the pressure of events, without any policy having been formulated to keep pace with them, and in which there was a tendency to oscillate, according to the predominant influence of the hour, between advance and retrogression. It has always seemed to me that a survey of the whole situation, in the light of our experience, our pledges, our armaments, and our general resources, ought to be productive of a code of frontier policy, which could, with consistency and without violent interruptions, be applied to the whole line of our North-Western Frontier from the Pamirs to Baluchistan. Such a code we have endeavoured to evolve. Its main features consist in the withdrawal of our regular troops from advanced positions in tribal territory, and their concentration in posts upon or near to the Indian border, their replacement in tribal tracts by bodies of tribal levies trained up by British officers to act as a militia in defence of their own native valleys and hills; in other words, the substitution of a policy of frontier garrisons drawn from the people themselves, for the costly experiment of large forts and isolated posts thrown forward into a turbulent and fanatical country. This is the policy that we have been engaged in carrying into effect from Chitral on the north to the Gomal Valley on the south. I do not say that it is a policy unattended with risk. There is no frontier policy capable of being framed that could be described as absolutely safe. I have not uttered one boastful word about it since we began two years ago; and I am not even going to indulge in a murmur of self-congratulation now. The policy has to justify itself: and that it can only do in time. I do not say that it will save us from frontier warfare or from occasional expeditions, or from chronic anxiety. They are the inevitable heritage of a boundary with the physical and ethnographical characteristics of the Indian frontier. All I claim for it is that it is a policy of military concentration as against diffusion, and of tribal conciliation in place of exasperation: and I desire that it should be given a fair chance. I do not at all care by what name it is called. One of the main errors of the past seems to me to have been that, instead of realising that there could be such a thing as a policy upon which all parties could agree, it has been assumed that there were only two policies—the Lawrence policy and the Forward policy—and that a man who was fit to think must be an advocate of one or the other. In my view both of these policies have long ago been superannuated. I have frequently argued in the House of Commons, and elsewhere, that the policy of Lord Lawrence is dead, from the complete change in the situation and from the efflux of time: and I think that there is nothing more dangerous or more futile than to summon dead men from their graves, and to dogmatise as to how they would have dealt with a situation that they

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could never have foreseen. Similarly, as regards the Forward School, the word is one of those elastic and pliable adjectives which are capable of assuming the most different meanings, from a statesmanlike prevision of military and political danger on and beyond the frontier, to a rash indulgence in military adventure. All I would say is, let us get away from the paralysing influence of labels. Let our new frontier policy be called by any name that men choose. Only let it be based, not upon obsolete political formulas, but upon up to date common sense ; and, if it approves itself as time goes on, let it become a tradition and endure.

" The second reform that I set before myself was the constitution, after I had had time carefully to examine the whole situation, of the best form of administration for the Frontier districts. As Hon'ble Members know, these studies led to the recommendation of a new Frontier Agency to be created out of the Trans-Indus Districts of the Punjab, and to be placed under the direct control of the Government of India. This proposal was unanimously accepted by my colleagues here, and has received the assent of the Secretary of State and of His Majesty's Government at home. The papers have already been printed in the form of an Extraordinary Gazette, which will show to the public what were the steps by which we were led to these conclusions. I need not recapitulate them now. We may perhaps feel some reasonable pleasure at the solution of a problem which has baffled successive Governments for twenty-five years. But our new province will have to be judged not by its promise, but by its results. In one respect I observe a great change in public opinion ; for, whereas when I left England the majority of those persons whom I had consulted on the desirability of such a change were hostile to it and it was doubtful what might be the reception accorded to it by the Press, I now observe with satisfaction that it is everywhere described as inevitable, and taken as a matter of course. This is rather the way with reforms. They are often vigorously and successfully resisted, as this proposal has been ever since the days of Lord Lytton, who was its first parent. But, when they are ultimately carried, every one shakes hands, and says that the result was a foregone conclusion.

" Third in order of importance I place the steps that we have taken, with the consent of the Secretary of State, to remedy what I hold to have been one of the greatest abuses that have grown up in recent years in this country, and the most subtle and insidious danger to Indian administration. I allude to the frequency of official transfers arising partly out of our leave rules, partly from local systems of official promotion, partly from a preference of the

convenience of the individual to the exigencies of the public service. It is hopeless to expect good administration without continuity, intelligent administration without local knowledge, popular administration without personal interest. If these considerations apply to government in any country, much more are they true of a country like India, where large masses of people are being ruled by a small minority of alien extraction. The abilities, the training, and the enthusiasm of the latter are all discounted or thrown away if the officers are shifted hither and thither before they know the district, or have mastered the local dialect, or have acquired the confidence of the inhabitants. It is as though the captain of a cricket eleven were to place his field indiscriminately, and to shift a man from post to post before he had learned the work of one. This great danger in India, as to which I never fail to make enquiries wherever I go on tour, and which in some parts of the country has attained to extravagant dimensions, has attracted our earnest study; and the reform in the Leave Rules which we have instituted, and which, without detracting from the privileges of the Service, will prevent the frequent removal of officers upon leave at short and insufficient intervals, with a consequent chain of transfers and far-reaching dislocation, will, we hope, tend very greatly to mitigate the evil. At the same time we are taking up independently the case of particular Presidencies or Provinces where a bad system seems to call for special treatment, and we have issued general rules, applicable to all, as to the conditions under which district posts should in future be held. Any administrator who in his time can feel that he had done something to draw closer together the ties between rulers and ruled in this country, and to produce that sympathy that can only result from mutual knowledge, may go away with a consciousness of not having altogether failed.

"A corollary of this abuse is the divorce that has been brought about between an officer and his work, or at any rate the most important part of his work, by the interminable writing that has grown up in the administration of this country, and that threatens to extinguish all personality, or initiative, or despatch, under mountains of manuscript and print. The real tyranny that is to be feared in India is, not the tyranny of executive authority, but that of the pen. I do not say that the system is without its good features. It could not have grown up, it could not have reached its present dimensions, in India, had it not had substantial justification. In a country so large, where the life of officials, even the most sedentary, is so fleeting, where customs and traditions and practice vary so greatly, and where such importance rightly attaches to precedent, it is essential that there should be preserved the written records not merely of administrations but of departments. In

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this way only can an officer upon arrival in a new district find out what has been going on there before him; and in this way only are the perpetually changing officers in the various Secretariats able to deal with cases, of which, without the written records, they would be in entire ignorance. These are the good and necessary sides of the system. But there is a consensus of opinion among those who are qualified to speak that the engine has become so powerful as to have got the better of its driver, and that those who should be the master of the system have become its slaves. In the Departments of Government I found when I came here inordinate writing, unjustifiable repetition, unbusinesslike procedure, and much easily avoidable delay. I do not think that any individual or series of individuals could be blamed for this. It had grown up, so to speak, by stealth; and every one was a half unconscious victim. Three things were necessary. The first step was to make a careful study of the system in the various departments, and to ascertain when and how and why it had grown. I found that it was almost entirely the product of the last twenty-five years, and that it synchronised with the great development of communications, and more especially of the telegraph; in other words, that it was the product of modern centralisation. The next step was to compare our system with those of the best offices in the Government at home, and to see what lessons could be derived from them. The third step was, by consultation with all those officers who are responsible for working it, to ascertain where the pruning knife could most effectively be applied. In this way was drawn up an entirely new set of rules of business for the Secretariat of the Government of India, providing for greater simplification of procedure, less penwork, more frequent verbal consultation, superior despatch. These rules were sent round to all the Local Governments, and with suitable modifications have been largely adopted by them. They have now been in operation for a year and a half in the departments of the Government of India. I watch over them, as my Hon'ble colleagues and the Secretaries and Under Secretaries know, with all the interested vigilance of a parent, and I have received and desire to acknowledge the most loyal cooperation at their hands. More recently, after prolonged examination, we have attacked that more mischievous development of the same abuse which arises out of the multiplicity and length of reports, and we are striking at its very roots. It is no exaggeration to say that the system of report-writing that prevails in India is at once the most perfect and the most pernicious in the world—the most perfect in its orderly marshalling of facts and figures, and in the vast range of its operation, the most pernicious in the remorseless consumption of time, not to mention print and paper, that it involves, and in its stifling repression of independence

of thought or judgment. The Government have made public their views in a Resolution recently published in the Gazette, and we are now addressing all the Local Governments. It is of no use to deal with the matter in pious generalisations, or with academic counsels of perfection. Resolutions or appeals of that sort are gratefully acknowledged, and as speedily forgotten. We have made a detailed examination of every report that comes in from any quarter to the Government of India, and have collated them over a period of years. In this way we have been able to strike a mean, both as to contents, and character, and length. A great many have been found to be useless, and have been abolished altogether. With regard to the remainder, we have issued definite orders in each case, prescribing the manner of compilation and the limits of length. We have invited the Local Governments to do the same with the reports that go up to them but do not come on to us. We are thus thinning the forest, not by a general order to reduce the amount of superfluous timber that it contains, but by ringing every tree in it that ought either to be lopped or to be cut down, and by sending in the woodmen with axes to perform the task. But I may be asked, what is going to come out of all this? Will not this reformatory zeal soon die down, and be replaced by the normal apathy? Who is going to secure continuity either of energy or plan? I observe that this was the tone of a recent gathering in England that met to discuss this question. A large number of Indian officers of authority and experience attended, and they were all good enough to say that our reforms were excellent, but a good many added that they would be ephemeral. Indeed, one gentleman said that no permanent reform would ever originate in India. Let us wait and see. I at any rate do not mean to be put off by these counsels of despondency and despair. As I said in the Government Resolution, there is no reason why a good practice should not endure just as well as a bad practice, if once it be given a fair start; and I think I have a right to appeal for the cooperation of every officer of Government, from a Governor to a Deputy Collector, to see that that start is given. It is true that Viceroys are fleeting phantoms, whose personality is transient, and whose term is soon over. But this is a work in which is involved not the prestige or the whim of an individual, but the entire credit of British rule in India; and it is even more to the interest of every Local Administration that it should continue than it can be to mine.

"Fifthly comes the great change in our Currency system, to which I have already adverted, and which is now in the second year of successful and tranquil operation. It is, I think, a considerable thing to have escaped for so long from all the inconveniences and troubles arising from an unstable

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and fluctuating exchange. It was fatal to accuracy of financial forecasting and it was in the highest degree prejudicial to trade. We are now all settling down to a 16d.-rupee as if it had existed since the beginning of time; and we make our calculations upon a basis of reasonable certainty. Even the prospects of a redundant circulation of rupees, by which some are frightened, are rendered innocuous by the Gold Reserve Fund which we have established upon the advice of Sir Edward Law, and which is to hold in reserve the gold with which to meet any sudden plethora in the silver coinage. It really seems as though India were entering upon a period of reasonable stability as regards currency: and this new and happy era, which was inaugurated by Mr. Dawkins, may, I hope, be converted into a settled tradition by his successor.

"One of the objects with which I have always welcomed the introduction of the gold standard, placing India as it does in closer contact, and upon even terms, with the money-market of Great Britain, has been the hope that it might accelerate the flow of capital to this country in industrial and other undertakings. This will not come all with a rush; but I think that I see signs that the movement is spreading. And this brings me to the sixth subject, upon which I have bestowed close attention, and to which I have been anxious to communicate a positive impetus. I allude to railways, and I speak not merely of railway construction, but of railway policy and railway finance. I remember, before I came out to India, saying that I hoped that 25,000 miles would be completed in my time. I erred on the side of caution. Though we have had to deal with a curtailed programme in consequence mainly of famine, this total has already been reached and passed. When I made my first Budget speech, the total length of open lines was 22,500. It is now 25,155. In the last two years, our railway account has, for the first time in the history of Indian railways, exhibited a net surplus—a result which must be very gratifying to my Hon'ble colleague, Sir Arthur Trevor, who has administered the Public Works Department with so much acumen for five years; and we are proposing in the forthcoming year to spend over 10½ crores upon railways, as compared with 8½ crores during the past year of famine, and 9 crores in the preceding year. But here I am confronted by a point to which I must make a passing allusion. I observe that a question has been raised as to whether the increase of railways is not an injury rather than a gain to India, and whether by carrying away the food-supplies of the country in times of plenty, they do not leave the raiyat impoverished and exhausted when famine comes. It has been suggested in consequence that, if we do not stop our railways, which are supposed to swell our exports, we ought to restrict the latter. Inasmuch as these arguments

appear to me to involve a fallacy of the first order, and to rest upon presumptions for which there is no foundation, I may perhaps halt for a moment in order to expose them. The first of these presumptions is that our export of food-grains is largely upon the increase, and that this increase has been in the main caused by railways. There is no ground for this hypothesis. The total export of food-grains from India between 1880 and 1890 was 22,687,000 tons; between 1890 and 1900, 23,257,000 tons, or an average annual increase during the second decade of only 57,000 tons over the first. Had the exports increased in proportion to the extension of railways, the volume of trade in the second decade would have been half as much again as that in the first. In the last year the grain export has been far below the average of any previous year. The second presumption is that a large proportion of the total grain-produce of India is exported. This again is not the case. Out of a total estimated production of 73,000,000 tons, little more than 3 per cent. is exported, and, if rice be excluded, less than 2 per cent., the bulk of the export being wheat, which is not the food of the people in time of famine. If then we place a check upon exports in order to provide the population with more grain when famine comes, all that we shall do will be to ruin Burma, which lives upon its great export of rice to India, notably in times of famine, and to deprive the wheat-grower of the Punjab of the market which railways have created for him.

“As a matter of fact what was the old system which railways are alleged to have destroyed, and which we are now invited in some quarters to re-establish? It was the plan of grain-storage in ordinary years against the years of drought. This was a possible and a desirable system in the days of no communications. Each district had then to be self-sufficing, because it was landlocked. With the spread of railways such a policy has become a costly and a useless anachronism. The storage system itself was attended by the gravest drawbacks, which have now apparently been forgotten. Rice is a grain which will not easily admit of being preserved. Even the drier grains are apt to moulder under such conditions, and when the grain-pits of the Dekkhan were opened in 1897, a great deal of bad grain was thrust upon the market and caused widespread disease. Again, it seems to be forgotten that the grain-pit usually has a private owner, and that the price at which he will consent to open and sell is not determined by the needs of the public but by the interests of his own pocket. Under the storage system the most startling fluctuations of prices occurred even in adjoining districts. Grain was at famine prices in one place, while it was lying rotting upon the ground in another. Everyone knows the story of the Madras beach in 1876. Take the case again of Raipur in the Central Provinces under this system. In 1861

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wheat was selling at 84 seers for the rupee, in 1863 at 32, in 1868 at 20, in 1869 at 15, in 1876 at 53½, in 1878 at 19½.

"If anybody tells me that this is a condition of affairs good for the cultivator, or the consumer, or for trade, or for the Government of India, I must take leave to doubt his sanity. Now, as against this, what have railways done? They have equalised the prices all round. They have given to the landlocked districts access to external markets in times of plenty, and they have brought the produce of those markets to their doors in times of need. It must be remembered that the whole of India is never fortunately afflicted at the same time by famine. There are always flourishing parts to feed the parts that are famishing. In the old days the inhabitants of the latter consumed the grain in their pits, and then laid down and died. Now imported grain keeps alive the whole population. I gave just now the experience of Raipur under the old conditions. Let me tell Hon'ble Members what it has been under the new. I will quote the words of the Chief Commissioner, Mr. Fraser, with reference to the recent famine. 'It is impossible,' he writes, 'to over-estimate the benefits which railway extension has conferred upon the Province. If Chattisgarh, for instance, had not been opened up by railways, it is horrifying to think of what might have occurred. The recent extensions of the Bengal-Nagpur Railway poured in supplies of the cheap scalded rice of Orissa which penetrated far into the interior. In 1897 this source of supply was wanting, and the more expensive rice from Burma was the chief food-stuff brought in. In the famine of 1897, when exports were carried away in the early months, the Chattisgarh people pointed to the railways as an exaggeration of their ills. In this famine they have regarded them as their salvation. Within one year the railways have brought into the province grain enough to feed three millions of people for a year.' Now this is a very instructive quotation; for it shows how in 1897 when the Chattisgarh people held fairly large stocks, they resented the depletion of these by the railway and a rise in prices later on. On the other hand, in 1899 there was in over two-thirds of Chattisgarh no crop at all. Where I wonder in such a case would the grain-pits have been? On this occasion, had it not been for the railway, the entire population would have perished like flies. Storage may for a time supply a restricted area. It never has saved, and never will save, a district or a province.

"There remains the third fallacy, as I regard it, that railways have raised prices to a prohibitive level. I can discover no ground for this allegation. The export trade in food-grains cannot have produced any such result,

because I have shown it to be infinitesimal. Railways themselves cannot raise prices; their tendency is to equalise them. Prices may rise from an increase of demand over supply, that is, by the increase in the number of those to be fed or in the standard of living. But railways are not accountable for this consequence. It has been due in India to a number of economic causes to which I need not now refer, and, before we set it down as a hardship, we should have to enquire whether there had not been a corresponding increase in the purchasing power of the population.

"I therefore shall certainly not be deterred by any of these economic heresies from a steadfast policy of railway construction in my time. I regard railways as a blessing to this country as a whole, and as the most unifying agency that exists in India. Indeed, I would like to go further and to free railway policy and finance from many of the shackles by which it is now hampered. Almost ever since I came here I have been examining this question, and we have been trying by discussion amongst ourselves and with the Secretary of State whether we cannot do what the Hon'ble Mr. Ashton has urged us to do, namely, find some means of separating railway finance from general finance, or for putting productive railways which pay more than the interest charges on their capital into a category apart from precarious or unremunerative concerns. It is easy enough to make out a good case on paper: but it is difficult to construct a workable scheme in practice. In the long run the money for railways has to be raised by loan, whether in England or in India, and the greater part of it has to be spent in India in rupees. The one is a question of borrowing, the other of ways and means for expenditure. Both questions fall at once within the range of the financial operations of Government. Sir Edward Law, however, is not less interested than myself in this question, and we hope to carry it to a successful issue. I have no time on the present occasion to speak of the steps which I have taken by the institution of a Travelling Railway Commission, which has already done valuable work, and by the publication of an annual summary of all the railway proposals before us, and of the attitude of Government towards them, to take the public into our confidence and to conduct railway development in this country on commercial rather than departmental lines. I hope to carry these efforts even further by means which I have in view: but already I claim that we have made not inconsiderable progress.

"Side by side with railways in India we always consider the subject of irrigation; and this is the seventh branch of administrative policy in which

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I have been most desirous to initiate a positive advance. I spoke last year of the limitations attending a too ambitious programme, and of the fields of investigation and activity still open to us. During the last two years I have persuaded my Financial colleague to raise the annual grant to 1 crore instead of the three-quarters of a crore to which it was confined when I came out to India. It is not always possible to spend this sum, for considerable time is required in the preparation of the various schemes; and last year, although we granted 1 crore, we only succeeded in expending 90 lakhs of rupees. In the present year we have gone much further. I pledged myself in my famine speech at Simla in October to conduct an enquiry into the irrigation branch of the famine question. I want to be quite sure that no sources of water-supply or water-storage are neglected or ignored in this country. They may not always be great rivers flowing down unimpeded to the sea, though people at home seem to think that any river ought to be capable of being tapped in the Himalayas, and diffused either into the Central Provinces, or Gujarat, or Berar. Neither do I postulate everywhere profitable or remunerative schemes. What I want to ensure is that in each province the sources of water-supply best suited to it, whether they be canals or tanks, or wells, shall be scientifically investigated and mathematically laid down, so that we may be presented with a continuous programme which we may pursue in ordinary years as an insurance against the bad years when these come. If only people would give one some credit for common sense in the matter instead of writing to me as they do every week from all parts of the world to acquaint me with the astonishing discovery that they have for the first time made, namely, that no more famines need ever take place in India if only I would cut canals to the Himalayas or build reservoirs on the top of rainless plateaux, I should be very grateful. It is no good flogging a willing horse. No Government of India has ever been more profoundly impressed with the importance of encouraging irrigation than this. As I have said, it is one of the twelve problems, and I should have thought that the Resolution recently issued with the orders that it contained, foreshadowing a sustained investigation of all irrigation-projects in the possible areas of famine in the forthcoming autumn preparatory to a Commission in the ensuing winter, could have satisfied even the most exacting critic of the thoroughness and sincerity of our intentions. The Hon'ble Mr. Ananda Charlu has nevertheless complained that no such detailed or defined scheme is contained in the present Budget. I am afraid that he has never read the Resolution to which I refer. Anyhow I would beg him to give us a little time. It is not for the Finance Department to usurp the function of the Engineers. As soon as these have given us their reports, we are ready to set to work. The extra charge of

the operations which we have ordered will be debited to the Famine Insurance Grant, and my hope is that its outcome may be a sustained policy of protective, even if non-productive, hydraulic works for a number of years to come.

"Eighth among the problems that I hinted at two years ago was the vexed question of the increasing indebtedness of the agricultural population, and the extent to which the land is passing out of their hands into those of the money-lending class. We have already dealt with the question in the Punjab by the Land Alienation Bill which was passed last autumn. That Bill was an act of innovation, but it was also an act of courage. It was to me a matter of surprise that so many organs of native opinion should have combined to attack a measure which was exclusively based on considerations of public interest and to which, whether it succeeds or fails, it was impossible to attribute a selfish motive. The same problem meets us elsewhere in ever-increasing volume and seriousness, and each case will require to be considered upon its own merits.

"Two years ago, in reply to the Hon'ble Sir Allan Arthur, I promised to take up the question of a reduction in the present high rate of telegraphic charges between India and Europe, which I described as inimical to trade and intercourse, and as obsolete and anomalous in itself. He has reverted to the subject in tones of anguish this afternoon. I had hoped long before now to be able to announce the successful termination of the negotiations which we undertook in prompt redemption of my pledge. My view was that no reform would be worth having that did not provide for a reduction of at least 50 per cent. in the present charges. Our negotiations were so far successful that we did persuade the companies to agree to an immediate reduction to 2s. 6d. a word, with a prospective reduction to 2s. a word, as soon as the increase of traffic justified it; and in order to secure this end we undertook to give a very liberal guarantee from Indian funds. So far all went well. But since then the matter has been hung up, owing to clauses in the Telegraphic Conventions which require the assent to any change of rate of certain foreign Powers through whose territories the wires are laid. This situation is engaging the earnest attention of His Majesty's Government. It is to my mind an intolerable position that telegraphic communication between England and India, and the rates at which it is conducted, should be at the mercy of other parties; and I think that some way out of the difficulty will have to be found that will make Great Britain the mistress of her own principal lines of connection. I shall hope to see the reduction of which I have spoken realized in my time. But I may add an expression of my private opinion that the matter will not be

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satisfactorily or finally settled, and that there will not be the maximum development of traffic between the two countries, until the rate has been reduced to 1s. per word. That change will not come yet awhile, and we shall probably only reach it by gradual stages. But it will assuredly one day come, and I commend it to the reformers of the future.

"I may mention among other matters that have engaged our attention, and in which we have made material progress during the past two years, the preservation of archæological remains in this country. I have often emphasised what I conceive to be the duty of Government in this respect, and everywhere that I have been throughout India on tour, I have made a most careful inspection of the famous or beautiful buildings of the past, and have given orders as to their repair or preservation. We have addressed the Secretary of State as to a more liberal provision for this object in the future, and as to the appointment of a Director General of Archæology, and we hope before long to introduce a Bill that will provide for the safe keeping of historic monuments, and will prevent the removal of antiquarian treasures and relics from our shores.

"There is one subject upon which I have never hitherto spoken one word in India, because it is one of much delicacy, but to which I desire today to devote a few passing remarks. I speak of the relations between British soldiers and the natives of this country. The friends of the soldiers are greatly in error if they believe that there is the least wish to place harsh restrictions upon them or to deprive them of reasonable openings for sport and recreation. On the contrary, it is desired to give them such openings in the fullest manner compatible with the discipline and routine of military life, and as a well-earned relief therefrom. On the other hand, it is impossible for those who are entrusted with the Government to view with equanimity any risk to these relations arising from carelessness, or ignorance, or lack of restraint. That such risk has in many cases arisen, it is impossible to deny. I make no attempt to apportion the blame. Sometimes there may have been rashness resulting in collision on one side. I have heard of conspiracy culminating in attack upon the other. What we, as a Government, have to do is to minimise the opportunities for such friction, and to induce mutual self-respect. For such a purpose strict rules are required and strict attention to the rules when formulated.

"Now upon this point I wish to be especially clear. The Civil and the Military authorities have been and are absolutely united in the matter. The responsibility is shared between them. It cannot be shifted from the

shoulders of one party to those of the other. The head of the Civil administration could not in a matter of discipline act in independence of the Military authorities. They, on the other hand, make a point of co-operating with the Civil power. There is no single rule now in operation as regards the reporting or trial or treatment of cases or otherwise which has not emanated from the Military authorities in the first place. There is no measure, proceeding, or step which has not been taken upon their authority, and with their full consent. When the shooting rules were revised last autumn, the task was entrusted to a Committee upon which the Military and Civil elements were equally represented, and further one of the Civilians was an old Military officer. Their report, and the rules as revised by them, were accepted without demur by the Government of India. I make these remarks, because it cannot be too widely known that there has existed throughout this unity of action, and because I have seen or heard of the most erroneous allegations to the contrary effect. I remember a case in which a Local Government reported to us what it called a gross miscarriage of justice in a trial for the murder of a punkha coolie. The Civil authority does not exist to rectify the errors that may be committed in a Court of Law, and there was unfortunately nothing to be done. Some time later the Commander-in-Chief, having satisfied himself that the acquitted party had so conducted himself as to be unfit to wear Her Majesty's uniform, decided to dismiss him from the Army. This proposal was submitted to, and of course received the sanction of the Government of India, who would not interfere in a disciplinary matter with the supreme Military authority. Forthwith arose an ignorant outcry that the Civil power had usurped the functions of a final Court of judicial revision. I merely mention this case as typical of the misunderstandings that are apt to prevail in these matters. I will only say for the Government that our attitude has been in every case one of the most scrupulous impartiality. Our one desire is to draw closer the bonds of friendly feeling that should unite the two races whom Providence has placed side by side in this country; and I venture to assert that no higher motive could inspire any body of men who are charged with the terribly responsible task of Indian administration.

"There remain a number of subjects, high up in the list of the original dozen, upon which we are still busily engaged, but as to which we have not found time as yet to carry our views to fruition. First among these I would name educational reform, the placing of education in India, in its various branches, university, higher, secondary, technical, and elementary, upon a definite and scientific footing, and the clear determination of the relations between private enterprise and the State. This great object has been for a

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long-time occupying my attention, and I hope that we may be able to deal with it in the forthcoming summer or autumn.

“Another matter that is one of anxious pre-occupation to us is the reform of the police. Grave abuses have crept into this branch of the service, and are responsible for administrative and judicial shortcomings that are generally deplored, besides producing a widespread and legitimate discontent. We have already sanctioned very considerable improvements, notably in the direction of securing a better class of men in the higher grades at a superior rate of pay both in the Punjab, the North- Western Provinces, and Bengal. I will say no more at present than that the matter is one into which I hope to go more deeply.

“There are a number of other subjects which fall within my category, but of which I prefer not to speak at present, lest I might arouse false expectations. There are others, again, which can seldom be absent from the mind of any ruler of India and to which, though he must speak with caution upon them, there is no need why he should not refer. The possibility of fiscal reforms, leading, if circumstances permit, to a reduction of taxation, is an object that is always in the background of his imagination. The protection and scientific propagation of agriculture, for which we have instituted a separate office of Inspector General, the possible institution of agricultural banks, the question of assessments, the fostering of native handicrafts and the encouragement of industrial exploitation in general—these are all aspects of the larger question of the economic development of the country upon which my colleagues and myself are bestowing the most assiduous attention. *Salus populi suprema lex*; and all the reforms to which I have been alluding are, after all, subsidiary to the wider problem of how best to secure the happiness and prosperity of the helpless millions.

“Upon this subject I should like to add a few words which I hope may tend to dissipate the too pessimistic views that appear to prevail in some quarters. There exists a school that is always proclaiming to the world the sad and increasing poverty of the Indian cultivator, and that depicts him as living upon the verge of economic ruin. If there were truth in this picture, I should not be deterred by any false pride from admitting it. I should, on the contrary, set about remedying it to the best of my power at once. Wherever I go I endeavour to get to the bottom of this question, and I certainly do not fail to accept the case of our critics from any unwillingness to study it. In my Famine speech at Simla last October, in making a rough and ready assumption as to the agricultural income of India, I based myself upon the figures that were collect-

ed by the Famine Commission of 1880 and that were published in 1882. The agricultural income of India was calculated at that date as 350 crores, and at Simla I spoke of it as being now between 350 and 400 crores. Thereupon I found my authority quoted in some quarters for the proposition that the agricultural wealth of the country had remained stationary for twenty years, while the population had gone on increasing by leaps and bounds. The further and equally erroneous assumption followed that there had been no rise in the interim in the non-agricultural income of the community; and I found myself cited as the parent of the astonishing statement that the average income of every inhabitant of India had sunk from Rs. 27 in 1882 to Rs. 22 in ordinary years and to Rs. 17½ in 1900: the inference of course being drawn that, while Nero has been fiddling, the town is burning.

"I have since made more detailed enquiries into the matter. There are certain preliminary propositions to which I think that every one must assent. In every country that is so largely dependent upon agriculture, there comes a time, and it must come in India, when the average agricultural income per head ceases to expand for two reasons; first, that the population goes on increasing, second, that the area of fresh ground available for cultivation does not increase *pari passu*, but is taken up and thereby exhausted. When this point is reached, it is of no good to attack the Government for its inability to fight the laws of nature. What a prudent Government endeavours to do is to increase its non-agricultural sources of income. It is for this reason that I welcome, as I have said today, the investment of capital and the employment of labour upon railways and canals, in factories, workshops, and mills, in coal-mines, and metalliferous mines, on tea and sugar and indigo plantations. All these are fresh outlets for industry, and they diminish *pro tanto* the strain upon the agricultural population. That they are bringing money into the country, and circulating it to and fro, is evident from the immense increase in railway traffic both of goods and passengers, in postal and telegraph and money order business, in imports from abroad, and in the extraordinary amount of the precious metals that is absorbed by the people. These are not the symptoms of a decaying or of an impoverished population.

"Turning, however, to agriculture alone, concerning which the loudest lamentations are uttered, I have had worked out for me, from figures collected for the Famine Commission of 1898, the latest estimate of the value of the agricultural production of India. I find that, in my desire to be on the safe side, I underrated the total in my Simla speech. I then said between

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300 and 400 crores. The total is 450 crores. The calculations of 1880 showed an average agricultural income of Rs. 18 per head. If I take the figures of the recent census for the same area as was covered by the earlier computation, which amount to 223 millions, I find that the agricultural income has actually increased, notwithstanding the growth in the population and the increasingly stationary tendency of that part of the national income which is derived from agriculture; and that the average per head is Rs. 20, or Rs. 2 higher than in 1880. If I then assume—and I know of no reason why I should not—indeed I think it an under-estimate—that the non-agricultural income has increased in the same ratio, the average income will be Rs. 30 per head as against Rs. 27 in 1880.

“I do not say that these data are incontrovertible. There is an element of the conjectural in them; but so there was in the figures of 1880. The uncertainty in both is precisely the same, and if one set of figures is to be used in the argument, equally may the other. Again, I do not claim that these calculations represent any very brilliant or gratifying result. We cannot be very happy in the face of the recent census, which shows an increase of population so much less than we had anticipated—a falling off which is no doubt due in the main to the sufferings through which India has passed, and which by so much reduces the denominator in our fraction. But at least these figures show that the movement is for the present distinctly in a forward, and not in a retrograde, direction, that there is more money and not less money in the country, and that the standard of living among the poorer classes is going up and not down. Above all they suggest that our critics should at least hold their judgment in suspense before they pronounce with so much warmth either upon the failure of the Indian Government, or upon the deepening poverty of the people.

“There is one point, however, in these calculations where we are upon very firm ground. In 1880 there were only 194 millions of acres under cultivation in India. There are now 217 millions, or an increase in virtually the same ratio as the increase in population. This alone would tend to show that there can have been no diminution of agricultural income per head of the people. The case for increase results from the increased standards of yield between 1880 and 1898. Perhaps the earlier estimates were too low. That I cannot say. The fact remains that the 1880 figures showed a yield per acre of food-crops in British India of 730lbs.; those of 1898 show a yield of 840lbs. In some cases this will be due to improved cultivation, perhaps more frequently to extended irrigation. They are satisfactory so far as they go; for they show that the agricultural problem has not yet got the better of our rapidly increas-

ing population. But they also show how dangerous it will be in the future if India, with this increase going on within, continues to rely mainly upon agriculture, and how important it is to develop our irrigational resources as the most efficient factor in an increase of agricultural production.

"I have now brought to a termination this review of the present position in India and of the policy and attitude of Government. I have, I hope, extenuated nothing and exaggerated nothing. I am a believer in taking the public into the confidence of Government. The more they know, the more we may rely upon their support. I might have added that the policy which I have sketched has been pursued at a time when we have had to contend with a violent recrudescence of plague, and with a terrible and desolating famine. But these facts are known to every one in this Chamber, and an allowance will be made by every fair-minded person for conditions so unfavourable to advance or prosperity in administration. Should our troubles pass away, I hope that in future years I may be able to fill in with brighter colours the picture which I have delineated today, and to point to a realization of many of our projects which still remain untouched or unfulfilled.

"Thanking Hon'ble Members for their valuable contributions to the successful labours of the present session, I will now adjourn this Council *sine die*."

CALCUTTA;
The 29th March, 1901. }

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