

*Wednesday,
25th March, 1903*

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

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ABSTRACT OF THE PROCEEDINGS
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA:
ASSEMBLED FOR THE PURPOSE OF MAKING
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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 25th March, 1903.

PRESENT :

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

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. FG. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

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

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

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

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

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

QUESTIONS AND ANSWERS.

The Hon'ble RAI SRI RAM BAHADUR asked :—

“ 1. Will the Government be pleased to state—

(a) Whether its attention has been drawn to what purports to be a report of the proceedings of a Conference of Government Railway officials

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held at Delhi on the 2nd January, 1903, reproduced in the *Amrita Bazar Patrika* of March, 16th, 1903, from the columns of a vernacular newspaper called the *Sanjibani*.

- (b) Whether any such Conference was really held, at which the officers named below were present :—

Mr. C. W. Hodson, Officiating Secretary, Public Works Department, Railways; Colonel Wilson, R.E., Director of Railway Traffic; Mr. Finney, Manager, North-Western Railway; Mr. Bagley, Engineer-in-Chief, North-Western Railway; Mr. O'Donoghue, Examiner, North-Western Railway; Mr. Burt, Manager, Oudh and Rohilkhand Railway; Mr. Cardew, Locomotive Superintendent, Oudh and Rohilkhand Railway; Mr. Rainier, Officiating Traffic Superintendent, Oudh and Rohilkhand Railway; Mr. Vining, Traffic Superintendent, Eastern Bengal State Railway; Mr. G. H. LeMaistre, Assistant Secretary, Public Works Department (Secretary).

- (c) Whether the following resolutions were passed at the meeting :—

Resolution I.

That the Anglo-Indians can be suitably provided for in the following classes of employment :—

1. Engineering—

- (a) Permanent Way Inspectors, Sub-Inspectors and apprentices.
- (b) Interlocking Inspectors, Sub-Inspectors and apprentices.
- (c) Inspectors and Sub-Inspectors of Works.

2. Locomotive Department—

- Running Staff.
- Drivers and Foremen.
- Carriage Examiners.
- Workshop Staff.
- Fitters, Boiler-makers, etc., and shop apprentices.

3. Traffic Department—

(a) Station Staff—

- I. Station-master, Assistant Station-master, Cabin Signalmen and Signallers.
- II. Monofiremen, Shunters, Shed-Inspectors, Ticket-Collectors, Gate-Keepers, etc.

(b) Inspecting Staff—

- Traffic Inspectors.

(c) Running Staff—

- Guards and Brakesmen.

4. Account and Audit Department—

- (a) Travelling Inspector, Apprentices and Stock Verifiers.
- (b) Press Compositors and Examiners.

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5. Store Department—
Sub-Store-Keeper.

6. Clerical Establishment in all Departments. All clerks on pay above Rs. 30 a month.

Resolution II.

That it is desirable to collect statistics showing the actual distribution by nationality of the different classes of staff detailed in the Resolution I. This information should be given in the following groups:—

Europeans.
Anglo-Indians.
Parsis.
Hindus.
Muhammadans.

Each group should be sub-divided according to pay drawn in the following manner:—

Rs. 30 and below.
Rs. 31 to Rs. 50.
Rs. 51 to Rs. 100.
Above Rs. 100.

Resolution III.

That it is desirable that the Manager of each Railway should make a specific recommendation as to what additional number of Europeans and Anglo-Indians, over and above those now actually employed, he is prepared to employ in each of the different classes of works referred to in the foregoing Resolution, having regard to the object of this meeting as defined in the Memorandum issued with the Director of Traffic's demi-official of 23rd December, 1902, to the address of Managers of State Railways.

Resolution IV.

That an estimate of the additional cost of carrying out the Resolutions made by each Manager in accordance with Resolution III should be submitted for the information of the Government of India.

Resolution V.

That it is desirable to encourage all Railway Volunteers to require and keep up a knowledge of Telegraph Signalling.

(d) Whether the following circular letter has been addressed to the Managers of the different Railways:—

No. 290R.E., dated 18th February, 1903. Government of India, Public Works Department, Railway Establishment.

To
Manager—

I AM directed to forward for your information the minutes of a meeting held at Delhi on the 2nd January, 1903, to consider the question of the larger employment of

[*Rai Sri Ram Bahadur ; Mr. Gokhale ; Mr. Arundel.*] [25TH MARCH, 1903.]

Anglo-Indians on Railways, and to request that the statistics of employes required under Resolution II of the meeting may be collected in the accompanying form, and submitted for the information of the Government of India, together with a definite recommendation as to the additional number of Anglo-Indians you would be prepared to employ and an estimate of the additional cost your proposal would entail—*vide* Resolutions III and IV.

2. I am also to draw your attention to Resolution V, and to request that you will consider and report on the most effective manner of securing the desired result.

"2. Will the Government be pleased to lay on the table the memorandum issued with the Director of Traffic's demi-official of 23rd December, 1902, to the address of Managers of State Railways, alluded to in Resolution III ?

"3. Will the Government be pleased to state if the recommendations referred to in Resolution III have been received, and whether the Government considers it advisable to take any, and if so what, action on those recommendations ?"

The Hon'ble MR. GOKHALE asked :—

"1. Has the attention of Government been drawn to the publication, in some of the Calcutta papers, of what purports to be a circular letter from the Government of India to the Managers of State Railways, No. 290 R. E., dated 18th February, 1903, Government of India, Public Works Department, Railway Establishment, forwarding the minutes of a meeting held at Dehli on the 2nd of January, 1903, to consider the question of the larger employment of Anglo-Indians on Railways, and asking for a definite recommendation from the Managers as to the additional number of Anglo-Indians they were prepared to employ and an estimate of the additional cost the proposal would entail ?

"2. If the letter has been correctly reproduced, or if it represents facts with substantial accuracy, will Government be pleased to state under what circumstances the Delhi Railway Conference of 1903 came to be held, and how the question of the wider employment of Anglo-Indians on railways came up before it ?

"3. Will Government also be pleased to state on what grounds their present decision to secure a wider employment of Anglo-Indians on railways has been arrived at ?"

The Hon'ble MR. ARUNDEL replied :—

"A demi-official Conference was held at Delhi on the occasion of the Coronation Durbar, at which the various Railway Managers whose names have been mentioned met to discuss certain representations that had been received from

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the Anglo-Indian Association concerning the employment of Eurasians upon Indian railways.

“The proceedings of this Conference were subsequently circulated to the Managers of the Railway Companies in the letter to which the Hon’ble Members have referred. But the Government of India have taken no action in the matter. The proceedings of the Conference have not even been submitted to their notice, and no decision of any sort has been arrived at.

“In these circumstances, it is not considered necessary to publish the memorandum referred to by the Hon’ble Rai Sri Ram Bahadur, seeing that it has not received official sanction.”

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon’ble SIR EDWARD LAW moved that the Bill further to amend the Indian Income-tax Act, 1886, be taken into consideration.

The motion was put and agreed to.

The Hon’ble SIR EDWARD LAW moved that the Bill be passed.

The motion was put and agreed to.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1903-1904.

The Hon’ble SIR EDWARD LAW moved that the Financial Statement for 1903-1904 be taken into consideration.

His Highness THE AGHA KHAN said:—“My Lord, I must first most cordially congratulate the Government of India on the financial results of the year, which I venture to say prove that there is a steady though slow progress in the material prosperity of the country, and I must acknowledge the wise, liberal and sympathetic manner in which the Hon’ble the Finance Minister has dealt with the various economic problems relating to this Empire. It is almost needless for me to assure Your Excellency that there is universal joy, gratitude and satisfaction throughout India that Your Excellency’s Government has in the same year reduced both the most pressing taxes which fall on the shoulders that are least able to bear the burdens of Empire. I must also add that it is almost universally hoped by the people of this country that the present reduction of the salt-tax is the beginning of a series of annual reductions that will in a few years totally wipe out this tax, which by its very nature presses with undue

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severity on the poorest of the poor, while it practically does not affect the rich and the well-to-do. My Lord, as to the raising of the income-tax exemption to Rs. 1,000 per annum, there is no doubt that it will be a great boon to the lower middle classes, and all I beg to add is the hope that Your Excellency's Government may be in a position next year to raise the limit to Rs. 1,200 a year and thus carry out the suggestion made by the Hon'ble Sir Montagu Turner last year.

"My Lord, as to the various items of expenditure, it is in my humble opinion a cause of regret that year after year passes and no serious effort is made out of the Imperial Exchequer to raise the standard of intelligence of all classes throughout India. In this age of severe competition the more intelligent and the better educated peoples will slowly but surely gain the capital of the ignorant nations, and as the natural and necessary result of their better mental equipment become the creditors of the backward peoples. My Lord, is it right that under these circumstances and in this age the vast majority of Indian children should be brought up without possessing even the rudiments of learning?

"My Lord, while the British Government in the United Kingdom and the Governments of all the Australian Colonies and of not only great Powers like Germany, France, Austria-Hungary, Italy and the United States but of such nations as Japan, Mexico, Peru, Portugal, Spain, Roumania, Servia and Bulgaria, have adopted compulsory and free primary education for all, the number of illiterates in India according to the census of 1891 was 246,546,176, while those who could read or write was only 12,097,530. My Lord, has not the time come for the commencement of some system of universal primary education such as has been adopted by almost every responsible Government? The extreme poverty of this country has recently been much discussed both here and in England, and all sorts of causes have been found and given to explain the undoubted fact. But, my Lord, in my humble opinion the fundamental cause of this extreme poverty is the ignorance of the great majority of the people, and I venture to add that if by some miracle the angel of peace descended on earth and the military establishments of the Powers disappeared like a mirage and all the gold and silver of Africa and America flowed into this country, yet as long as the present general ignorance of the masses prevailed, in a comparatively few years we would find that the precious metals had returned to the earth and the saving from the military taxes blown into the air in the form of lights and fireworks.

"My Lord, with the ever present fact that this country is advancing very slowly as compared to Europe and America, has not the time come for taking

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a bold and generous step towards some system of universal education suited to the conditions of the various Provinces of the country ?

“Again, my Lord, great efforts are being made in Europe and America towards making higher technical and scientific education general and popular. My Lord, I respectfully venture to suggest that numerous establishments be founded all over India teaching the people by the most scientific and modern methods how to convert the many dormant resources of the country into capital, and even with all this extra expenditure for primary and technical education, there ought to be also an increase in the grants devoted to higher literary education, so that the intellectual and moral development of the people may keep pace with its increased material prosperity.

“My Lord, it may well now be asked, where is the money to come from ? My Lord, I am one of those who feel profoundly convinced that the first duty of the Government of India as the guardians of this country to the people of India is to maintain the military power of this Empire at such a standard of numerical strength and efficiency as to make not only the success of a war with Russia a foregone conclusion but so as to prevent even the most chauvinistic of Russian Tsars from interfering with our many legitimate political and commercial interests in the various independent Asiatic States that border our vast and extended frontier. My Lord, however, if methods could be found by which, without reducing either the effective strength of the Army in time of war or from its efficiency as a military instrument, Government could at the same time reduce the burden of the military budget, I think no considerations of trouble or labour in bringing about such a result ought to be allowed to prevail as against the fact that it will enable the Government of India to devote so many millions a year towards a system of national education. Here I may say, my Lord, that I recognize that no reduction in the number of British troops in India is for the present possible. But with the Indian Army the case is different. First of all, if short service was introduced and a system not only of regimental reserves but of a permanent territorial reserve was formed, it could be brought about that though the peace establishment of the Indian Army and its cost would be less than at present, yet its effective strength in time of war would be greater. This is the system adopted by almost every European Government, including Russia and Turkey, and also by Japan. My Lord, another step which I would respectfully urge not only from the standpoint of economy but also from that of political expediency as also in the interests of justice is that a certain and limited number of the scions of the noblest houses of India such as have passed through the Imperial Cadet Corps be granted commissions in the

Indian Army. Your Excellency, by creating the Imperial Cadet Corps, has shown not only your generous sympathy with the aristocracy of India, but by an act of far-seeing statesmanship demonstrated your anxious solicitude that honourable careers may be open to the younger members of ruling families and the noblest houses of India. But, my Lord, the formation of the Imperial Cadet Corps has not only caused general rejoicing and gratitude specially amongst the aristocracy, but also has raised hopes that some at least of the most successful cadets will be nominated to commissions in the Indian Army. I most earnestly beg of Your Excellency that, if possible, a definite undertaking be given that at least some of the most successful cadets will thus be given commissions so as to fulfil the expectations that have been formed. My Lord, to permanently exclude all the upper classes of British India from ever serving their Emperor in the defence of their own country is, I venture to submit, incompatible with those noble principles of justice and generosity which have all along been accepted as determining the character of British rule in India.

“ There is one more suggestion in this connection that I would like to make in common justice alike to the taxpayers of British India and the Rulers and subjects of Native States. The suggestion is that after the glorious and soul-stirring ceremony held at Delhi it will be an act of wise statesmanship not to allow the spirit of solidarity and common interest which was witnessed there to remain unutilized for the welfare of the Empire. My Lord, as things stand at present, the Imperial Army is bound to defend not only British India but the whole country, including the Native States. This, I submit, is unjust alike to the people of British India as also the Rulers of Native States, for the burden of meeting the entire expenditure of the Imperial Army falls at present exclusively on the taxpayers of British India, while on the other hand the Rulers of Native States—representatives of ancient and warlike dynasties, in whom the cherished traditions of a chequered past are still preserved—are precluded from taking their legitimate place in the defence of this great Empire. Of course, my Lord, I am aware of the existence of the Imperial Service Troops, but their numbers are much smaller than the proportion according to population that would have to be maintained by the Native States if in India there was a system of recruiting according to population or territorial extent. My object in mentioning this is not to suggest that an additional burden be imposed on the shoulders of Native States nor that any Imperial bills be presented to the Rulers of these States for payment. But when, my Lord, as at present, a large irregular armed force is maintained by the various Rulers and a large expenditure is borne by their subjects, it is (specially after the great Imperial ceremony at Delhi, when the collective devotion of the whole of

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India to the person and throne of the King-Emperor was declared to the world) clearly to the welfare of both the Imperial and feudatory Governments to bring this armed but practically wasted force not only to the highest standard of efficiency but also to bring it within the system of Imperial defence, of course under the direct peace and war command of His Excellency the Commander-in-Chief.

“ My Lord, to make such a force really efficient and to win for it the confidence of the public, of course it would be necessary to place a small number of carefully picked British officers in charge just as has been done with such unique success in the case of the Egyptian Army. My Lord, what has been carried out in Egypt in spite of the great difficulties connected with the British occupation of that Province and in spite of the constant intrigues of some of the Great Powers and the interference of Turkey, the Suzerain of Egypt, ought to be done easily enough with the Native States whose Rulers one and all deem it their greatest privilege to be under the paramountcy and protection of British power. My Lord, I admit this proposal as submitted on the present occasion will appear to be the crude and visionary fancy of an irresponsible dreamer, but the presence at the present moment at the head of the Indian Army of the great and most distinguished General who carried out those remarkable reforms in the Egyptian Army and raised even the despised fellaheen to be trustworthy and loyal troops worthy of fighting by the side of the flower of the British Army emboldens me to hope that this proposal may commend itself to Your Excellency's Government. My Lord, this method of placing the whole of their forces under the direction of the Imperial Commander-in-Chief and under the control of superior officers nominated by the Imperial Commander-in-Chief was accepted after the unification of Germany by the Rulers of Saxony, Wurtemberg, Baden and all the other smaller States of the German Empire. Yet the Rulers of these States had been up till then Rulers of International Sovereign States and the equals of the Kings of Prussia. But with Imperial unity it was at once accepted by all as a self-evident axiom that there could be no particularism in military affairs. What was found necessary by all the Rulers of German States is, I venture to suggest, equally necessary in India, only even more so. Here there are no International Sovereigns, no equal allies, but one and all feudatories and tributaries, proud to acknowledge in a spirit of whole-hearted loyalty and devotion the absolute paramountcy of the Imperial Government. My Lord, then why should this particularism in military affairs, which means in practice burdening the Imperial Exchequer with maintaining a larger force than its proper share and at the

same time burdening the treasuries of the feudatories with the cost of a force that is practically useless for its only use, namely, Imperial defence, be allowed to continue? My Lord, such a system as has been suggested above would of course add enormously not only to the influence of the Rulers of these States, but would make them important participators in the responsibility and privilege of fighting for their Emperor and defending their own country. My Lord, I fear that this suggestion may perhaps be misapprehended in certain quarters, but I would appeal to the patriotism of the Rulers of the Native States and ask them to consider whether such a course will not in the end be found to be in the best and highest interest of all—preventing a considerable waste of resources which are sadly needed in the present state of the country for the great work of national education and bringing appreciable relief to the Exchequers of both the Imperial Government and the Native States. Of course, my proposition implies that in proportion as the irregular troops of Native States are brought under the supervision of British officers to the standard of efficiency and included within the regular system of Imperial defence, the Indian Army maintained by the Imperial Government will be correspondingly reduced.

“My Lord, every care must of course be taken that such reorganized troops of each Native State would wear the uniforms of their own State and carry the colours of their Chief and all the traditional emblems associated with each princely House. The Chiefs, moreover, would be able to command the allegiance of the troops not merely as Rulers but also as their Honorary Commanders. I think, my Lord, such an arrangement will greatly enhance the dignity and prestige of the several Chiefs. Again, my Lord, if the personal inclination of the Ruler was, as it probably in the great majority of cases will be, towards an active military life, he could by studying military science become also the active Commander of his troops and with the advice of the British officers supervising his troops be able to command his own men in time of war. This would be, if I am right, analogous to the position of the German ruling Princes towards their own particular army, and what has been done with such conspicuous success in Germany may, there is every reason to hope, be achieved with equal success in India. My Lord, the spirit of unity which moved the German Princes during the ceremony held in the Hall of Mirrors to this day breathes through the German system of defence. Is it too much to hope that that spirit of loyalty and devotion, which was so evident in the great ceremony at Delhi, may live for ever in India as an active force in our system of Imperial defence, and out of it may come not only a greater military power under the control of the Imperial Government, than at present,

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but also release for both the Imperial Government and the Native States the resources by which they can through systematic education raise the whole standard of general intelligence and advance the moral welfare and the material prosperity of this great country?"

His Highness THE RAJA OF SIRMUR said:—"It is not necessary for me to enter into any detailed remarks on the present occasion, but I cannot refrain from congratulating your Lordship's Government on the prosperous condition of the finances of India as exhibited by the Budget Statement for the coming year, which was presented to the Council by the Hon'ble the Finance Member last week. The concessions which the Government have made in the income-tax by raising the present minimum sum liable to the tax and in the salt-tax by reducing the rate of duty are very gratifying to the country at large.

"The abolition of the pandhari-tax in the Central Provinces and the remission of two crores of rupees on account of arrears of land-revenue in the districts distressed by famine were the features of the Budget for the closing year, and the additional benefits now conferred will be the cause of general satisfaction."

The Hon'ble MR. CRUICKSHANK said:—"My Lord, on the rare occasion of the presentation to the Council of a Prosperity Budget, such as that which has lately been explained by the Hon'ble Sir Edward Law, it is fit that I should offer the warm congratulations of the United Provinces to Your Excellency's Government. It is also fit that I should confine my remarks to the main questions, rigorously excluding facile criticism or discussion of minor points.

"In the Budget for 1903-1904 the probable income from the various heads has been estimated in a very practical manner; and, unless phenomenally adverse seasons intervene, the forecast should not prove to have been too hopeful.

"In it ample provision has been made for all necessary civil and military expenditure that can be foreseen. At the same time the golden opportunity has at length been taken of restricting the possibility of incurring any undesirable or infructuous expenditure by diminishing the probable surplus to the extent involved in the granting of two long-desired palliations of taxation. The first, the reduction of the salt-tax by 20 per cent., will be joyfully welcomed by the whole of India, for the ultimate effects of this reduction in taxation of a necessary of life will reach to the humblest home.

"The second, the abolition of income-tax on incomes of less than Rs. 1,000 per annum, will relieve a very large number of tax-payers from an impost they can ill afford. Poverty is a relative term, but for purposes of direct taxation

those who exist on slender incomes of less than £66·6 per annum are relatively poor, and they deserve, as they will appreciate, this timely relief.

"It is plain from paragraph 187 of the Financial Statement that the Local Governments will not be losers by the ensuing reduction in the figures of Receipts from assessed Taxes. It is satisfactory to note the evidence of a general return to more prosperous times derivable from the Budget figures for 1903-1904 under the head 'Receipts from Land Revenue', an item of income to which the United Provinces contribute a larger sum than any other Province in India.

"The stress of years of famine recently experienced has, however, left traces in some of the distressed tracts—notably in Bundelkhand—that will not be obliterated for many years.

"For a much longer period will be remembered by the grateful land-holders and tenants throughout the distressed tract the beneficence of the Government of India in the matter of the recent liberal remission of unrealized balances of land-revenue.

"The proposed legislation to rehabilitate the encumbered estates of Bundelkhand and to exempt land belonging to members of an agricultural tribe from sale in execution of a decree should do much to renew the fortunes of the proprietors in this tract. This end will be further forwarded by the revision of the basis of the demand of Government revenue and the introduction of a system of demand varying almost automatically with the extent of cultivation and the character of the seasons and harvests. The re-settlements of land-revenue recently made in some districts of the United Provinces—and those in progress or to be commenced—will not, in all probability, result in such large proportionate increases of revenue as have resulted in other districts re-settled in former decades on more rigorous systems. It is not, moreover, likely that other sources of income now at the disposal of the Local Government will yield an increase in at all the same proportion as the necessary expenditure will increase on Police, Education and other Departments of Administration in which improvement is of vital importance.

"The continuance in the Budget of 1903-04 of special grants to the Local Governments to some extent illustrates the inadequacy of the sum allotted to the Government of the United Provinces under the existing Provincial Financial Settlement. I need not re-state the pleas urged in the Budget Discussion of last year for a very much larger allotment to the United Provinces. It is to be hoped that when the Financial Settlement of the Provincial Grant from the Government

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of India to the United Provinces—for the next contractual period—is finally sanctioned, the financial outlook of the Government of India may be as unclouded as now.

“The cane-growers and sugar-manufacturers of the Meerut and Rohilkhand Divisions especially and of other parts of the United Provinces are deeply interested in the question of countervailing duties. In this matter they must feel that the Government of India have done all that could be reasonably expected to uphold the interests of the Indian sugar-industry and cane-cultivation. It remains for them to attempt improved methods of cultivation and manufacture so as to compete successfully with the sugar imported from countries which give no bounty and from cane-growing countries such as Java. I regret that the bulk of the landholders and cultivators of the United Provinces are too conservative to fully adopt the hopeful views of the Hon'ble Sir Edward Law as to the future of indigo. The country folk prefer crops for which the demand is more constant and for which an effective local demand exists. For many other reasons also, they have gladly displaced indigo in favour of the other established crops, such as food-grains, cotton or cane. I have only to add that the large proposed outlay on railways appears to be abundantly justified by past experience, and that the United Provinces, which have certainly not been neglected in the past in this respect, are being well cared for in the present.”

The Hon'ble RAI SRI RAM BAHADUR said :—“My Lord, a non-official Member is under one great disadvantage ; it does not often fall to his lot to congratulate the Government with his whole heart, however sincerely anxious he may be to do so. By furnishing such an opportunity this time, Your Excellency has earned our warm thanks. Indeed, this year's Financial Statement reveals some highly interesting and pleasant features. Remission of taxation is a feature which has not marked any Financial Statement during the last two decades ; on the other hand, burden after burden was imposed upon the people notwithstanding intense and widespread famines. Your Lordship's Government, however, has not only brought the finances of the Empire to a flourishing condition without adding to taxation, and notwithstanding ‘the greatest famine of the century’ with which Your Lordship began your rule, but has inaugurated a policy of financial relief, which, if followed by Your Lordship's successors in office, is bound to result in the real prosperity and progress of the country.

“*Remission of taxation.*—It is hardly necessary for me to say that the reduction in the rate of salt-duty from Rs-8 a maund to Rs2, and the exemption, from the payment of income-tax, of all annual incomes below Rs1,000,

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have been received with general satisfaction throughout the country. The most distinguishing characteristic of a tax like the salt-duty is its universality, inasmuch as it touches the pockets of the rich and the poor alike, and the reduction in its rate, amounting to 20 per cent., will necessarily afford relief, though in a very slight degree, to all classes of the population, and will be remembered as a happy memento of the Coronation of His Majesty the King-Emperor. It should be noted, however, that the salt-tax is not as oppressive as direct taxes are. It is the least oppressive of all our taxes, at least in the United Provinces and Bengal. The Hon'ble the Finance Minister himself acknowledges that 'it does not, at its present rate, press heavily on the mass of the people.' The wealthy people, again, need no relief in this direction. It would have been more gratifying if the Government could see its way to reduce some such tax as presses on the poorer classes more sorely than the salt-duty, for instance, the land-tax. In that event those who really need relief—I mean the vast agricultural population—might have been benefitted more appreciably than they expect to be by a reduction in the salt-tax. Besides, it cannot be said with certainty whether it is the salt-merchants or the consumers who will be benefitted most by this generous concession of the Government.

"The other form of remission of taxation adopted by Your Excellency's Government, *viz.*, the raising of the minimum limit of incomes assessable to income-tax from ₹500 to ₹1,000 is most satisfactory. The necessity of exemption from payment of income-tax, of persons of small means, who could ill afford to pay it and who not unfrequently were assessed on scanty materials, had been so widely felt, that it formed the subject of representation to Your Excellency in Council, both by the official and non-official Members, and it is highly gratifying that their representations have received a favourable response from Your Excellency. The amount of decrease, in the revenue of the coming financial year, attributable to this remission of taxation is estimated to come to a total of two crores and nine lakhs; one crore and seventy-three lakhs under salt-duty and thirty-six lakhs under income-tax.

"*Use of surpluses.*—The surplus at the close of the Financial year 1903-1904 is calculated at £948,700—a sum considerably small as compared with the surpluses of the preceding two years. But it is a matter of satisfaction that the Government has this year followed the wise policy of utilizing these surpluses in remitting taxation and thus taking away a portion of the burden from the shoulders of the highly taxed people of India, instead of devoting large portions of them to matters in which they are not directly interested. My Lord, the objects which, in all countries and specially in a country like

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India in which famines are of frequent occurrence, have a primary claim on the large surpluses are remission of taxation, reduction of the National debt, and construction of works of public utility. Unfortunately these claims cannot always receive due consideration at the hands of the Government, from the peculiar circumstances of the country. It is a matter of regret that the huge surpluses of the two preceding years were not utilized by the Government for any of these purposes. I fervently hope that the policy of utilizing surpluses for the direct and immediate benefit of the people, inaugurated by Your Excellency, will in future be followed by Your Lordship's successors.

"Reduction of postage on newspapers.—The proposal to reduce commission on money orders for sums not exceeding Rs. 5, which had just then been sanctioned by the Government, made the Hon'ble the Finance Member apprehensive about the result of this change on the receipts from the Post Office, and in his Budget estimates for the financial year which is about to expire, he calculated an anticipated loss of revenue amounting to £16,700, but the actual loss is now estimated to come to about £11,400 only. It is further gratifying to notice that in the postal revenue there has been a total increase of £57,000, of which no less than £47,300 comes from letter postage and money-order receipts. The gradual and steady rise in the receipts from Post Office during the past years encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of raising the weight of newspapers from 4 to 5 or 6 tolas, on payment of one pice worth of postage. The grant of this boon will be much appreciated by the general public.

"Reduction of charges on Inland telegrams.—My Lord, we find that there has been an increase of £51,500, over the Budget estimates, in receipts of the Telegraph Department. The rise in the revenue under this head encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of reduction of charges for inland telegrams, as has been done in the case of Foreign telegrams. A reduction in the rate of charges of Inland telegrams will benefit a very considerable portion of the Indian public, and the experience gained from the reduction of rates of the postal charges leads us to entertain the hope that no considerable diminution in the revenue is likely to occur, as the reduction in charges will give impetus to a larger number of messages being transmitted, and thus, instead of causing loss, it is probable that a rise of revenue may ultimately take place. There is another way in which reform in this matter may be effected for the benefit of the public. Instead of reducing the rates which are charged at present for each word in the three classes of telegrams, the Government may

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lower the minimum of number of words from eight to four in the three different classes of messages, retaining the same rate of charges for each word, as at present.

"Agricultural Reform.—My Lord, in his review of the economic progress of the country, the Hon'ble the Finance Member has briefly noticed some of the measures recently taken for the improvement of agriculture, and he has expressed the willingness of the Government to provide funds for agricultural purposes where there is a likelihood of their profitable employment. The creation of the post of Director General of Agriculture in India, the appointment of an agricultural expert to that post, and the assignment of a large portion of the munificent donation of Mr. Phipps (to whom the people of India are grateful) for the establishment of an Agricultural Research Laboratory, show what a deep interest Your Excellency takes in the question of agricultural improvement of the country.

"In connection with this subject, however, I consider it my duty to state that the special departments of the several Local Governments, to which the task of improving and reforming agriculture in their respective Provinces is assigned, are, through circumstances beyond their control, obliged to devote by far the larger portion of their time and energy in supervising the preparation and maintenance of the land-records required by Government for its fiscal purposes, and in the collection and submission of statistics on a host of subjects, than to matters of agricultural reform and improvement. My Lord, the mere discovery of more efficient methods or the invention of, and experiments with, agricultural instruments of a superior nature, cannot alone do much towards the reform and improvement of agriculture. In order to attain this object, the Agricultural Department should adopt more efficient means to diffuse, as widely as possible, among the agricultural classes, the practical knowledge gained from scientific research and experiments, to drive home to their hearts and minds the benefits to be gained from the adoption of improved methods in ploughing their lands, in using the different kinds of manures and in selecting the best seeds for sowing. That this result has not been achieved is admitted by the Officiating Director of Agriculture in Bengal, so far as his province is concerned, in a letter dated 13th September last, addressed to the Local Government. It can safely be asserted that the remarks contained in the letter above referred to are applicable, in a more or less degree, to other Provinces also. As pointed out in that letter, absence of popular element from the organization of the department is a very potent cause of its failure to achieve the objects above described. In my humble opinion, the scheme of the creation of a Board of Agriculture for the

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Province, and the establishment of Agricultural Committees in each district, suggested in the letter quoted above, is one which deserves favourable consideration, and it may be adopted for other Provinces too, subject to necessary modifications required by their circumstances and local wants.

"Agricultural Banks.—My Lord, the expectation of the general public has met with disappointment from the announcement made by the Hon'ble the Finance Member that he was unable at present to inform the public of any definite decision arrived at by the Government on the subject of Mutual Credit Societies and Agricultural Banks—a subject which is justly characterised by him as 'one of the highest importance.' It was as early as 1854 that the consideration of this subject was for the first time introduced in this country. The first Famine Commission, which sat about a quarter of a century ago, expressed their opinion in favour of introduction of such institutions in this country. It formed one of the recommendations of the last Famine Commission. More than a year ago this subject was revived with great warmth, and all India expected that its solution was near at hand. In Sir Antony MacDonnell's time a good many experimental banks were started in the districts of the United Provinces. The experience gained from the working of those institutions leads one to entertain the hope that, if properly and cautiously worked, they will, in time, attain a fair amount of success; the conservatism of the rural classes, and the influence of the village money-lenders, are not such potent factors as to make one despondent in the matter. It was expected that speedy action will be taken by the Government to give these institutions a legal status by legislation, and thus remove from the minds of the public the uncertainties and doubts which are naturally entertained with respect to dealings with them. If such measures are delayed any longer, it is feared that the public enthusiasm will die out and the labour bestowed and the trouble taken in giving a start to these institutions will be lost. It is therefore hoped that the Government will be pleased to take some definite action in the matter, with as little delay as the circumstances will allow.

"Technical and Industrial Education.—My Lord, besides the expansion of general education in all its branches, the subject of technical and industrial education requires greater consideration at the hands of the Government than has been bestowed on it. I refrain at present from making any remarks on the subject of University education, as it has formed the topic of discussion in so many quarters, and the views of the public on this subject are already known to the Government. But I hope I shall be pardoned for saying that the subject of technical and industrial education has not hitherto received that attention which

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it deserves by its importance and its effects on the material advancement of the people. The comparatively very small sums spent by the Government on this branch of education can be taken as a fair criterion of the interest taken in this matter. In the three last years (1899-1900 to 1901-1902) the sums spent on Technical Schools were Rs. 3,87,598, Rs. 4,01,253 and Rs. 4,17,880, respectively. The figures for Professional Colleges during the same years were Rs. 6,65,725, Rs. 7,04,592 and Rs. 7,03,440. My Lord, the sum which is annually spent on the technical schools cannot but be characterised as trifling when we consider the importance of the subject, the necessity for the diffusion of this branch of education and the very considerable sums which are spent by the European countries and by America for the maintenance of technical and industrial institutions. The Financial Statement is silent on this subject. It is submitted that the Government will pay more attention to this branch of education and devise a scheme for the establishment throughout the country of technical and industrial institutions for imparting such education.

"Cotton Excise-duties.—My Lord, the country is just now resounding with a general expression of desire for the development of its industrial resources. It is often complained that the Indians do not employ the money they have in the development of the resources of their country. These charges are apparently well-founded to a certain extent, the chief reason being that the Indians as a whole are not a commercial people, and they are not yet fully conversant with the benefits which can be derived from the union of capital with labour. But a question may be asked whether the Government has extended its helping hand towards the attainment of this object. During the administration of Your Lordship's predecessors, no measure of any importance was adopted to encourage the people in saving their own decaying industries or to start new ones. On the contrary, during the viceroyalty of Your Lordship's immediate predecessor, excise-duty on cotton-goods manufactured in India was imposed in the year 1896, more with the view of pleasing Lancashire than gaining any substantial advantage to the Indian Exchequer, as may be inferred from the fact that the total receipts from the newly imposed duty in the year following its imposition came to about 11½ lakhs of rupees only. And even now the yield has not gone up to any considerable extent : the amount for this year is calculated about 17 lakhs of rupees. It cannot, therefore, be said that the receipts under this head make any considerable addition to the revenues of the Government, specially when we take into account the present prosperous condition of the Indian finances, which has enabled Your Excellency to remit taxes to the extent of more than two crores of rupees. Moreover, figures recently published by some private individuals—the accuracy

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of which, if doubted, can be tested—show that the Indian cotton-mills do not now yield the same profits as they used to do before the imposition of the excise-duty. It seems that the calculations of Sir James Westland at the time of the imposition of this duty were based more on possibility than actuality. My Lord, this duty really constitutes a serious additional burden upon the industry. Its retention cannot but act as a discouragement of the free development of the resources of the country in that branch, and, not being of any considerable pecuniary advantage to the Treasury, it is hoped that the Government will take the question of its repeal into its favourable consideration.

“Military Expenditure.—My Lord, the Indian military expenditure has for years been one of the foremost topics for discussion, as affecting the taxation and finances of the country. In the course of the recent debate on the address, the Secretary of State for India is reported to have admitted two facts, *viz.*, that the cost per head of the British Army in India is comparatively great and that a large portion of the taxation in this country is supplied by the poor people. My Lord, if the Indian Exchequer can be relieved of a portion of the expenditure on the Army, the money so saved may be applied in making further reduction in the taxes, and in this way greater relief may be afforded to the poor tax-payer. A saving in the military expenditure of this country is possible in two ways only, namely, by a reduction in the numerical strength of the Army, or by receiving a contribution from the British Exchequer. In 1885, an increase in the number of the British troops located in India was made to the extent of 30,000 men. But no occasion has ever arisen for the employment of these troops for any local purposes. In 1884—the year before the increase in the number of the British Army—the total military charges amounted to £16,975,750. For the year 1903-1904 they are estimated to run to £17,782,000—£16,772,300 under the head of Army Services and £1,009,700 under Military Public Works. From the 1st April 1902 there has been an increase in the pay of the British soldier by 2*d.* a day, which will cost, in the year 1903-1904, £204,800. There is a further proposal to increase it by 6*d.* a day from 1st April 1904, which will involve a further additional expenditure of £560,000 a year. But it appears that we are not to stop here. We are threatened with further additions to the Army expenditure, in the near future, by the introduction of the Army Corps scheme into this country. During the last three years a large number of the British and Native troops were employed in South Africa and China without in any way endangering the safety of India. This fact fully demonstrates the proposition that for internal purposes the large Army kept here at present is not required. The Army in India is utilized

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as a reserve for England, who does not hesitate to draw upon these forces for Imperial purposes and yet contributes nothing for the maintenance of any portion of them. My Lord, cannot India, under these circumstances, justly claim from England for the contribution of a fair share of the expenses incurred by her in maintaining the additional forces not wanted by her for local purposes?

"Economic Progress."—In his review of the economic progress of the people, the Hon'ble the Finance Minister comes to the conclusion 'that the material prosperity of the people is making good progress,' and the increase in revenue under certain heads, and the growth of deposits in the Post Office Savings Banks, are taken by him 'as a general indication of increasing wealth of the tax-payer.' My Lord, I wish I could join with him in taking as hopeful a view of the situation as he does. But stubborn facts compel me to differ from him on the question of the growing prosperity of the people as a whole. The Hon'ble gentleman gives the figures of increase in revenue under the heads Salt, Excise, Customs, Post Office and Stamps as sure indications of this growing prosperity. Now, any comparison of the figures for the present year with those of the years from 1896-1897 to 1901-1902 cannot be accepted as a safe guide, because during all those years severe and widespread famine has been prevalent in one part of the country or the other, and the purchasing and consuming powers of the people were necessarily curtailed to a very large extent. For the purposes of this comparison, the Hon'ble the Finance Member has taken the figures for the years 1899-1900 to 1902-1903 only. These increases cannot be accepted as a good criterion of the material progress of the people, because they may be due to several other causes. Further, it is also to be noted that a rise in the import of dutiable articles of certain classes is, in many cases, followed by a proportionate fall in the consumption of home-made articles of those classes, and by a consequential decline in the indigenous industries of the country, and the loss occasioned to certain classes of the people by throwing them out of employment. By way of illustration may be cited the sugar-industry of India, which has fallen to such a low ebb in consequence of the import of foreign sugar. The same remark applies to the import of kerosine oil, which has replaced the vegetable oils produced in the country. Regarding the rise in the Customs-duty, it may also be said that we have not got before us any statement showing the increases under the different classes of articles, so that it may be known whether the rise is due to a larger import of articles which fall within the categories of luxuries or of necessities of life. My Lord, that there is deep and chronic poverty among the agricultural

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and the rural labouring classes is a fact which is known to every man in the country. In many cases a large number of the people belonging to those classes do not get the normal ration of food for months and months together. The extraneous indications of prosperity met with in the urban centres should not be taken as a safe standard of the growth of any material prosperity among the masses of the rural population. The idea of recuperation involves the notion of restoration to the former condition. It is a well-known fact that in the famine-stricken areas the agricultural classes have lost millions of cattle and the country has thus been deprived, by one sweep, of property of the value of several millions. It is impossible to say how long it will take before the wealth so lost will be regained, if regained at all. Regarding the growth of deposits in the Post Office Savings Banks, it is to be noted that it has not been shown if this growth is due to any increase in the deposits made by the agricultural classes, who generally, as a matter of fact, do not resort to the Savings Banks to deposit any little money that they may be able to save.

“Provincial Contracts.—With Your Lordship’s permission I shall now refer to some matters which directly concern the United Provinces. The Hon’ble the Finance Minister’s inability to make in his Budget Statement any definite announcement regarding the new settlements with the Provincial Governments will be received with feelings of regret. Ever since the introduction of the decentralization scheme, the usual period for which the settlement with the Local Governments is made has been five years. The last of the quinquennial settlements with the United Provinces expired at the close of the financial year 1896-97, but, as the Provinces were then in the midst of one of the severest famines, it was thought proper that no renewal of the settlement should take place at that time, as the figures for such an exceptional year could not afford any reliable data for the future years; a working arrangement for one year only was arrived at. In March 1896 a biennial settlement for the years 1898-99 and 1899-1900 was made, and at the close of the last-named period the same settlement was allowed to stand for a further period of two years. No renewal of the settlement took place for the current year, but in the last Budget an additional grant of Rs. 13,00,000 was made to meet some of the growing wants of the Provinces. A grant of the same amount is announced for the coming financial year too. The consequence of the delay in the settlement of the Provincial Contract is that, in order to keep the Provinces going, the Local Government is obliged to draw largely upon its credit balances.

“I give below the actual income and expenditure for the last five years, as

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well as the revised and estimated income and expenditure for the current and the next years—

Year.	Total Revenue.	Total Expenditure.
	Rs.	Rs.
1897-98 . . .	3,52,97,000	3,52,97,000.
1898-99 . . .	3,77,81,000	3,44,95,000.
1899-1900 . . .	3,64,77,000	3,57,23,000.
1900-01 . . .	3,69,76,000	3,61,72,000.
1901-02 . . .	3,62,46,000	3,72,10,000.
1902-03 . . .	3,89,88,000	3,86,86,000.
1903-04 . . .	3,82,13,000	3,97,80,000.

“An examination of the above figures will show that the Provinces have not been receiving their proper share of revenue to be spent locally. The estimated expenditure for the year which is to commence from the first April next comes to Rs. 3,97,80,000. These figures will also show that the minimum sum required to meet the administrative wants of the Provinces is 4 crores of rupees. The most important heads which require additional expenditure are Education, Police, District Boards (which require to be placed on a financial proper footing), Municipalities (which require sufficient funds to carry out urgent measures of sanitary reform), and measures adopted for the prevention of and protection against plague. On the occasion of the Budget debates of the two past years, I have tried to show by facts and figures that the United Provinces have not been fairly treated in the matter of allotment of revenue to be locally expended by them. Their claim to be liberally treated deserves special recognition at the hands of the Supreme Government, as they contribute a larger portion of their revenues to the Imperial Exchequer than any other Province. It is therefore hoped that the Hon'ble the Finance Minister will give a more sympathetic response to their claims than has hitherto been done and the new Provincial Settlement will be made on more equitable and advantageous terms to them than the former ones.

“*Municipalities.*—The burning question of the day with all the Municipal Boards of the United Provinces is the reduction in their octroi-rates in consequence of their loyal compliance with the orders of the Government of India to restrict octroi-duty to a rate of Rs. 1-9 per cent. on all the important classes of articles in their schedules, though, as a special case, the Municipalities of Lucknow, Benares and certain other places, which are hard pushed to make both ends meet, have been permitted to have exceptional rates. But the general reduction of octroi-rates in other municipalities has produced substantially injurious effects on their finances. Another result of this change has been the lightening of taxation on the luxuries, by raising it on the necessities, of life. This is a griev-

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ance which is much felt by the people. No intrinsic reason can be assigned for this step. The municipalities have obeyed the mandate of the Government of India loyally, though in many cases they have been obliged to have recourse to direct taxation in order to recoup the loss they have incurred by reduction in the octroi-rates. In reply to my objections against the substitution of direct for indirect taxation, the Hon'ble the Finance Minister, in the course of last year's Budget debate, was pleased to express his approval of direct tax such as the house-tax. I do not for a moment contend that the octroi-tax has no drawbacks, but in matter of taxation the circumstances of the country and the prejudices of the people should be well considered. Direct taxation, with its rigidity of demand and the possibility of petty oppression in its assessment and realization, is always distasteful to the people of Northern India. My Lord, these are not my personal views, but statesmen like Sir Charles Crosthwaite, who spent the best portion of their life in this country and who had acquired experience by a lifetime's working, have expressed the same opinion. The elaborate system of giving refunds which is in force in the municipalities of the United Provinces is a completely effectual protection against the taxation of through-trade, and the municipalities of my Province are uniting in making the octroi as easy to work as possible. My Lord, these remarks of mine are not based on information obtained second hand, but on actual experience gained in the working of the biggest municipality in the United Provinces, namely, Lucknow.

"District Boards.—As regards the District Boards in the United Provinces, I regret to say that their move towards reform is at a standstill, as the legislation proposed by the Local Government concerning them has not yet been sanctioned by Your Excellency's Government and the Secretary of State for India. The existing legislation on the subject (which is embodied in an Act of this Council passed as long ago as 1883) is wanting in many respects. New legislation is required with a view to simplifying the procedure for collecting and bringing to account the local rates and to giving the District Boards larger powers of organization and greater financial independence. The success of municipal administration in the United Provinces has been so marked as to justify an extension of the experiment of real self-government to District Boards. The latter bodies have, from want of the same powers as the Municipalities possess, not been able to achieve much success up to the present, but it is not owing to any fault of theirs; and it by no means follows that they are not capable of taking their proper place in the local self-government of the country. One of the things required to make their administration more successful is to put a stop to the system of the anomalous resumptons by Government, that are taken from local

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rates for canal and railway purposes; and to charge the Boards only for those purposes which Government takes on their behalf, such as the up-keep of their roads, the maintenance of central asylums, normal schools and the like. The balance of the rates should be left at the disposal of the Boards themselves, for employment on works of public utility in their own districts and should not be resumed and merged in the common Provincial fund.

"My Lord, the last subject of provincial importance is the proposed legislation relating to Bundelkhand. Whatever may be my personal views concerning that legislation, and which I have expressed elsewhere, there is one point regarding this measure which I wish to impress on the view of the Government. When the Bills now before the local Council are passed and are put into working, the Government of India will have to put its hand in its pocket for some years and to assist the Local Government with substantial pecuniary contributions for carrying out the purposes of the proposed legislation.

"*Exclusion of Indians from South Africa and Australia.*—My Lord, I cannot refrain from alluding briefly to one of the most important questions of the day, affecting my countrymen and which has been the subject of discussion in the Anglo-Indian and the Indian Press alike, and regarding which representations from certain public bodies have been submitted to the Government. I mean, my Lord, the practical exclusion of the Indians from the Colonies of South Africa and Australia. I need hardly say that if the decision of the matter had rested solely with Your Lordship's Government the complaint would have been removed long ago. It does not look just and equitable that the British colonies should accord such a treatment to the Indians who are citizens of the same Empire, subjects of the same Sovereign and who are second to none in their attachment and loyalty to the British throne; their virtues as citizens, their sobriety and frugality and their peaceful mode of life have been universally acknowledged. Had such a treatment been accorded to the people of any of the great Continental Powers, it would have certainly been the subject of a most emphatic and energetic protest. Circumstanced as the Indians are, the only power, to which they can appeal for redress, or look for help, is Your Excellency's Government. They, therefore, have a fervent hope that Your Excellency will be pleased to move the Home Government so that the disabilities under which they labour may be removed, and they may be placed on the same footing as the other subjects of His Majesty with regard to going to, residing in, and settling in any part of His Majesty's dominions, unfettered by any legislative restrictions.

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*“ Measures for prevention of famine.—*The Hon’ble the Finance Minister in his remarks on the Budget makes the following statement regarding famine—

‘We may congratulate ourselves upon the favourable results of last year’s monsoon, a prolonged break in which at one time threatened disaster. But the rainfall was resumed in time and the result was to add to the happiness and prosperity of the people, and was immediately reflected in our revenue collections.’

“The above shows, that, in spite of all its efforts, the Government has not been able to bring famine within its control. We are told that, if the rains had not fallen a little earlier, the country would have been under the grip of another terrible famine. Does not this show that we are really not in a safe position with regard to recurrence of famine in future, and that we are completely at the mercy of the weather? My Lord, without meaning disparagement to anybody, I may say without fear of contradiction that no Government of India showed such well directed liberality and genuine anxiety in the matter of dealing with Indian famines as that of Your Lordship.

“Your Excellency laid the country under deep obligation and elicited the admiration of the world, by travelling from one famine centre to another, regardless of your comfort and health, infusing hope and cheerfulness in the hearts of the famine-stricken people, and zeal and energy in those of the officers in charge of the famine administration. To such a sincere friend of the people I venture to think that it will not be in vain to appeal to apply his great mind in devising some scheme which may strike at the very root of the evil and render the recurrence of famines in this country almost impossible. India is not the only country in the world which is subject to freaks of the weather. Why should then this country alone be overtaken by disastrous famines when there is a scanty rainfall in a single season, while other civilized countries under similar circumstances are not sufferers to the same extent? Before 1877 it appears that famines were not of so frequent occurrence, nor were such extensive areas affected by them. Why should there be this change for the worse? It cannot be solely ascribed to total or partial failure of rainfall, for droughts were not unknown in the former days in this land. The cause or the causes of the evil must therefore be sought elsewhere than in the occasional cessation of rains. It must be acknowledged that the experience gained in the last famines has been made best use of in devising means for meeting them when they come. The organization is complete to combat them successfully when they make their appearance. This has been conclusively established by Your Lordship’s dealing so successfully with the great famine of 1899-1900. But, on the principle that prevention is better than cure, what is now

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needed is to provide against their future occurrence. Of course, it is not for ordinary people to solve this great problem, and hence I venture to appeal to Your Lordship to go to the root of the evil and to devise means of prevention before Your Lordship's tenure of office comes to an end. It may be that Your Excellency's successor may be as good and able as yourself, but he will lack the experience which Your Lordship has gained in the matter of famine administration, and he is not likely to take any serious step in this direction before some time expires after his assumption of office. Your Excellency will be pleased to forgive me if I have digressed a little in making this direct appeal to Your Lordship. The exceptional importance of the subject, as well as a belief that a master mind like that of Your Lordship, if directed towards this subject, is sure to show a way out of the difficulty, is my apology for having adopted this course.

"Police reform.—Before concluding, I crave Your Lordship's permission to make a few remarks on another very important matter and in which Your Excellency has shown an equally deep interest by appointing a Commission of enquiry. My Lord, you have conferred a great obligation upon the country not only by appointing the Police Commission but by placing at its head such a capable and sympathetic ruler as Sir Andrew Fraser. The importance of a reformed police, specially in a country like India, cannot be overstated, for it is through the working of the police that the Government is, to a large degree, judged by the common people. No one was more competent to speak with authority on this subject than the late lamented Sir John Woodburn, whose eloquent words uttered about this time last year in this Hall must still be ringing in the ears of many of us. This is what he said on the subject :—

'But there is another, in which the voice of the people is unmistakeable. The first and commanding requirement is the reform of the Police. The Police bear sorely on the people. They harass them. Police exactions, police apathy, police inefficiency, are the universal complaint. * * * * * The reform of the police is of the first importance to the comfort of the people and to the credit of the State.'

"The appeal of the late ruler of Bengal did not go in vain, for, as stated above, Your Excellency has appointed a Commission and their report is likely to be submitted to Your Excellency in a few months. The final settlement of the question is, however, not in the hands of the Commission but in those of Your Lordship's Government, and hence I take the liberty of drawing Your Excellency's attention to one or two important points upon which the true reform of the police in this country, from a popular point of view, mainly depends.

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"The duties of the Police, generally speaking, are to protect the honest from the wrongdoings of the dishonest and to detect crime. Unfortunately, under the present system, people get very little protection, and the energies of the Police are almost wholly devoted to hunt down criminals. It is not, however, possible for the Police to always get hold of the real culprit, and innocent persons are often handed up by them. The Police are censured by the authorities if they fail in their duty of detection. The principle reason of this failure is that they do not get any help from the people because the latter are oppressed by them and not protected. This would not have happened if the Police had done their duty properly. The real reform, therefore, requires the creation of a friendly feeling between the Police and the people. This can be effected to a large extent by the separation of the Police from the Magistracy. Under the present system the Magistrate is the head of the District Police, and in many cases his sympathies are with the latter. The Magistrate, being the executive head of the district, should be placed in such a position as to be looked upon by them as their true friend and protector. As long as the existing condition is maintained, the Magistrate cannot be able to inspire the same confidence in the people as he ought to do. Your Excellency will do a great good to the people by effecting reform in this direction. The country will ever remember with gratitude Your Excellency's rule if this measure of reform is inaugurated under your *regime*."

"The Hon'ble MR. RAMPINI said:—"My Lord, it will not be expected that I, as a purely Judicial Member of Your Excellency's Council and appointed to it for a special purpose, should say anything with regard to the Financial Statement generally. But I would wish, with Your Excellency's permission, to indicate two objects to which a small part of the surplus of receipts over expenditure, which the Hon'ble Financial Member estimates will accrue during the coming financial year, might be devoted with the view of improving the administration of justice in this Empire, more especially in the province of Bengal with which I have during the whole of my official career been connected. And I do so with the less hesitation as I observe from the 'Finance and Revenue Accounts of the Government of India for the year 1901-1902' that there was a nett profit under the head of 'Courts of Law' of Rs. 69,82,817 throughout India, and in Bengal of Rs. 50,70,480. According to the Hon'ble Financial Member's Statement in Council on the 26th March last year the nett profits under this head amounted to Rs. 74,21,000 and, though this sum may be reduced on a different system of accounting being adopted, there would seem reason to conclude that the receipts from 'Courts of Law',

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including Court-fees, yield a profit throughout India, while in Bengal there is an excess of receipts over expenditure annually of between 40 to 50 lakhs. I have not been able to ascertain from the Financial Statement for 1902-1903 what the estimated surplus under this head will be in the coming financial year: but I think I may safely conclude that it will not be less than in previous years, for in Bengal at least, the receipts are always rapidly increasing, while the expenditure increases in a much slower ratio. Thus, as has been pointed out in the annual report of the High Court of Calcutta on the administration of civil justice for 1900, the revenue derived from Court-fees has during the last 10 years increased by about 30 per cent., while the corresponding increase in expenditure has been only 8 per cent. There is, therefore, it would seem to me, no danger of there being any insufficiency of funds to meet the expenditure I would advocate.

"The first object to which in my opinion part of this surplus might with advantage be devoted is the strengthening of the judicial staff of Bengal both in its superior and subordinate branches. The judicial work of the province, civil and criminal, has in recent years increased to such an extent as to be beyond the powers of the present staff to cope with. There were 642,807 civil suits instituted in 1902, and there were 664,597 such suits disposed of. But this number of suits disposed of included many cases pending from the previous year; so that, notwithstanding the efforts of the judiciary to keep abreast of the work, there were 105,003 suits pending at the end of the year (as compared with 82,807 suits pending at the end of 1892), of which 1,838 had been pending for more than a year. A large proportion of these arrears occurred in the superior Courts, there being 964 cases pending for over a year in such Courts out of a total file of 7,121 cases: so that the arrears of cases pending for more than a year amounted to about one-seventh of the total of their files. There were also 13,050 appeals remaining to be disposed of, of which 624 had been pending for over a year. These figures, I venture to say, show that the ranks of both the District and the Subordinate Judges of this province require to be added to. I need not give details of the increase in criminal work, but that it has been substantial will be seen when I mention that, while in 1892, or about 10 years ago, District Judges were able to devote 4,161 days to the disposal of civil, and 3,852 days to the disposal of criminal, work, in 1901 they were engaged for 4,984 days on criminal, and had only 3,115 days to spare for civil, work. The result of this increase of criminal work is not only that the civil work of the District Judges' Courts, over which it has to be given preference, is either neglected or has to be done by Subordinate Judges, but that the efficiency of the Subordinate Courts is impaired

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owing to the impossibility of the District Judges finding time for their inspection and supervision. The ranks of the Subordinate Judges also want strengthening; for the bulk of the arrears, original and appellate, is in their Courts. At present there are only 56 Subordinate Judges in Bengal as against an average number of 59½ in 1901 and of 61 in 1902, and additional assistance is urgently wanted. Such assistance to be efficacious should be promptly granted, as otherwise the Courts cannot effectively cope with any temporary increase of work that may arise from an unforeseen increase in the number of institutions. It is true that the appointment of four additional permanent Subordinate Judges was sanctioned in 1902, but these are not enough to meet the requirements of litigation, and unless a further temporary increase in the number of Subordinate Judges is from time to time promptly granted, as the need for their services arises, arrears will increase so rapidly as to exceed the powers of the Courts to deal with them.

“Another object to which some part of the surplus which the Hon'ble Financial Member expects, might, with advantage, be devoted is the increasing of the attractions of the judicial branch of the Civil Service in this Province. Notwithstanding the facts that promotion to the High Court has recently been quickened and that a new grade of District Judges on a salary of Rs. 3,000 per mensem has been created, the judicial branch continues to be unpopular and it is difficult to recruit it. This is perhaps due to judicial work being less varied and more monotonous and laborious than executive work. A Judge is more confined to his office than a Collector, and it is impossible for the former to discharge his duties efficiently without a considerable amount of home study and reading. But whatever the causes may be, it is beyond question that retirements from the ranks of District Judges in Bengal have, of late years, been numerous and that the junior members of the Civil Service are reluctant to enter the judicial branch. Hence, the average standing of the District Judges of this province is now less than it was formerly. Twenty years ago the average length of service of the then District Judges was 22 years and 4 months. Now it is 15 years and 6 months, and several officers have been appointed to officiate as District Judges in Bengal when they were of little more than six or seven years standing. I doubt whether in any other province there are such junior officers filling the posts of District Judges as in Bengal. This is a serious matter, as the District Judges of the present day are necessarily officers of less experience than they were twenty years ago, and the less experience an officer has, the less quickly he can work and the greater risk there is of his decisions being wrong and requiring to be set right in appeal. Some means should,

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therefore, be taken to induce members of the Civil Service to enter the judicial branch more readily than they now do, and to remain in it after they have completed the period of 25 years' service which renders them eligible for a pension, when their services are most valuable to the State. On the other hand, it is still more desirable that better arrangements than at present exist should be made for ensuring that members of the service who elect to serve in the judicial branch should, when they are first appointed to be District Judges, be competent to discharge the important duties entrusted to them. Unfortunately, there are at present no rules or regulations which require a junior civilian to be thoroughly acquainted with any branch of civil law before he is appointed to be a District Judge. The regulations framed by the Secretary of State for India for the examination of selected candidates for the Indian Civil Service require them, before they are permitted to proceed to India, to pass an examination in criminal law and the Indian Evidence Act. They may also, if they choose, pass an examination in Hindu and Mohammedan law, but this is an optional subject. In former years, selected candidates might also, at their option, pass an examination in the Code of Civil Procedure and the Indian Contract Act, but in the regulations for the examinations of 1903 there is no mention at all of this subject. After their arrival in India, junior civilians have to pass a departmental examination in certain Acts of the Indian legislature, chiefly Revenue Acts. They have to be in charge of a Treasury for six weeks and to learn settlement work for two months during the first two years of their service. They have further to be examined with the aid of books in all unrepealed Acts of the Government of India, the Bengal Regulations, the Bengal Acts, the Circulars of the Bengal Government and the High Court and the Manuals of the Board of Revenue. As this examination is in writing and the examinees are allowed to consult books, it is evident that it affords no guarantee of their having carefully studied the Acts they are examined in. Then, the subjects of this examination do not embrace Hindu or Mohammedan law or any branch of civil law, except the Acts of the Indian legislature, and as a matter of fact the examinees are generally examined only in Revenue Acts and Acts relating to criminal law; so that it will be seen that when a junior civilian is appointed to officiate for the first time as a District Judge, when he has to hear appeals in civil suits from the judgments of experienced Subordinate Judges and Munsifs, he may be totally unacquainted, not only with the provisions of the laws he applies to the facts before him, but even with the general principles which should guide him in administering justice. This would seem to be very undesirable both in the interests of the public and in that of the officers themselves.

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"A further change has of late years been made in the training of selected candidates for the Indian Civil Service, which in my opinion, cannot fail to have a detrimental effect on the administration of justice, both civil and criminal, in this Empire. In former years selected candidates were required during the period of their noviciate to attend the Courts in England and study the cases they heard tried there. All civilians were therefore bound to be conversant to a greater or less extent with the mode in which trials are conducted in England. But, recently, it was made optional for candidates to attend the Courts. They were recommended to visit them, and they were given a card to facilitate their admission to them. The regulations of 1903 contain no reference at all to this matter. The result is that it is possible for junior civilians to be vested with criminal powers and appointed to preside over Courts, though they may never have seen a trial conducted in any Court. I am informed by competent authority that the abrogation of the rule making attendance in the Courts in England compulsory has resulted in a noticeable deterioration in the judicial work of junior civilians. In any case it is clear that when they begin to administer justice in this country, they may have to learn their work at the expense of the parties or from the judgments of Appellate Judges, whose training may have been as defective as their own.

"My Lord, I apologise for having taken up so much of the time of Your Excellency's Council in calling attention to these matters, but they seem to be defects in our judicial system which need to be removed, and if the Hon'ble Financial Member will devote some of his anticipated surplus to the provision of remedies for these defects, I feel certain the result will be beneficial to the administration of justice in Bengal, if not throughout the Empire."

The Hon'ble MR. WHITWORTH said:—"My Lord, I propose, like the last speaker, to offer a few remarks on certain points in connection with our judicial administration. That administration is usually charged with two principal faults: (1) delay, and (2) the unsatisfactory character of work done in the execution of decrees.

"Delay is usually due either to cumbersomeness of procedure affecting the individual case, or it is due to cases blocking one another through accumulation. As to the first of these causes some attempts have been made to meet it in the Civil Procedure Code Bill recently reported on by a Committee of this Council. But the second is one which, I think, requires constant attention on the part of the Executive Government as well as the Judicial authorities. Judging by the Bombay Presidency (of which alone I have experience), I am

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inclined to think that the work of the Courts is not on the whole too much for the Courts. But the distribution is unequal. We have lightly-worked Courts and heavily-worked Courts. Changes in the condition of different parts of the country require redistribution of areas; and intermediately much relief can be given by the temporary employment of additional Judges or temporary deputation of existing Judges from one Court to another. Accumulation of arrears is a double evil: besides the delay itself, a long pending case is more difficult to try than one of recent origin. Litigation is pretty heavily paid for in this country, and I think it is due to the litigant that heavy arrears should never be allowed to accumulate.

"As regards the unsatisfactory character of execution work, I have some more definite proposals to make. I suppose no one but a bailiff, or a very experienced decree-holder, knows all the secrets of execution; and in order to get any accurate conception of it, it is necessary to deal with specific cases on the spot, and with every officer concerned, and every document connected with the case, at hand.

"Execution is primarily in the hands of bailiffs; who are superintended by an officer called nazir, aided by a few clerks; and all are under the control of the Subordinate Judge. To appreciate the evil so universally complained of, it is necessary to regard execution in connection with each of these three classes of officials.

"First, the bailiffs fail, because they are very badly paid, with very bad prospects both as to service and to pension, and because while so conditioned they are constantly dealing, out of sight of all control, with comparatively well-to-do persons who want their decrees executed, or want decrees against them to be not executed. The well-to-do decree-holder and the badly paid bailiff go together to effect execution: the bailiff has all the official authority, but it is the decree-holder who wants the work done. The result, in the absence of a high standard of morality, is obvious. A bailiff's pay in Bombay varies from Rs 9 to Rs 15 a month. A bailiff on Rs 15, if young enough, will gladly take a clerkship on Rs 12, because then it is open to him to rise to a salary of Rs 100 or more. But the ordinary bailiff never rises above the Rs 15 grade. Yet his duties are more difficult and responsible, for he has to conduct auctions of valuable property, effect attachments, and give delivery of property decreed; while the clerk only writes and keeps accounts.

"Secondly, the nazir fails, because he has never been a bailiff. He is often a very intelligent and energetic man, but he has been a clerk all his service, and

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is suddenly taken from his desk in the office to superintend a number of bailiffs carrying out execution anywhere in three or four hundred villages. He has also to carry out the most difficult executions himself though he has had no experience even of simple ones.

“Lastly, the Subordinate Judge fails, because he ordinarily gives all his attention to his purely judicial work, knowing that his advancement depends upon his reputation in that branch of his duties. His judgments from time to time come before the High Court, and according to their quality, and the number of cases he disposes of, he is known as an efficient or inefficient Judge. But of his superintendence of the execution establishment, little is ever heard outside his district.

“Thus, there is failure, greater or less, at every point, and our executive work remains a scandal and a reproach. Obviously, a higher class of officer is needed for the work in hand. Now it is very easy—as the Police Commission must know well by this time—it is very easy to say you must offer higher salaries and get a higher class of man. Any department can be reformed on those lines. But what I propose is to get the higher class of man without paying higher salaries. The men are ready to hand. We are now paying comparatively high rates of salary to one class of men who are doing easy work, without much handling of money, and under the eye of a judicial officer, while we are paying lower rates to another class, who are doing harder work, and constantly dealing with valuables, out of sight of all authority, and under circumstances of the strongest temptation. All we have to do is to combine the executive officials with the clerical officials into one roster. Then the official charged with the execution of decrees, instead of being one who can never earn more than Rs. 15 per mensem, and who under present standards is disposed to make what he can while he has the opportunity, and who can afford to risk his petty pension for substantial present gains, is at once in a position in which he may rise to a salary of Rs. 100 or Rs. 150. He has prospects and hopes, and his reputation becomes a matter of much greater importance to him. He would also in the future be recruited from a higher class with a higher standard of education.

“It is not the whole of the existing body of bailiffs that would have to be enrolled with the clerical establishments. Bailiffs do all kinds of work, from the execution of decrees down to the serving of summonses and mere peons' work. A line would have to be drawn, those required for execution purposes being graded with the clerks, and the rest might appropriately be called peons or

chaprasis. There is so much of evil association with the term bailiff that it might be well to get rid of it altogether.

"Under this scheme the nazir, or head of the executive branch, would from the beginning be well versed in execution proceedings, and would know how to supervise his bailiffs.

"An incidental advantage of the change I advocate would be to introduce some variety into the lives of that little regarded but highly deserving class—the judicial clerk. The monotony of his work and the atmosphere in which he works are alike appalling, but his industry and devotion are great. That the long hours of writing should be occasionally varied by out-of-door duties cannot but be beneficial.

"It is not of course to be supposed that the adoption of the change I recommend would have the immediate effect of wholly purifying our execution work. The evil is too gigantic for that. But the most salient point in that evil is the fact that the difficult and delicate work of execution is entrusted to ill-paid, uneducated persons, who carry it on out of sight and under conditions of great temptation, and what I urge is a distinct step towards meeting that particular factor of the evil. I give the scheme merely in rough outline, as it would not be appropriate to trouble this Council with all the details of the transition.

"I desire now to say a word about the Courts in the Province of Sindh. There are two points I would urge:—

- (1) the unsatisfactory constitution of the Sadar Court, which is the High Court of the Province, and
- (2) the inadequate remuneration of the Subordinate Judges.

"In order to appreciate the great anomalies existing in Sindh, it is necessary to realize that that Province is roughly $\frac{1}{4}$ th of the whole Presidency, including Sindh, or equal to $\frac{1}{3}$ rd of the remaining part of the Presidency. In population, it is something less than $\frac{1}{4}$ th of the whole; in revenue it is something more than $\frac{1}{4}$ th. (These statements are based on the figures given in the last Administration Report of Bombay.) In area it is more than $\frac{1}{3}$ rd; but that is not so important a factor. For general administrative purposes it may be taken as $\frac{1}{4}$ th of the whole. And, like each of the three remaining divisions of the Presidency, it consists of six districts, *i.e.*, 6 out of 24, or just $\frac{1}{4}$ th. I may add that it is regarded as a more important charge than any of the other three divisions.

"For the 18 districts of the Presidency proper there is a High Court of seven Judges. For the six districts of Sindh there is a High Court of one Judge.

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Alone he has to determine just the same questions as under a Chartered High Court are necessarily reserved for two or more Judges. The two Judges can refer to a third Judge or consult other Judges. The Judge of the Sadar Court can refer to no one and consult no one. His salary is only very minutely differentiated from that of some of the District Judges serving under him, and is less than that of some District Judges in Bengal. This is interesting with reference to the suggestion just made by the Hon'ble Mr. Justice Rampini that some of the subsisting balances should be devoted to Bengal. Sindh is not on the Bengal side of the *pankah*. Then Sindh possesses in Karachi a great seaport. The sea-borne trade of Sindh is a full $\frac{1}{3}$ th of that of the Presidency proper, and is increasing much more rapidly than the latter. But the Judge of the Sadar Court in Sindh is only a District Judge from the Presidency who can hardly have had much experience of mercantile law.

"I proceed to another anomaly. Broadly speaking, under the British system of administration, the Civil Courts in any Province consist of three principal classes. There are (1) the Subordinate Judges, who are usually natives of the country; (2) the District Judges, who are usually covenanted civilians; and (3) the High Court. Now, comparing Sindh with the Bombay Presidency proper, we find that as regards the middle class of Courts there is perfect equality. The District Judges in the two areas have the same powers and the same salaries. Indeed, they are one body of men, all belonging to one graded list; and a District Judge who is serving in the Presidency today may be serving in Sindh tomorrow, and *vice versa*. Surely this suggests a similarity of conditions for judicial purposes in the two areas. Yet the High Courts differ, as I have just pointed out. And unfortunately the Subordinate Judges in the two areas are very differently circumstanced too. Their duties are the same, and their merits are very equal; but their remuneration is strikingly different. I need not go into details. Suffice it to say that a Subordinate Judge in Sindh if he gets to the top of the list will receive only Rs500 salary (and even that is a recent concession), while in the Presidency he might rise to Rs800. Yet, in spite of this discouragement—which they feel acutely—the Subordinate Judges in Sindh are on the whole a zealous and deserving class and their industry is most commendable. Only in Sindh have I ever observed lamps kept for regular use in Court, because the hours of daylight were not long enough for the Court work. And the Court work is, of course, not nearly the whole of a Judge's work.

"I pass to another matter. There is great need in the Bombay Presidency for the provision of more suitable buildings as Court-houses in several places.

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Not only are several Subordinate Courts very inadequately housed, but some District Courts also. There is one so closely surrounded by other buildings that there is no access to it except at one single point, and that by so narrow a lane that no ordinary carriage can drive up to the door. Both light and ventilation are necessarily extremely deficient under such circumstances.

"On page 57 of the Financial Statement I notice a provision of £13,500 for the improvement of the Volunteer Force in India. I speak only from local experience,—if Bengal experience is different, no doubt His Honour the Lieutenant-Governor will correct me—but so far as that experience goes I am strongly of opinion that one essential step towards making the force efficient is by limiting recruitment. The difficulties which beset a Commanding Officer of Volunteers are of a nature and degree of which officers of the Regular Army probably have no conception. There are, no doubt, many very keen and enthusiastic Volunteers in this country. I remember many such with gratitude. But there are many others who join from some motive difficult to discern, and who never lose the sense that they have conferred a favour upon Government by doing so. They know that the income of the corps depends upon the capitation grants, and that the Commanding Officer is therefore concerned to keep up his numbers. So they hold their resignations *in terrorem* over him. But the keeping up of numbers sometimes means the keeping up of inefficiency. And I should be inclined to limit the numbers of each corps to something far within the possible recruitment. Then men would come to regard membership rather as a privilege than a favour conferred. And that is, I think, the first step towards efficiency."

The Hon'ble SIR MONTAGU TURNER said,—“My Lord, it must be freely and unreservedly admitted that the Budget now presented for our consideration is of a most satisfactory character, indicating as it does increased prosperity on the part of the country and a thoroughly sound financial condition of the Indian Empire. It is, indeed, most gratifying that Your Excellency's Government should find itself in the happy position of being able to grant a remission of taxation, and further that, both in the reduction of duty on salt and in raising the limit for taxable incomes, you have anticipated correctly the views and wishes of the people at large. It is true that the reduction in the salt-duty may not immediately benefit those whose condition we are all so anxious to improve, the very poorest of the inhabitants of this country; but the remission at any rate indicates the desire on the part of Your Excellency's Government to help that particular class of deserving people. It opens the way for possible further remissions, if we are fortunate enough to have a further succession of prosperous years free from the disturbing elements of political complications with our neighbours, and by cheapening this universal article of consumption so.

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necessary to the health of the people, it may lead to an increased consumption which would, to some extent, make up for the present loss of revenue.

"I am disappointed that the limit for taxable incomes has not been made at least Rs. 1,200 per annum. Government are doubtless aware there are many upon whom the Income-tax will still bear heavily and who deserve very sympathetic consideration. It has always been an obnoxious tax, and now that the cost of living in India has so much increased it tells particularly hardly on Europeans with fixed and limited incomes. Further, the Income-tax has always been looked upon as a tax of a temporary nature, as one that could well be enforced at times of great perils or of financial straits, but, being entirely unsuited to this country by reason of the circumstances generally attending its collection and payment, it should not be regarded as a permanent source of revenue and its total abolition should be kept constantly in view.

"Under the head of Coinage, Currency and Exchange the Hon'ble Member on page 13 of the Budget refers to a nett import of silver bullion up to the end of February of 4 millions sterling. He goes on to say that 'of the silver importation, however, a large amount was for dollar coinage and for consumption in the country, but a certain proportion was apparently imported by speculators for a rise in silver as a profitable method of remittance.

"And in the note by the Financial Secretary it is stated in paragraph 149:—

'The leading features of the year have been the great increase in the receipts from the Export-duty on rice and the Import-duty on silver. The former is due to the bumper crop in Burma. The causes of the latter are somewhat obscure, but it is believed that silver is largely used as a convenient form of remittance.'

"In other words, it is apparently difficult to assign any definite reason for the increased import of silver bullion, though it may be that the abnormally small imports in 1900-1901 may explain in part the heavy increase in 1901-1902—stocks being low, and the people with a return of ordinary prosperity being in a better position to buy silver for domestic purposes.

"For the ten months ended 31st January, 1903, I make the imports of silver to be as follows:—

	Rs.
	10 05 32,573
Less Exports	4,18,01,200
	<u>5,87,31,373</u>
As against imports for the same period in 1902—	
Imports	8,97,28,424
Less Exports	4,30,55,031
	<u>4,66,73,393</u>

"I consider that Government should give their careful attention to this matter and ascertain definitely what has caused this increased import of silver.

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Especially should very careful attention be directed to the point as to whether there is any abnormal development of illicit coinage of rupees in this country. The general impression is that such is the case, but I have no definite data to submit beyond what is already in possession of Your Excellency's Government.

"I listened with great interest to the remarks made by the Hon'ble Member in connection with the countervailing duties on bounty sugar imported into India, and it is satisfactory to find that the imposition of the countervailing duties has had the intended effect, although it has resulted in a decreased revenue under the particular head of countervailing duties. It is noticeable, however, that the quantity of sugar imported, and for which an ordinary 5 per cent. duty is paid, has not much diminished in volume. I trust, my Lord, that the Government of India will absolutely decline to become a party to the Brussels Convention, in other words, that they will hold themselves entirely free to act as may be best in the interests of India after sufficient time has elapsed to ascertain the result of the working of the Brussels Convention Agreement. I also trust that the Government of India will continue the present countervailing duties after the 1st of September until such time has elapsed as will allow of the disposal of the surplus stocks which it is believed are in existence, and which have benefited by the bounties which will cease from the 1st September. It must be borne in mind that should India give its adherence to the Brussels Conference the duty leviable on sugars imported from other contracting countries would be restricted to 6 francs per 100 kilos or say Rs. 1-6 per maund for the refined and 5 francs 50 cents per hundred kilos on other sugars, that being the maximum surtax permissible in terms of Article 3rd of the Convention.

"By remaining outside the Convention, India would be in a very strong position with a free hand to levy such duties as may be considered essential to guard her cane-crushing and sugar-refining industries, on which considerable fresh capital is now being spent, from unfair competition. If by agreeing to the Convention we bind ourselves to abolish taxation on imported sugar from Continental ports, might it not perhaps necessitate the abolition of the 5 per cent. *ad valorem* duty levied on sugar in common with other imported goods? This alone calculated on the imports of sugar from Austria, Hungary and Germany during the twelve months ended 31st December 1902 at Rs. 9 per cwt. amounts roughly to Rs. 10½ lakhs, in other words, it would affect price to the extent of about 5½ annas per maund. It is interesting to note that from the Budget figures the 5 per cent. ordinary duties on sugar are estimated at Rs. 28 lakhs for the current year apart from any income which may be derived from the countervailing duties.

"My Lord, I am somewhat disappointed to find that no reference is made to a possible reduction in the cost of Inland Telegrams. That Department has shown for some time fairly big surpluses in its working. It is true that an addi-

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tional expenditure of about Rs. 9 lakhs is budgetted to provide for the cost of stores and new lines, but apart from this I notice that the estimated surplus for 1903-04 amounts to Rs. 39,23,000, and that the surpluses for the past four years have varied from Rs. 43 to 55 lakhs per annum. It would seem as though the time had arrived when the Government of India could well afford to make a reduction which would be exceedingly popular, and which I have no doubt will lead to a great increase in the number of messages tendered for transmission throughout the country.

"I feel sure that the matter of Military expenditure will receive the careful attention of the Government of India. From the figures given in the Budget it would seem that there is a tendency to increase the expenditure under this head, the Budget estimate being some Rs. 18,90,46,000. It is, however, not surprising that the estimate for the current year should be heavy, considering the important works that have been lately undertaken in regard to the establishment of a Cordite Factory, a Gun Carriage Factory, a Rifle Mill Factory, and improvements in machinery at Ishapore and Cossipore, all of which will tend eventually to the reduction of the cost of armaments in this country, and to the more satisfactory provision of ammunition and armaments in cases of emergency. I note with satisfaction that under the heading of Military Works Estimates, an expenditure of Rs. 5 lakhs is allowed for the installation of electric light and punkha pulling in barracks. The lives of our soldiers are so valuable, and the benefit arising from the improved system of lighting and punkha pulling so great, that I would regard it as an absolute economy to provide these very necessary adjuncts in every barracks in India. It would naturally tend to improve the health of the soldiers and put an end to those regrettable accidents which occasionally happen to unfortunate punkha coolies.

"I note with satisfaction under the head of Foreign Tariffs that both the Government of India and the British Foreign Office are giving their continued attention to the question of the new Persian Customs Tariff. The Bengal Chamber of Commerce have recently addressed Your Excellency's Government in this matter and have pointed out the very prejudicial effect on Indian trade (in particular the Tea Trade) with Persia the new Tariff will have. The Bombay Chamber of Commerce have made a similar representation, and it has been suggested that the Government of India should endeavour to secure a postponement of the operation of the new Tariff for at least six months. I have recently received letters from Agents in the Persian Gulf who write to the following effect :—

'The scale of duties now leviable on imports and exports will have the merit of destroying the bulk of the present volume of trade between India and Persia. Duty on specified goods have been enhanced not only out of all proportion to those paid hitherto, but also apparently for the preclusion of the staples of each country. Cased cargo, such as liquors, etc., will require to pay on gross weight of each case or package including the casing and wrappers. The hasty introduction of the Tariff has evoked feelings of intense

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dissatisfaction and indignation throughout the country, and merchants have telegraphed cancelling orders and contracts for tea and other goods directly affected.'

"And in another letter the same Agents report that although the merchants have petitioned the Government of Persia for grace to complete the existing orders and contracts they had not received a reply to the memorial, but it was suggested that they should accept the situation in view of the fact that the Foreign Legations have unanimously accepted the new Tariff. Merchants, however, preferred to leave their goods untouched, only clearing such goods as were landed anterior to the introduction of the Tariff. It seems remarkable, if correct, that the British Representative should have accepted the new Tariff without realizing what it meant so far as the trade between India and Persia is concerned. It seems as though we were likely to suffer a very severe reverse in the development of Indian trade with Persia the effect of which will be felt for many years to come. It is, indeed, deplorable that such should be the case and that the interests of this country should have been so neglected as apparently is the case.

"In making these remarks I am aware of the fact that an official opinion has been expressed in England that the augmentation of a duty on tea though disliked by the consumers is not likely to reduce the trade in that commodity. But the fact remains that for the present trade is utterly stopped and Persian dealers are shipping their stocks of tea from England to Bombay and doing their best to cancel orders.

"My Lord, I have been surprised at no declaration having been as yet made by Your Excellency's Government on the proposal for payment of interest on Government rupee paper at the sterling rate of 1s. 4d. per rupee. A critic of this proposal has argued that it means that a number of people holding rupee paper have no confidence in the fixity of exchange. The real point is that the foreign investor has not yet acquired confidence in the fixity of exchange, that it is desirable to attract the money of the foreign investor for this country's development, and that the confidence of the foreign investor in the fixity of the sterling value of the rupee and in Indian investments generally can be best and most cheaply secured by Government giving proof of their own confidence. I take for granted that it is desirable to encourage the investment in rupee paper not only in India but outside India, and that Government desires to see rupee paper as popular with the ordinary investor as any other form of gilt-edged security. The hesitation of Government to give this guarantee would seem, although we know that such is not the case, as though they lacked confidence in the comparative fixity of the sterling value of the rupee."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, the most noteworthy and at the same time the most gratifying feature of the Financial Statement is the substantial remission of taxation it announces. The ediction in which the remission is granted is also such as will, I make no

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doubt, commend itself to all. The only reasonable objection that could be urged against the Income-tax, a tax which, disagreeing with the Hon'ble Sir Montagu Turner, I look upon as eminently fair and just, disappears with the raising of the limit of exemption. As regards the reduction of the duty on salt, had it stood by itself, its benefit might not perhaps have reached those for whom it is intended, but operating in combination with the progressive cheapening of the cost of carriage, to which allusion has been made in the Statement, it cannot fail to make its influence felt in the right direction. The last of a series of fiscal measures adopted with a view to add to the resources of the Government in order to enable it to meet the yearly increasing burden of its sterling payments, was the imposition of duties on cotton-goods. After this the Currency Legislation of 1893, which linked the rupee to 16*d.* gold unit, began to make its influence felt. The fixity in our measure of value in relation to the pound sterling having been established, the Government was able to save what it formerly used to lose on the Home charges. Such being the position, the country will acknowledge with the deepest gratitude the decision of Your Excellency's Government to take off a substantial portion of the burden of taxation.

"Economic progress.—Regarding the economic situation, India, as has been often pointed out, is such a vast country with such diverse conditions prevailing in its different parts that any generalization intended to apply to the whole empire is apt to mislead. My remarks will be confined to the Province with which I am familiar. The Central Provinces reached the low water mark of adversity in the agricultural year 1899-1900. Cultivation had then contracted to what it had been nearly a quarter of a century back, the area lost to the plough being represented by nearly two millions of acres. This decrease in the cultivated area was, owing to want of resources, accompanied by the displacement of superior by inferior crops. The export of wheat shrank to nearly $\frac{1}{10}$ th of the normal and that of rice to $\frac{1}{3}$ th. In contrast with the low ebb to which the export of agricultural produce fell, there was an enormous development in the export of hides, bespeaking heavy loss of cattle. The recovery during the current year, though not without hopes in some parts, has not everywhere been as satisfactory as could be desired. During the year ending 30th September, 1902, the exports of wheat were a little less than a fifth and those of rice a little over a quarter of what they used to be in good years before the cycle of lean years began. The season, though unpropitious for other crops, was, however, favourable for cotton, and its export was a third more than the highest figure attained at any previous period. As for prospects during the current season, they are on the whole favourable in the northern districts. The area placed under wheat is still no more than a third of

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the normal of past good years, but the yield is expected to be a full crop." Cotton has also given an excellent return. Unfortunately rice has badly failed throughout the rice-producing tracts. Relief is now being given in these localities. The total number on relief according to the latest return is 36,825. It would be premature at this juncture to say anything about the adequacy of the relief measures. It is hoped that the judgment passed by the Famine Commission that the relief given during the late famine was excessive, an opinion, however, not endorsed by the Secretary of State, would not make the pendulum swing in the opposite direction.

"Manufactures play but an unimportant part in the economy of the Province. But the people are not wanting in self-help and they have not been slow to take advantage of the great expansion in cotton cultivation. In the cotton-producing tracts, especially in Nagpur, there has been a material development in the cotton-industry. The number of factories has risen to 70, and yarn and cloth turned out by our local mills have been successful in establishing themselves in markets outside the Province. Under the severe stress of the calamities of the past decade, village industries are, however, showing signs of permanent decay. To make up for the loss that the disappearance of these industries is entailing on the people, it is to be fervently hoped that the Government will deal in no niggardly spirit with the efforts that private enterprise is putting forth to work the mineral resources of the Province, which is peculiarly rich in iron, manganese and coal. The export trade in manganese has received a great impetus during recent years, but I would fain indulge the hope that under a happy combination of rich iron ore, manganese and coal, all within easy reach of one another, a prosperous local industry in iron and steel will spring up in the near future and consume at least some portion of the manganese that now goes out.

"*Land-revenue Collection.*—The accounts for 1901-1902 show that the land-revenue collections in the Central Provinces were better by six lakhs of rupees as compared with the Budget figure, the actual being 86 lakhs as against an estimate of 80 lakhs. This is stated to be due to improvement in the agricultural condition. I may, however, be permitted to point out that the Budget Estimate was framed on the basis of an average season tempered by an application of the salutary principle of adjusting the collection to the special circumstances and necessities of the people. It seems doubtful whether in all the districts due regard has been paid to this generous policy. Turning to the Local Administration Report for the year I find it stated that the material condition of the tenants has deteriorated. Their indebtedness has largely increased, not by extravagance in expenditure, but by reason of their inability to repay seed-

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loans. They have also suffered grievous loss in the death of plough-cattle. The malguzars are said to have suffered even more severely. They have become more involved in debt, while their estates have depreciated in value. Apart from losses in their home-farm and rent collection, they have lost heavily in their grain advances to their tenants regarding seed and subsistence. As was inevitable under the circumstances, the area under plough was, if the cotton tracts be excluded, less than the normal, and on this contracted area the conditions under which kharif and rabi were sown were equally unfavourable. The revenue as fixed at the new settlement on the basis of an almost unbroken record of good seasons accompanied by a large expansion of the cultivated area was 94 lakhs, and we find that with a diminished cultivated area, an outturn below the average and an impoverished peasantry and proprietary body, the realizations were only 8 lakhs less than the above. I have nothing to say regarding the northern districts, or the Nagpur Province. Here, as far as I have been able to make out, the policy of forbearance as laid down in Your Excellency's Resolution of last year was, generally speaking, given effect to. I regret I cannot say the same of the Chhatisgarh. I must confess I have heard the people often and often complain of the rigour with which the collections were enforced, especially in Raipur and Bilaspur. I am aware the people are prone to exaggerate, and it is often difficult to find out the truth in an over-coloured account of a person smarting under a sense of supposed wrong. But official records when properly examined seem to indicate that the complaints were not wholly unfounded. I find the Commissioner, while admitting that the malguzars have suffered most heavily, laying down in his divisional report that 'the necessity of firm administration was never more apparent' than when the 'appetite of the people' had been 'whetted by concessions' and that 'a firm hand was needed to bring them to their bearing'. Everybody who has any experience of these matters knows that the subordinate officials directly responsible for the collection are seldom lacking in zeal, and I would not wonder if, knowing that the key-note of their Commissioner's policy was 'firm administration,' they did not err on the side of leniency. In 1894-95, in Raipur (Khalsa), with an area under plough of $25\frac{1}{2}$ lakhs of acres and with an excellent rice-crop, the land-revenue paid was $8\frac{1}{2}$ lakhs. During the year under discussion, the area under plough was about 19 lakhs and the outturn three-fourths of a normal average. The export of rice, which is a sure index to the character of the season and the paying capacity of the people, was, during the year ending 30th September 1901, $3\frac{1}{4}$ lakhs and during the year ending 30th September 1902 5 lakhs of maunds, as against $37\frac{1}{2}$ lakhs in 1894-95. And yet it is found that the realizable land-revenue was $8\frac{1}{2}$ lakhs, the same as in old prosperous years,

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and the actual realization 7 lakhs 45 thousand, or 88 per cent. A part of this was no doubt on account of arrears, but to the payee it was all the same under what account his payment was distributed. The Commissioner admits that these results, so satisfactory from a revenue point of view, were not obtained 'without a certain amount of coercion,' which is justified on the ground of 'demoralization of the people'. But it was apparently overlooked that Raipur was the most acutely affected district in the acutest famine the Province has ever passed through. The rice, its staple crop, had been blasted almost in its entirety, and it was not possible for the people with seasons below the average following the famine to have so far improved their position as to be able to pay 88 per cent. of the full assessment without being compelled to borrow and to stint the necessities of life. And this is what seems to have taken place. In spite of the restrictions on alienation recently imposed and the depressed condition of landed property, transfers largely increased. I will not detain the Council by an examination of Bilaspur figures. They tell the same tale. The realizations have reached 90 per cent. of the demand as per *kistbandi*. I gratefully acknowledge that the Budget figure for the ensuing year has been framed in a spirit of generous recognition of the depressed condition of the people, and I hope the same generosity will characterise actual administration.

"*Agricultural Banks.*—After over a quarter of a century of more or less academic discussion, an important fresh start was given to the question of introduction of Rural Banks by the publication of the reports of the Simla Committee and the Famine Commission. While unable to make any definite pronouncement, the Hon'ble the Finance Minister held out the hope that definite proposals would soon be formulated. I make no doubt they will be instinct with the same feeling of deep sympathy with the misfortunes of our agriculturists as have characterised other measures of Your Excellency's Government. The question being under consideration, I may be excused for submitting a few remarks. The system that seems to find most favour is what is known as the mutual credit or co-operative system. I do not deny that if we had only to deal with a class of men in a fairly prosperous condition and possessed of sufficient business habits and credit to combine for their mutual benefit, they could well have been left to work out their own salvation. But such unfortunately is not the actual state of the case. In many parts of the country our peasantry are in such a chronic state of indebtedness and their credit is so low that nothing short of an extraneous organization, able and willing to extricate them from their present condition of virtual serfdom to their creditors and thereafter to advance them money on fair terms to meet their ordinary current wants and for land improvement, can bring about the devoutly-wished-for reform. For

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the success of such an organization something more substantial than mere 'good will', the only contribution that, according to a distinguished Bombay officer, the Government would be prepared to make to the solution of this difficult problem, is wanted. If the newspaper accounts are correct, it was not by this mode of grappling with the problem that Lord Cromer has succeeded with his Egyptian peasantry under conditions somewhat similar to the conditions obtaining here. What is needed in the case of men, who owing to their present helpless condition, aggravated, if not induced, by the recent seasonal disasters, are unable to help themselves, is an institution that would take the place of the present money-lenders and be able to lend on individual credit on reasonable terms. And as, in spite of what is said to the contrary, you cannot run a Bank that is to meet the demands of a large population from year's end to year's end on mere philanthropic principles, special facilities, subject to such conditions as the Government may think fit to impose, have to be granted to place the concern in a position gradually to take the place of the money-lenders and at the same time to earn a fair return on the capital invested. I do not advocate anything which the Government, of which Lord Cromer was a member, was not prepared to give in 1884. A complete scheme intended to have operation in the Purandur Taluqa of the Poona District was then formulated. It is said to have fallen through because the Secretary of State would not sanction it. But matters have become more critical since then, and it is possible that a similar scheme may now receive favourable consideration. In any case I respectfully draw attention to the proposals of 1884.

"Octroi Taxation in Municipalities.—Last year the Hon'ble Mr. Sri Ram had referred to a Resolution of Government laying down the broad principle that octroi in municipal towns should not be levied on articles subject to sea-customs duty at a rate higher than one-quarter anna per rupee, except in the case of ghee, timber and tobacco. Since then a further development has taken place. Octroi is the mainstay of municipal revenue in great many important towns in the Central as in the United Provinces, and, considering the all-embracing character of the sea-customs duty, the Government order threatened a serious dislocation of municipal finance. It was accordingly represented by the local bodies in my Province—and their representation had to a great extent the support of the Local Administration—that the existing rate, which ranged from one-quarter to one anna per rupee, should be permitted to be maintained, except in cases where it may degenerate into a transit-duty on through trade. Final orders have recently been received. They are to the effect that the utmost concession the Government is prepared to make is to allow in the case of six articles only a special rate of three-

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quarters of an anna, this rate, however, being worked down within the next five years to one quarter anna. As the exempted articles occupy only a subordinate position in the schedule and as moreover five years is not a long period in the history of municipal administration, how best to meet the heavy loss of revenue thus threatened is already causing the committees the greatest anxiety, especially as nowhere are their funds equal to the strain of the progressive need for improvement which is every day gaining in urgency in our growing towns. The Hon'ble the Finance Member said last year that octroi gave special openings for fraud and that he could hardly think of a more useful municipal tax than a house-tax. I venture respectfully to draw his attention to the remarks of Sir Charles Crosthwaite, who, when he says that it would be impossible to raise in Northern India or in the Central Provinces by direct taxation anything like the sum raised by octroi taxation, that the attempt to substitute direct taxation for octroi taxation would lead to much and serious trouble, and that the discontent created would be out of all proportion to any advantage that would result, crystallizes local knowledge and experience. In the Central Provinces octroi is as old as the days of the Bhoṣla rulers. It is paid mostly by traders, and the rest of the community do not feel that they pay any tax. Moreover, it is the presence in the schedule of the very rates which the Government order aims at reducing which gives equality of incidence. For most of the articles coming within the purview of the Resolution are luxuries, and the relief which the reduction of rates would give would be a relief to the rich at the expense of the poor. As to cost of collection, our experience has been that in large towns octroi costs the least to collect, and, as for fraud, it is reduced to a minimum under the system of fixed-value-passes that we have introduced. Under these circumstances, I venture to hope that the Government would be graciously pleased to reconsider the matter and permit a maximum rate of at least three-quarters of an anna as a permanent measure as recommended by our late Chief Commissioner, Sir Andrew Fraser, in the case of such municipalities only where the incidence of deduced average consumption shows that nothing that is not consumed within municipal limits is taxed. Any other course would, I am afraid, mar the usefulness of an institution that under the sympathetic guidance of officers of Government is doing good work to the advantage of the people and to the satisfaction of the Local Administration.

"Excise-duty on cotton-goods.—In view of the present depressed condition of the mill-industry, especially in Bombay, I am tempted to say a few words regarding the excise-duty on cotton-goods. It would appear, from the discussion which took place in this Chamber when this duty was imposed in 1894, that its introduction was a measure undertaken by the Government of India not of its

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own initiative but in obedience to a mandate from Her late Majesty's Government in England. Even so, one is never without hopes that the burden of a tax, imposed not on its own merits but under the pressure of the overpowering influence of an authority which is supreme in this as in other matters, may, if it be found to be injuriously affecting an industry, which is deserving of every fostering care the Government can bestow on it, be taken off, or at least made less onerous. Indeed, circumstances have so altered since the duty was imposed that one feels impelled to draw attention to the hardship that is involved in its continued existence. In 1894, the mill-industry was in a fairly prosperous condition. The purchasing power of the Indian people had not been paralyzed, as it since has been, by devastating famines. Competition of Japan in the China market had only just made its appearance, but had not succeeded in making its influence felt to any appreciable degree. And it was said in justification of the duty that with increasing prosperity its burden would in due course be transferred to the consumer through the medium of a rise in prices. But unfortunately the contrary has happened. The price of cloth, instead of going up, has gone down by about 12 per cent. since 1894, nor has it been found possible to reduce the cost of production to such an extent as to leave a margin for profit large enough to make up for the fall in prices. Thus the anticipated transfer of the burden from the producer to the consumer not having taken place, it has necessarily to be borne by the former. But since some time past the mill-industry has been passing through a severe crisis; and thus the pressure of the duty, which might, under favourable circumstances, have been borne with ease, has become oppressive. A concrete example will explain this. A competent authority has put the average selling price of Bombay mill-made ordinary cloth at $7\frac{1}{2}$ annas and the average net profit, taking good with bad years, at $\frac{1}{2}$ anna per lb. Thus the profit made on 100 lbs. which costs 750 annas to produce, is 50 annas, and this profit has to bear a duty of 26 annas, or over 50 per cent. The foreign trade is said to be subject to an equally onerous charge. I do not possess the necessary technical knowledge to discuss the currency question, but there are some broad facts which, in my humble judgment, seem to deserve consideration. Prior to the closing of the Mints to the free coinage of silver, the par of exchange was on the same footing as regards our rupee and the Chinese dollar. But since the adoption of the closure policy, the rupee is not on the natural basis of its intrinsic value. An artificial value has been placed on it, so that while the metal of which it is composed has gradually dwindled down to 22*d.* the rupee itself has been maintained at 42*d.* per ounce. But as such a state of things does not exist in China; the Indian manufacturer, who sells his goods in China, receives in exchange

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a certain number of dollars, which, when he converts them into rupees, give him a smaller number of that coin than what they did before the currency was contracted. Thus where he used to get 220 rupees for every 100 dollars, he now gets 120 rupees. At a recent meeting of the Bombay Chamber of Commerce, the Hon'ble Mr. Moses said that the condition of the Bombay mills was deplorable. Ten mills had been closed or sold at a third of their original value, eleven were about to go into liquidation, and the rest were eking out a bare existence. Even when acting in combination the fiscal measures of Government may not, as is sometimes alleged, have brought about this state of things. Other causes may be in operation, but that the excise-duty and the dislocation of the dealings with China owing to the currency policy have had their share in aggravating the present depression seems to be clear. I am not competent to say whether the benefits which have flowed from the currency policy do not outweigh the disadvantages it may have caused, and I should not be understood to criticise that policy in an adverse spirit. All I wish to urge is that our mill-industry has a special claim to indulgent treatment. Its ruin involves not merely the ruin of a venture in which 15 to 20 crores of capital has been sunk, but such a misfortune is sure to operate as a deterrent to the development of manufacturing industries in the future. Considering how vitally important it is that the Indian population should not be reduced to one dead level of poverty-stricken agriculturists to sink under the strain of the first failure of crops in spite of all the aid the Government in its bounty may give, it is not too much, I submit, to ask for an enquiry. And if, as has been said by persons entitled to speak with authority, it be found that much of the goods which pay excise do not enter into competition with Manchester, or if they did, do so only to a microscopic degree, a strong case would be made out for the abolition or the partial abolition of the duty, which might influence the Government in England. The recent imposition of an import-duty on corn in England, without any countervailing excise-duty on home-grown corn, would also justify a re-opening of the question.

"Irrigation.—Soon after Your Excellency assumed the government of this country, you were pleased to say, 'the subject of irrigation appealed very closely to my concern.' This declaration has been followed up by prompt action, and irrigation now occupies a foremost place in the financial arrangements of the year. For this the Central Provinces have cause to be especially thankful. For they had hitherto been conspicuous by their absence in the accounts relating to irrigational expenditure. All that is changed now. Until the report of the Commission and the Government order thereupon are received,

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no definite line of action can be taken. But in the meantime the provisional recommendations of the Commission are being given effect to, especially in the Chhatisgarh, where the appearance of distress has, to some extent, precipitated matters. Our three big rivers, Weinganga, Mahanuddy and Nerbudda, lend themselves, more or less, to large projects, and these are being investigated by the Public Works Department, and will, when feasible plans are formulated, be carried out. Besides these, minor works, such as tanks, wells and field embankments, are being taken in hand through the agency of the District Revenue Staff and in consultation with the landholders, who are cordially co-operating and contributing funds to supplement Government grants. It would be impossible to overrate the good that these works will do. It costs nothing to belittle projects like these of immense practical utility by calling them mere matters of administrative detail, but those who are benefitting by them, and they are the entire agricultural population, think and hold otherwise.

"Agricultural Improvement.—Reference has been made to what is going on in the Central Provinces in the matter of agricultural improvement. Indeed, much useful work is being done there. The principle kept in view is not to force reforms inconsistent with the condition of our agriculture but to help in the introduction of such improved methods as can readily assimilate with our existing methods. And as this is best done by working in the midst of the people themselves where they can watch and learn what is being done, small demonstration farms, subsidiary to the experimental farm at Nagpur, have been started in suitable localities in various parts of the Province. Selected seeds and seeds of improved varieties are being distributed. Local methods are being improved by importation of more skilled labourers from one district to another. Intelligent landholders and cultivators are being helped in every way to introduce improved methods in their own farms. Useful information written in simple language is being disseminated. All this and much more, which I need not dilate upon, is being silently done. Our local Victoria Memorial is to take the form of an Institute for improvement of agriculture and industries. We have already registered ourselves under the Literary Societies' Registration Act, 1866, and, before leaving the Province, Sir Andrew Fraser laid down the foundations of an organization that is to cover the whole Province and that will be worked by a body of official and non-official members in harmonious co-operation with the Department of Agriculture. Our Director is to have an assistant, who will devote himself exclusively to this and cognate matters, and, I understand, our present Superintendent of the Nagpur Farm, Mr. R. S. Joshi, is to be that assistant. A worthier selection could not be made. Thoroughly trained in modern methods, intensely practical, possessing

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a complete knowledge of local systems and bringing to bear on his work a whole-hearted devotion, the Province, to quote the words of our Director, 'owes him a considerable debt for his many years of good work in the efforts to improve agriculture.' I hope and pray that, helped by these measures, the Province under the blessings of Providence will at no distant date once more enter upon an era of plenty and prosperity."

The Hon'ble SAYYID HUSAIN BILGRAMI said:—"My Lord, the congratulations with which Your Lordship has been greeted in the Council Chamber to-day will be echoed throughout the country, and though the tax-payer at large may not understand the skill and economy that have led to the signal financial success revealed in the Budget Statement of the year, he will none the less appreciate the relief which Your Lordship has been able to grant him from a part of his burden. Nor will the good deed go unrewarded, for I am persuaded that the remission of eight annas on salt will lead to an increased consumption in future years and reduce appreciably the loss estimated to accrue from this source.

"But while the relief afforded by the reduction of duty on salt will take some time in reaching the consumer, the raising of the limit of taxable income will be hailed at once by thousands of petty traders, clerks and pensioners and be a pleasant remembrance and happy augury to them of the year of His Majesty's Coronation.

"The recuperative power of the country, and the wise measures taken by Your Lordship's Government for its development, have resulted in a succession of four prosperous years, and we may be permitted to hope that these four years will be followed by many more of increasing prosperity. If the monsoons do not fail us, and war is averted, we may indeed count on recurring surpluses and a condition of stability in the finances of the country to which she has long been a stranger. With such a prospect before us, it may not be out of place to consider what use might be made of our anticipated prosperity, and in which direction our future surpluses might be employed with the greatest advantage to the country.

"I believe, my Lord, in the efficacy of education, and I believe that, as times permit, we should ask Your Lordship's Government for increased expenditure in this direction, and ask year after year until we get it. Much of the poverty, a great deal of the oppression of which we hear, is due to ignorance. Reforms in administrative departments may polish the surface; the real evil

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remains beneath and will never be reached until the people come to know their rights and are able to resist the petty oppression of subordinates. The simplicity of the Indian raiyat is easily imposed upon. The most benevolent measures only reach him in an emasculated condition, if they are not turned into fresh engines of extortion. One of the best abused departments is the Police in India, but half of its evil odour would evaporate if the people whom the Police is supposed to protect were not ignorant of the most elementary concerns of life. The administration of plague measures would give little trouble but for the same reason. The remission of part of the duty on salt which Your Lordship's Government has so graciously conceded will not, it is apprehended, reach the poor consumer at once, because in his ignorance he will let the middleman pocket the difference. Many an epidemic would be isolated and extinguished, many a serious riot would be prevented, but for the most childish misapprehensions bred of ignorance. In short, instances might be multiplied *ad infinitum* to show how the best intentions of our rulers often miscarry owing to the simplicity and ignorance of those who should benefit by them.

"I venture to submit, my Lord, that funds spent in dispelling this ignorance would be remunerative expenditure, as remunerative I was going to say as funds spent on irrigation, though in a different way. If its direct benefits are only moral, not material, it will indirectly and in its ultimate results bring in returns convertible into rupees, annas and pies. It will promote order, fortify and enhance the prestige and power of the executive and help to reduce expenditure in various directions, and in time even directly increase the receipts of the State. It is not an exaggeration to hold that no industrial revival, on which so much of the future prosperity of the country must necessarily depend, can take place until the general intelligence of the masses of its inhabitants has been raised to a higher level by the spread of education.

"Yet how has the work of educating the people been done up to this time? India is spending something under a crore of rupees from Provincial funds on education for the service of a population of 232 million souls. A comparative study, in this connection, of the outlay on education from public funds in the foremost civilized countries of the world is very instructive.

"Taking the year 1896-97 for convenience of comparison, one finds that while India was spending Rs. 95,22,000 in round numbers on education, both direct and indirect, England was spending on direct education alone no less a sum than Rs. 12,03,54,000; France was spending Rs. 12,42,98,000; Russia Rs. 5,24,81,000; Germany Rs. 5,19,78,000; and the United States of America Rs. 11,61,86,000!

[Sayyid Husain Bilgrami.] [25TH MARCH, 1903.]

"It will be seen from a Tabular Statement* which I will, with Your Lordship's permission, take the liberty of laying on the table, that, taking the respective populations of the countries concerned, the cost to the State per head of population works out at Rs. 3'9 for England ; Rs. 3'2 for France ; annas 6'4 for Russia ; Re. 1 for Germany ; Rs. 1'6 for the United States of America ; and pies 7'7 only for India !

"Total expenditure on education from all sources, including endowments, subscriptions, the large item of fees, local and Municipal funds, etc., was, for the same year, Rs. 3,52,00,000 in round numbers, so that the net contribution of the State towards education was less than one-third of the total cost. And yet the total cost, not quite a third of which, be it remembered, was borne by the State, will not work out to more than annas 2'3 per head of population, so that, if we wished to overtake even a backward country like Russia, we should still have to spend little short of three times the amount we are spending now from all sources, public and private.

"When we remember that in some of these countries vast sums are contributed by private munificence to the higher education of the people, and that State funds are mostly appropriated to primary education, we can form some conception of the disparity of the position India occupies in the civilized world. Even Russia, where the subject population is kept in a state bordering on slavery, spends nearly ten times as much as India !

"So much for State expenditure on education. Now let us enquire how many children are under instruction in India compared with other countries. I find for the same year that while we had some 37 lakhs of children under instruction in our schools (including aided and recognized private schools) out of a population of 232 millions, England had 65 lakhs out of a population of 31 millions, Japan 46 lakhs out of a population of 43 millions, and Russia 45 lakhs out of a population of 129 millions ! If we were moving at the rate of our British fellow-subjects we should have 480 lakhs under instruction, if we took Japan for our model we should have 248 lakhs, but if we were content to follow the lead of a backward country like Russia, we should still have 80 lakhs in our schools for our population ! Another Tabular Statement†, which I take the liberty of laying on the table, will bear out my contention.

"I think I have shown, my Lord, that His Majesty's Indian subjects are far behind every other civilized nation in the world in the matter of education. It is as much to the advantage of the rulers as of the ruled that this disparity

* *Vide* Appendix A.

† *Vide* Appendix B.

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should no longer be allowed to exist, and that the State should help us to overtake fellow-travellers who have left us far behind them on their onward way. To argue, as some will argue, that our condition would be a great deal worse if our affairs were not cared for by our English rulers, would be neither just nor generous. We are grateful for the innumerable blessings we enjoy under British rule, but we claim the right of a backward and struggling people to be helped to work out our salvation out of taxes paid by ourselves. India is a poor country : if it ever grows rich again it will be with the help of its generous rulers. In a matter of vital importance, like that of education, it would be fatal to wait till we can help ourselves. That would be reasoning in a vicious circle. Hitherto when the need for economy has risen the shears have been applied impartially and education has not been spared. In years of financial depression this was perhaps inevitable, but now that prosperity has once more made its appearance and promises to stay with us, what better use could be made of it than to make a more generous grant towards education and extend its boundaries forward in all directions ? The people of India expect a great deal from Your Lordship in this and in other directions, and they have no doubt that they will get it before you leave her shores.

“ I would have ventured to indicate another direction in which financial prosperity might afford relief to India—I mean the abolition of some of the duties that hamper our industries ; but I feel persuaded that the question of the economic freedom of India will have to be fought on English, not Indian, ground, and when the battle is joined we know from past experience on which side Your Lordship's voice will be raised.

“ I do not wish to trespass on Your Lordship's time much longer, but there is one small matter to which I will, with Your Lordship's permission, call attention. The history of this Council, I need not remind Your Lordship, has been one of slow and cautious progress. There was a time when the Ordinances of the Governor General issued at his own initiative or with the consent of the Executive Council had the force of law. Judges of the Supreme Court were sometimes invited to help in the elaboration of enactments, but there was no representation of any kind. The next step was taken in 1861 by the constitution of the Legislative Council and the appointment on it of a few non-official Members, Indian and European, nominated by Government. In 1892 a further advance was made and the number of non-official Members was increased, and in 1893 a restricted amount of representation was conceded which has over and over again sent to

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the Council Members, both European and Indian, who have proved an ornament to the Legislature and a source of strength to its deliberations. The right of interpellation granted at the same time has often proved a means of clearing away misunderstandings and of justifying the Government to the public. At this point, however, the progress of popular principles has rested since 1892. There has been no further expansion, and, considering all interests, it is difficult to indicate in which direction further expansion is possible in the near future. There is one point of procedure, however, which Your Lordship might consider without making the smallest change in the constitution of the Council. The present practice is to allow one day for the presentation of the Budget and another immediately afterwards for what is called the debate. The interval between the two proceedings is far too short to permit of the non-official Members offering their views and criticisms with any fulness of preparation, while the official Members have hardly time to deal fully or adequately with any controversial matter that might have been brought up in the course of the debate. I therefore venture to suggest for Your Lordship's consideration whether it would not be in the best interests both of the Government and of the public in future to grant an extra day, and, if practicable, to increase the interval between the Budget Statement and the debate."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said :—"The widest and deepest thanks are due to Your Excellency's Government for the two reliefs in taxation which have been announced in the Budget we are considering—though one of them, the Salt-tax, does not come up to Your Excellency's ideal that the reduction must be on a sufficient scale to relieve the people on whom it pressed with the greatest weight or to the rule admitted by Sir Edward Law that a very small reduction would be of no avail to the consumer. More than these have been claimed and were claimable for these many years and were admittedly capable of being granted last year but for certain schemes, three in number which were named, and possibly two contingencies which loomed in front—both unspoken. One of these contingencies was a military scheme which was then in an embryonic form and which threatened to develop, on birth, into half a dozen Oliver Twists rolled into one. It had to be mentally reckoned with, as it was sure to come down upon the country—whether it is liked or not—with all the force of *vis major* with which there is no arguing. The other contingency arose in connection with the Delhi Darbar, for which an allotment had indeed been made, but which, like most human forecasts, *might* exceed the initial provision by a good bit, having regard to new phases in variety

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and attractions which would, too surely, obtrude into view in the interval and tempt acceptance and dovetailment. Ungrudgingly, however, had this contingency to be silently taken into account, as the scheme and its scale were determined upon with a *sincerity*, which there is no doubting—although there was a second side to the question and although many, whose standpoints and ideas of fitness of things were and are different, have, with equal sincerity, held the grand display as an outcome of the unconscious, and amiable frailty of masterminds, conscious of their strength—a display, by the way, that was calculated to outweigh a hundred homilies on the value of thrift and impressively convey to the public mind a practical lesson that expensive demonstrations are, after all, not out of place on festive occasions. But now that the boons are accomplished facts, by-gones must be by-gones and there ought to be room, in our hearts, for no other than a feeling of unmixed rejoicing, so far as these items of relief are concerned—especially as our minds would involuntarily and not unreasonably associate these concessions with the Coronation of our new Sovereign, though they had not synchronised with its celebration here or elsewhere. The remission in Salt-tax, so far as it goes, ought to open up proportionately a vista of gladness in many a poor household, where that tax has hitherto been remembered with ill-repressed irritation and a sense of injustice as each morsel entered the mouth. So at least, it must be in my Presidency, where a meal, with a stinted supply of salt, is worse than a loaf without leaven or sweets without sugar. It is, however, a pity that the remission has been given a *form* which may not bring the relief home to the understanding of hosts of small buyers and may, in practice, even keep them out of the blessing for a time—being in their credulity liable to be hoodwinked and bamboozled by the plausible representation that the reduction is meant as a premium to purchasers in maunds and not for the rest. ‘So much a seer’ would have been a happier form; for the seer is the measure of most men’s purchase. Without laying myself open to the charge of looking a gift-horse in the mouth, I should suggest that the reduction should be a little more—and it could easily be a little more—so as to admit of its being realized in terms and units familiar to the masses, *i.e.*, as a pice, and not as four-fifths of a pice, per seer.

“Then the relief would be both intelligible to and demandable by the poorer classes for whom—as I take it—it was distinctly meant. I trust the suggestion is not too late. Obviously, it could not be made earlier and it is never too late to mend. Otherwise, there is every risk of the capitalist and wholesale dealer absorbing the profit and doing the masses out of all participation in

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what to them would too surely be a blessing and not a 'trifle' as is put in the Budget, in strange incongruity with the immediate admission *that the tax (in question) is paid mainly by those who can least afford to contribute anything.* It is indeed true that this sort of game on the part of capitalists and wholesale dealers could not last long and economic laws must sooner or later assert themselves and arrest the mischief. But, in spheres where there is little knowledge of rights and less of competition, the mischief would enjoy a regrettably longish lease. This the authors of the benefaction must devise methods to minimise.

"Coming next to the relief respecting the income-tax, no less warm and general is the satisfaction that it has taken—not the form of lowering the *rate* or its abolition as has been pathetically suggested today, both of which would mean a favour to such as can pay—but the more generous form of saving from payment hosts who cannot afford it, without crippling their already slender resources and without foregoing many a homely comfort which would lend a charm to otherwise humdrum lives of fret and of dull monotony. There is, however, a manifest danger to this relief reaching most of those for whom it is expressly intended. Widows and orphans in receipt of small pensions and meagrely paid clerks in Commercial and Government offices will, of course, taste of the fruit, inasmuch as the definite amounts of their income will bar the use of the long bow and the inventive faculties on the part of the informer-class which is none the less unscrupulous for being governmentally employed. But the petty traders and others of uncertain and fluctuating income—the classes who make up the bulk of the donees of the relief—may, quite as now, be the victims of the very hardships and harassments which the Government expressly wish to preclude, *viz.*, harsh inquisitorial proceedings and over-assessments at unjustifiably high rates. Nothing is easier for the informer-class, which is behind the assessing class, than to overestimate the income and, being the masters of the situation as at present, frustrate the benevolent intentions of the Government in a vast majority of cases, if not wholly.

"On the evils of the method which has been all along pursued in the assessment of this tax I unbosomed myself at some length last year. My remarks are on record. I do not wish to repeat or paraphrase them today. I will only add this:—that the staff of informers who are behind the assessor and on the strength of whose assurances the assessments are virtually made are no better than the class miscalled King's witnesses, and that they should be rated no higher. If only their secret promptings are in a few

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instances thrown aside when not independently corroborated, their occupation would be gone and matters would right themselves wonderfully rapidly. At least in this single respect, the procedure of judicial tribunals ought to be accepted and acted upon, to be judicious and just, if for no other reason. It is certainly worthy of adoption to render the boon, now given, to become one in reality. That it may result in the acceptance of the interested assessee's version, though unsatisfactory, is true enough. But it certainly has at least the guarantee that it is given under the risk and trepidation of prosecution for a false return, while the allegations of the informer are both tainted and free from all fear of the criminal law.

" Looking at this in the light of a Coronation Budget as it appears to me to be, I notice with pleasure that even the comparatively rich, *viz.*, a number of Native States, have had their gift in the shape of three years' interest on Government guaranteed debt, etc., though in my selfishness as a tax-payer I may grumble at their being cried off. This, however, must materially aid them in regaining their equilibrium after the severe strain they and their credit must have been put to, in actively displaying their rejoicing at the Coronation, whether it was at Delhi and in their own States. The cattle too, which cannot speak for themselves, are not forgotten; for they are expressly mentioned as meant and expected to participate in the salt-tax relief. With this may be coupled the comforting declaration, made in answer to my questions, that adequate provision is recognized as existing to enable them to live and to thrive. It will hereafter be their own fault if they deteriorate, die out or ignore the laws of trespass, as heretofore, and entail loss or prosecutions and other forms of harassment on their possessors by their neighbours or by Forest officials. But if facts, as they are, do not tally with the above-noted declaration, it is for the villages concerned to bring to light matters which appear to the Government too onerous and plainly useless—though in my opinion it will not be useless, if undertaken and accomplished notwithstanding that it would be onerous, which I must admit. I put the questions, not without some substratum of doubt as to things being all that they should be or are believed to be. In support of that doubt and out of some instances which have fallen within my observation I shall now only point out that, in respect of two villages of no less than 524 and 307 acres respectively, their printed settlement Registers, ready to hand contain this sentence: 'Pasturage. No lands have been set aside for this purpose,' without a word to explain why. It is perhaps a truism that the up-keep of plough-cattle at the requisite standard in numerical and staminal strength is as necessary an element of agricultural well-being as water and lessons on

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methods of cultivation, on rotation of crop and on suitable manure, all which might as well not exist, if *this* element is not up to the mark. It is, however, a truism, which, like many others, does often drop out of mind. It would be emphatically a case of the chain being as weak as the weakest link in it.

“ Now that a continuous attention to irrigation is as good as ensured under Your Excellency’s *regime*, it becomes urgent to study how best to improve the breed and the stamina of plough-cattle and how machine-devising ingenuity may be stirred up to supplement cattle-labour or supply its deficiencies in dealing with farms of a few acres each—say 20 to 50 acres—not of thousands, for which and for which alone even America appears as yet to have provided. Perhaps the new Agricultural Department and the Inspector-General of Agriculture may not find work in these directions out of place within their sphere of labours or too modest for achievement of striking distinction or startling results.

“ The tiller of the soil too has not been lost sight of in the joyous moment. He gets his 25 lakhs for minor irrigation; but it is unfortunate that the remark is more or less tacked on to it that, out of the 25 lakhs allotted last year, no more than 16 lakhs has been spent. If so, it is surely not the tiller’s fault; nor is it due to the absence of deficiencies which need remedying. The fact of this year’s further allotment is an ample corroboration of the existence of the need for activity—unless it be like what it is not, *viz.*, the liberality of Dr. Primrose in Goldsmith’s Vicar of Wakefield who put a guinea in the pocket of his market-going children to prevent them from sulking but with a distinct admonition not to change or to spend. Then again, the remark that water cannot flow up hill, involving as it does a sarcastic fling at the advocates of irrigation as the panacea of many ills, is no less unfortunate. It implies that all the tanks and reservoirs are in the best of repairs and in the best of conditions with their supply-channels in perfect order, that wells have been exploited for and sunk all over the area wherein needs and facilities have existed for them and that, apart from schemes which are said to require much time and careful preparation (grand canals presumably), the water millenium has reached the point where it is checked only by the natural law to which attention is drawn pointedly and with an undertone of triumph. Having some idea of the deficiencies in the several respects above enumerated, I beg leave to hold that the interval has not been long enough and the energy, brought to bear on that particular task, has not been in evidence strikingly enough, to impress one that the limits of feasibility have been reached. But, after all, no one asked that water should be made to flow uphill—though, if a proper case

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arose, science would have her solution. All that is asked, which was liable to be so satirised as a demand to carry water uphill is, wherever possible, to raise the waters of rivers to levels higher than their beds and banks as is done by Krishna and Godavari anicuts and similar embankments. This and like demands cannot be scoffed at, as though they were a bid to jump into the moon. Now, coming back to the Budget, one has to note, with some concern, that as to the vast body of the middle classes, they get no special gift. Spread of education, in its many forms, with a special eye to the technical side, a larger share in the government of their country so as to admit of retrenchments and of a just distribution of patronage, are among the special gifts which would be fittest for them. On these and some other points in the Budget worthy of criticism, I would fain enlarge. But time forbids.

“ I cannot, however, omit to take up just three or four minutes to touch on the subject of our army, on which I felt bound to speak year after year and at considerable length last year and which—by its immensity, concretely and palpably exhibited to the eye at Delhi—had upon me quite a stunning effect. In spite of the peremptory defence which was made by way of reply to my remarks last year and of the chaff to which I was benignly treated, I must confess I remain incorrigible. In adhering to the position I have all along taken to the best of my judgment, I have this day only to point out that, as regards my view as to absence of real fears to India from Russia it is concurred in by no less than Sir Edward Grey—not a sentimental pro-Indian, or an ill-informed dabbler in politics nor yet a pretentious globe-trotter—but one who—if my humble judgment is worth anything—might one day rise to the highest position under his Sovereign—one too whom—be it said to his lasting credit—not even the party-muzzle could gag when duty and truth seemed to him to demand outspoken utterance of his mind. Sir Charles Dilke—a keen observer and more or less an accepted authority on questions of Greater Britain—is virtually of the same way of thinking. I say ‘virtually’ as his statement that the present Indian Army is adequate for its purposes might be misconstrued into a denial of its being, to any extent, superfluous. As I understand him in the context, he was speaking—not on the issue whether it is or is not too much—but on the proposal of virtually adding to it. The need for such addition he denied, and all other considerations were irrelevant and were left untouched or taken for granted for the time being.

“ If as Sir Edward Grey has said—and said truly as I hold—the North-West Frontier of India is a bugbear and it would be more difficult for Russia to place 200,000 men there than for England, the only vulnerable point in this

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peninsula is practically safe and the only outside foe, if Russia is a foe as taken for granted, is powerless for harming her. Where then is India's enemy and where else is the weak point open to attack? Internal peril there is none. All turbulent spirits have been not only quelled but happily crushed once for all. The loyalty of the people is impregnable, if only on the basis of the strongest self-interest.

"While thus we are busy pressing our case—so to speak—for an inch, a demand is sprung upon us for quite a mile in the opposite direction. We read, in the papers, that the problem is raised and hotly debated in England whether we ought not to be saddled with a contribution virtually to the cost of the British forces, on what I should, in this connection, call the shadowy ground of imperial obligations. But this is far too vast and too-many-sided a problem to be dwelt upon here within the extremely limited time and with the very slender materials I may just now lay claim to. But this I feel I have a right to say, that, freed from all adventitious considerations and vague issues with which the problem is obscured and confused, the real imperial interests and obligations of Great Britain—as the local *Statesman* neatly put it the other day—lie 'in safeguarding of the over-sea portions of the Empire and the protection of the trade-routes which are the very life-blood of British prosperity'. To this must perhaps be added the obligations, still inchoate, which might arise from the relations which are beginning to be fostered between Britain and her colonies. Towards the first of these purposes, India would be doing more than ample by maintaining an army of her own, even with the reductions contended for. But would it be just to call upon her to open her already lean purse directly or even remotely for the benefit of people who, on the score of the out-of-date colour-privilege, are intolerant of Indians even as willing, useful, skilful and sober coolies, with the tokens upon them of a civilisation, of which sobriety and cleanliness are, and I hope will ever be, the distinguishing marks? It is for unbiassed statesmanship and British conscience to give the response."

The Hon'ble MR. GOKHALE said:—"Your Excellency, I desire at the outset respectfully to associate myself with what has been said by my Hon'ble Colleagues, who have preceded me, in recognition of the important measures adopted by Government this year to give relief to the tax-payers of this country. For five successive years now, the Hon'ble Finance Member has been able to announce a large surplus of revenue over expenditure, and these surpluses

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have aggregated over 22 crores of rupees, as may be seen from the following figures:—

Year	Surplus in crores of Rupees.
1898-99	3'9
1899-1900	4'2
1900-1901	2'5
1901-1902	7'4
1902-1903	4'1
<hr/> Total for 5 years <hr/>	<hr/> 22'1 <hr/>

“ Moreover, a sum of over 11 crores has been spent during the period out of current revenues for meeting extraordinary charges, but for which the aggregate surplus would have amounted to over 33 crores of rupees. My Lord, to take from the people a sum of 22 crores in five years over and above the requirements of Government—ordinary and extraordinary—at a time again when the country was admittedly suffering from famine and plague and general industrial depression as it had never suffered before, is a financial policy, the justification of which is not at all clear; and I cannot help thinking that even the cautious mind of the Hon'ble Member ought to have been satisfied with a shorter period than five years and a smaller total surplus than 22 crores to be able to recognize that with a 16*d.* rupee Government were bound to have large and recurring surpluses year after year, when the level of taxation had been so determined as to secure financial equilibrium on the basis of a 13*d.* rupee. However, it is better late than never, and I sincerely rejoice that my Hon'ble friend was at last able to advise Government that the time had come when the claims of the tax-payers, who have had to submit to continuous and ceaseless additions to the taxation of the country during the last eighteen years, to some measure of relief might be safely considered. My Lord, as regards the particular form of relief, decided upon by Government, I have nothing but the warmest congratulations to offer. I confess I was not without apprehension that Lancashire, with its large voting strength in the House of Commons and its consequent influence with the Secretary of State for India, might once more demonstrate how powerless the Indian Government was to resist its demands and that the abolition of cotton-duties might take precedence of the reduction of the duty on salt. My fears, however, have happily been proved to be groundless, and I respectfully beg leave to congratulate Government on the courage, the wisdom and the statesmanship of their decision. Public opinion in India has for a long time prayed for these very

measures of relief, and the National Congress has, year after year, urged upon the attention of Government the necessity of raising the taxable minimum limit of the income-tax from five hundred rupees to one thousand, and of reducing the duty on salt from Rs. 2-8 a maund to Rs. 2 at the earliest opportunity. My Lord, I am surprised to hear the opinion expressed in some quarters that the reduction of the salt-duty will not really benefit the vast mass of our population, but that it will only mean larger profits to small traders and other middlemen. I think that those who express such an opinion not only ignore the usual effect on prices of competition among the sellers of commodities, but that they also ignore the very obvious lesson which the figures of salt consumption during the last twenty years teach us. An examination of these figures shows that, during the five years that followed the reduction of the salt-duty in 1882, the total consumption of salt advanced from 28·37 millions of maunds to 33·71 millions—an increase of 5·35 million maunds or fully 18 per cent. In 1887-88, the duty was raised from Rs. 2 to Rs. 2-8 a maund, which not only arrested the steady increase of the previous five years but actually led to a reduced consumption during the next four years, and this in spite of the fact that the figures for these years included for the first time the figures of salt consumption in Upper Burma. It was not till 1891-92 that the ground thus lost was again recovered, but since then consumption has remained virtually stationary—only a very slight advance of less than 6 per cent. being recorded in 14 years as against an increase of 18 per cent. in five years previous to the enhancement of the salt-duty. My Lord, I am confident that what has happened before will happen again, and that the Finance Member will not have to wait long before he is able to announce that the consumption of salt is once again steadily on the increase. And the loss of revenue caused by the reduction in duty at present will be only a temporary loss, and that in a few years' time it will disappear altogether in consequence of increased consumption. Again, my Lord, I have heard the opinion expressed that the duty on salt does not after all constitute any serious burden on the resources of the poorer classes of our community, because this duty, it is urged, is the only tax which they contribute to the State. Here, again, I must say that those who express such a view hardly realize what they are talking about. Our revenue is principally derived from Land, Opium, Salt, Excise, Customs, Assessed Taxes, Stamps, Forests, Registration and Provincial Rates. Of these, the Opium Revenue is contributed by the foreign consumer and may be left out of account. Of the remaining heads, the proceeds of the Assessed Taxes are the only receipts that come exclusively from the middle and upper classes of the people, and they are represented by a comparatively small sum—being less than two crores of

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rupees a year. On the other hand, the bulk of the Salt Revenue comes from the pockets of the poorer classes. The Abkari Revenue again is contributed mainly by them; so also is the Forest Revenue. Under Stamps and Registration, they contribute their fair share—possibly more than their share, as the bulk of our litigation is about small sums. I believe they also contribute their share under Customs. And as regards Land Revenue and Provincial Rates, in raiyatwari tracts at any rate, a large proportion of this revenue comes from very poor agriculturists. So far, therefore, from contributing less than their fair share to the exchequer of the State, the poorer classes of our community contribute, as a matter of fact, much more than they should, relatively to their resources; and Government have therefore done wisely in deciding to give relief to these classes by a reduction of the duty on salt. I trust it may be possible for Government to reduce this duty still further in the near future, for the consumption of salt, which in the time of Lord Lawrence was found to be about 12lb. per head in some parts of India, is now not even 10lb. per head, whereas the highest medical opinion lays down 20lb. per head as a necessary standard for healthful existence.

“My Lord, in the remarks which I made in the course of the Budget discussion of last year, I dwelt at some length on the heavy and continuous additions made by Government to the taxation of the country since 1886, and I urged that as the currency policy adopted by Government had put an end to their exchange difficulties, some relief should be given to the sorely-tried tax-payers by a reduction of the salt-duty, a raising of the taxable minimum limit of the income-tax, and the abolition of the excise-duties on cotton-goods. Two of these three prayers have been granted by Government this year, and it was much to be wished that they had seen their way to grant the third also. These excise-duties illustrate what John Stuart Mill has said about the Government of the people of one country by the people of another. They were levied not for revenue purposes but as a concession to the selfish agitation of Manchester. They are maintained owing to a disinclination on the part of Government to displease that same powerful interest, though the mill-industry in this country, owing to various causes, not the least important of which is the currency policy of Government themselves, is in a state of fearful depression. The justification ostensibly urged in favour of their retention is that the principles of free trade would be violated if they were removed while the imports from Manchester were liable to Customs-duties. The hollowness of this justification has, however, been effectively shown up by the present Editor of the *Times of India* in the brief Introduction contributed by him to a

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pamphlet, published some time ago by my friend Mr. B. J. Padshah, in which the question of the effect produced by the excise-duties on the cotton-industry of India has been examined with elaborate care and a clear grasp of principles.

'In deference to the representations of Lancashire mill-owners,' says the writer of the Introduction, "India was compelled to impose an excise-duty upon her own cotton-manufactures. That is to say, she was forced to tax an internal industry at a peculiarly inopportune time for the benefit of Lancashire. She was practically sacrificed to the political exigencies of the moment. The British Parliament has now imposed a duty—not large but enough to be felt—upon imported corn. India sends corn to England just as Lancashire sends piece-goods to India. If the British Parliament really desires to render that justice to India which it so frequently professes, its only logical course must be to place an excise-duty on its own home-grown corn. Such a proposition is naturally impossible, but it serves to throw into strong relief the essential injustice of the present treatment of the Indian cotton-industry. The British Parliament is willing enough to thrust taxation upon Indian mill-owners for the benefit of their Lancashire brethren : but it places a protecting arm round the British farmer as against India."

"In no other country would such a phenomenon of the Government taxing an internal industry—even when it was bordering on a state of collapse—for the benefit of a foreign competitor be possible, and I am inclined to believe that the Government of India themselves regret the retention of these duties as much as any one else. I earnestly hope that before another year is over the Secretary of State for India and the British Cabinet will come to realize the great necessity and importance of abolishing these duties, whose continued maintenance is not only unjust to a great Indian industry but also highly impolitic on account of the disastrous moral effect which it cannot fail to produce on the public mind of India.

"My Lord, the Financial Statement rightly observes that for the first time, since 1882, the Government of India have this year been able to announce a remission of taxation. Twenty-one years ago, a Viceroy, whose name will ever be dear to every Indian heart, assisted by a Finance Minister who has since risen to a most distinguished position in the service of the Empire, took advantage of the absence of any disturbing elements on the financial horizon to modify and partially reconstruct the scheme of our taxation and expenditure. The financial reforms of Lord Ripon and Major Baring (now Lord Cromer), joined to other great and statesmanlike measures of that memorable administration, roused throughout the country a feeling of enthusiasm for British rule such as had never before been witnessed :

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and the mind of every Indian student of political and financial questions constantly harks back to that time, because it sought to fulfil in a steady and earnest manner the higher purpose of England's connection with India. The fiscal status established during that period was rudely disturbed in 1835 in consequence of an apprehension of Russian aggression on the North-Western Frontier, and a period of continuous storm and stress, financial and otherwise, followed, which I venture to think has now happily come to a close. During the 14 years—from 1885 to 1898—the Government of India took about 120 crores of rupees from the people of this country over and above the level of 1882–85 (inclusive of about 12 crores for Upper Burma) under the larger heads of Revenue—about 36 crores under Land Revenue, 25 under Salt, 12 under Stamps, 18 under Excise, $15\frac{1}{2}$ under Customs, and $13\frac{1}{2}$ under Assessed Taxes. Nearly 80 crores out of this additional 120 crores, *i.e.*, fully two-thirds, was swallowed up by the Army services, whereas the shares that fell to the lot of public education out of this vast sum was represented by less than a crore of rupees. My Lord, I mention these facts not to indulge in vain regrets about a past which is now beyond recall, but because I wish earnestly and respectfully to emphasise the great necessity of increased expenditure in future on objects which have so far been comparatively neglected, as on these the ultimate well-being of the people so largely depends. As things stand at present, Indian finance is virtually at the mercy of military considerations, and no well-sustained or vigorous effort by the State on an adequate scale for the material advancement or the moral progress of the people is possible while our revenues are liable to be appropriated in an ever-increasing proportion for military purposes. My Lord, I do not wish to speak to-day of the serious and alarming increase that has taken place during the last eighteen years in the military expenditure of the country, which has risen in a time of profound peace from about $17\frac{3}{4}$ crores—the average for 1832–85—to $26\frac{3}{4}$ crores—the amount provided in the current year's Budget, *i.e.*, by over 50 per cent, when the revenue derived from the principal heads has risen from 51 crores to 69 crores only, *i.e.*, by about 35 per cent. Our Military expenditure absorbs practically the whole of our Land-revenue and exceeds the entire civil expenditure of the country by about $2\frac{1}{2}$ crores, thus demonstrating the excessive preponderance of the military factor in Indian finance. In no country throughout the civilised world do the Army Services absorb so large a proportion of the national income. Not even in Russia is this expenditure more than one-fourth of the total ordinary revenue, while with us it is about one-third, omitting, of course, from the Revenue side Railway receipts, which are balanced by a corresponding entry on the Expenditure side. Military safety is no doubt a paramount consideration to which every

other must yield, but military preparedness has no definite standard and might absorb whatever resources can be made available for it practically without limit. Moreover, the demands of military improvement must grow more and more numerous and insistent as years roll by, and there can be no finality in such matters. Military efficiency must, therefore, as Lord Salisbury once pointed out, be always *relative, i.e.*, determined in the case of each country by a combined consideration of its needs of defence and the resources that it can fairly devote for the purpose. Judged by this test, our military expenditure must be pronounced to be much too heavy, and unless effective measures are taken to bring about its reduction, or at any rate prevent its further increase, there is but little hope that Government will ever be able to find adequate funds for public education or other important and pressing measures of internal improvement. The question cannot be put better than in the eloquent words used by Lord Mayo in his memorable minute on the subject dated 3rd October 1870—words which are as true to-day as they were 30 years ago—if anything, even more so.

“Though the financial necessities of the hour,” said he, “have brought more prominently to our view the enormous cost of our army (16·3 crores) as compared with the available resources of the country, I cannot describe fiscal difficulty as the main reason for the course we have taken. I consider that if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter than the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people.”

“The present strength of our Army is in excess of what the Simla Commission of 1879—of which Lord Roberts was a member—pronounced to be sufficient both for the purpose of maintaining internal peace and for repelling foreign aggression, not only if Russia acted alone, but even if she acted with Afghanistan as an ally. General Brackenbury, some time ago Military Member of the Governor General’s Council, admitted in his evidence before the Welby Commission that the present strength was in excess of India’s own requirements and that a portion of it was maintained in India for imperial purposes. The truth of this statement was forcibly illustrated during the last three years when India was able to spare, without apparent danger or inconvenience, a large number of troops for Imperial purposes in South Africa and China. Again, since the Army increases of 1885 were made, a great deal has been done at a

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heavy outlay of money to strengthen our coast and frontier defences and to place the administration of the Army on a sounder basis. The armed strength has, moreover, improved in other directions also. The number of Volunteers has increased by nearly 13,000 men. The Native Army reservists now number close upon 20,000 and the Imperial Service troops about 18,900—both new and recent creations. My Lord, I am free to admit that in these matters Government are bound to be guided, mainly, if not exclusively, by the opinion of their expert military advisers. But there are certain broad features of the situation—certain large questions of general policy—which, I believe, it is open to every one to discuss: and I venture to submit, with much diffidence and not without a sense of responsibility, a few remarks on this subject for the consideration of Your Excellency's Government. Our Army is for all practical purposes a standing army, maintained on a *war footing* even in times of peace. It is altogether an *inexpansive* force, without any strong auxiliary supports in the country such as exist in European States, and its strength can be augmented only by an arithmetical increase of its cost. In Western countries and even in Japan, which has so successfully copied the Western system, the establishment maintained in times of peace can, owing to their splendid system of reserves, be increased three, four, five, even six times in times of war. Japan, for instance, which spends on her Army in times of peace about one-fourth of what we spend, has a peace establishment half our own and can mobilize in times of war nearly double the number of men that India can. The British troops in this country are under the Short Service system, but owing to the peculiarity of the situation, the main advantage of short Service—*viz.*, securing for the country a large body of trained reservists—goes to England, while all the disadvantages of the system—the paucity of seasoned soldiers, increased payments to the British War Office for recruitment charges and increased transport charges—have to be borne by us. The Native Army is in theory a Long Service army, but it was calculated by the Simla Army Commission, on the basis of the strength which then existed, that as many as 80,000 trained Native soldiers obtained their discharge and returned to their homes in ten years' time. And the formation of reserves was proposed by the Commission so as to keep the greater number of these men bound to the obligations of service and also in the hope that the reserves so formed in time of peace might 'enable the Government to reduce the peace strength of the Native Army.' The Commission apprehended no political danger from such a restricted system of reserves, and it was calculated that the proposed reserves, if sanctioned, would absorb about 52,000 out of the 80,000 men retiring from the Army every ten years. Acting on this recommendation, Lord Dufferin's Government decided on the

formation of such reserves, and proposed to begin with two kinds—regimental and territorial reserves—of which the latter system was naturally better suited to the circumstances of such a large country and would undoubtedly have succeeded better. But the India Office, more distrustful in the matter than the men on the spot, disallowed the formation of territorial reserves, with the result that our reservists today do not number even 20,000 men. Practically, therefore, we have to place our sole reliance on a standing army, and while the plan is, financially, the most wasteful conceivable, even as an organization of national defence it is radically faulty. No pouring out of money like water on mere *standing battalions* can ever give India the military strength and preparedness which other civilized countries possess, while the whole population is disarmed and the process of de-martialization continues apace. The policy of placing the main reliance for purposes of defence on a standing army has now been discarded everywhere else, and at the present moment India is about the only country in the civilized world where the people are debarred from the privileges of *citizen soldiery* and from all voluntary participation in the responsibilities of national defence. The whole arrangement is an unnatural one; one may go further and say that it is an impossible one, and, if ever unfortunately a day of real stress and danger comes, Government will find it so. My Lord, I respectfully plead for a policy of a little more trust in the matter. I freely recognize the necessity of proceeding with great caution, and if Government are not prepared to trust all parts of the country or all classes of the community equally, let them select particular areas and particular sections of the community for their experiment. What I am anxious to see is the adoption of some plan, whereby while a position of greater self-respect is assigned to us in the work of national defence, the establishments necessary during peace and war times may be separated and thus our finances may be freed from the intolerable pressure of an excessive and ever-growing military expenditure.

“ My Lord, the question which, in my humble opinion, demands at the present moment the most earnest and anxious attention of Government is the steady deterioration that is taking place in the economic condition of the mass of our people. In my speech on last year's Budget, I ventured to dwell at some length on this subject and I have no wish to repeat again today what I then said. But the Hon'ble Sir Edward Law has made a few observations on the question in the Financial Statement under discussion which I deem it my duty not to allow to pass unchallenged. At page 20 of the Statement, under the heading of Economic Progress, my Hon'ble friend observes :—

“ As a general indication of the increasing wealth of the taxpayers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase

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in revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office and in a lesser degree Stamps, and I give the following figures, showing progress in revenue under these heads during the last three years. The inevitable deduction from the figures tabulated must be that *the material prosperity of the people as a whole is making good progress.*"

"My Lord, I can only say that I am amazed at the Hon'ble Member's idea of what he calls the 'good progress' of the material prosperity of the people. Are the figures really so striking that they should convey to his mind a clear and emphatic assurance on a momentous question and fill him with such evident satisfaction? Last year, in replying to some of the remarks which I had made on this subject, the Hon'ble Member was pleased to state that I had been arbitrary in my selection of certain periods for comparison and that I had compared the statistics of an earlier period which was normal with those of a later period which was disturbed by successive famines. The Hon'ble Member's criticism was based on a misapprehension, because I had precisely avoided doing what he said I had done. However, having passed that criticism on me, one would have expected that the Hon'ble Member would be particularly careful in the selection of his own statistics. I am sorry, however, my Lord, to find that some of his figures are not only arbitrarily selected but are used in a manner which I can only describe as misleading. Take, for instance, the figures of Salt-revenue. The Hon'ble Member starts with the year 1899-1900, when the Salt-revenue was 5·85 millions sterling, and points out that it had risen to 6·04 millions for 1902-1903. Now, in the first place, the rise here is very small. But will the Hon'ble Member tell me why he took 1899-1900 as his starting year and not the preceding one, *viz.*, 1898-99, the Salt-revenue for which was 6·06 millions sterling, *i.e.*, slightly over the figure for 1902-03? If we take 1898-99 as our starting year, we can deduce from these same figures the conclusion that the Salt-revenue has actually diminished during these four years and that the ground lost since 1898-99 has not yet been regained. Again, take the figures for Stamps. As they are presented by the Hon'ble Member they no doubt show a small steady increase and the revenue for 1902-03 appears larger than for 1901-02, the figures given by the Hon'ble Member being 3·472 millions sterling for 1902-03 as against 3·446 millions sterling for 1901-02. But the Hon'ble Member seems to have lost sight of the fact that the figure for 1902-03 includes the revenue for Berar, which the figure for 1901-02 does not do; so that for purposes of a fair comparison the Berar revenue must be deducted from the former. The amount for Berar included in the figure for 1902-03 is, as Mr. Baker tells us, about £28,700. And, this amount being deducted, we get for

1902-03 a revenue of 3,443, which, it will be seen, is slightly lower than for the preceding year; and in fact Mr. Baker himself speaks in his note of the Stamp-revenue declining slightly during the year. The Hon'ble Member has also omitted to deduct receipts for Berar under Excise and Post Office from his figures for 1902-03, and has moreover made no mention, as Mr. Baker has done, of the recent assemblage at Delhi being responsible for a portion of the increase under Post Office. It is true that even after deducting the Berar quota the Excise-revenue shows some increase, but the Hon'ble Member must forgive me if I say that that is not necessarily a sign of increased prosperity though it is undoubtedly a sign of increased drunkenness in the land. Finally, many will decline to accept an increase of Customs-revenue in the present circumstances of India as any evidence of growing material prosperity. The bulk of our imports consists of manufactured goods, and almost every increasing import of foreign goods—far from indicating any increase in the country's purchasing power—only connotes a corresponding displacement of the indigenous manufacturer. Thus, while the import of cotton-goods has been for years past steadily increasing, we know, as a matter of fact, that hundreds and hundreds of our poor weavers throughout the country have been and are being driven by a competition they cannot stand to give up their ancestral calling and be merged in the ranks of landless labourers—and this typifies, to a great extent, the general transformation that is fast proceeding throughout the country. The process of such displacement is not yet complete, but the large and progressive totals of our import-trade only show that the transition of the country from the partially industrial to the purely agricultural phase of economic life is going on at a rapid pace, and that the movement has already reached an advanced stage. There is at present hardly a country in the world which has become so preponderatingly agricultural or sends abroad so much of its food-supply and raw material for manufacture as British India. When the disastrous transformation is completed—and this is now only a question of time, unless remedial measures on an adequate scale are promptly undertaken—it will reveal a scene of economic helplessness and ruin before which the heart of even the stoutest optimist will quail. No doubt there are here and there signs of an awakening to the dangers of the situation, but the first condition of this awakening producing any appreciable practical results is that the fact of our deep and deepening poverty and of the real exigencies of the economic position should come to be frankly recognized by the Government of this country. And, my Lord, it is a matter for both surprise and disappointment that a few paltry increases in revenue under certain heads should be accepted by the Finance Minister of this country as conclusive evidence of our growing material prosperity, when many most important indications point just

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the other way. The annual death-rate, independently of famine and plague, has been steadily rising for the last twenty years, showing that a steadily increasing proportion of the population is being underfed; the increase of population during the last decade has been much less than normal; there has been a diminution of the net cropped area in the older Provinces and a more or less general shrinkage of the area under superior crops; the indebtedness of the agricultural population has been alarmingly on the increase all over the country; their losses in crops and cattle during the last five years have been estimated at 300 crores of rupees; the currency legislation of Government has enormously depreciated their small savings in silver; the wages of labourers have not risen, during the last twenty years and more, in proportion to the rise in the prices of necessaries. I venture to think that unless these disquieting symptoms are properly diagnosed, not even the high authority of my Hon'ble friend will suffice to convey any assurance to the public mind that 'the material prosperity of the people as a whole is making good progress,' and that no apprehensions need be entertained for the future, if only the revenue under certain heads continues to advance as it has done during the past three years.

"My Lord, Indian finance seems now to be entering upon a new and important phase, and the time has come when Government should take advantage of the comparative freedom, which the country at present enjoys from the storm and stress of the past eighteen years, to devote its main energies to a vigorous and statesmanlike effort for the promotion of the material and moral interests of the people. Speaking roughly, the first half of the nineteenth century may be said to have been for British rule a period of conquest and annexation and consolidation in this land. The second half has been devoted mainly to the work of bringing up the administrative machine to a high state of efficiency and evolving generally the appliances of civilized Government according to Western standards. And I venture to hope that the commencement of the new century will be signalized by a great and comprehensive movement for the industrial and educational advancement of the people. After all, the question whether India's poverty is increasing or decreasing under the operation of the influences called into existence by British rule—though of great importance in itself—is not nearly so important as the other question as to what measures can and must be taken to secure for this country those moral and material advantages which the Governments of more advanced countries think it their paramount duty to bring within the easy reach of their subjects. My Lord, I have no wish to judge, it is perhaps not quite just to judge, the work done so far in these directions by the British Government in India by the standard of the splendid achievements

of countries, more fortunately circumstanced and having a more favourable start than ourselves in the field. I admit the exceptional character of our Government and the conflicting nature of the different interests which it has got to weigh before taking any decisive action in this matter. But after so many years of settled government and of unchallenged British supremacy, it is, I humbly submit, incumbent now upon the rulers of this country to gradually drop the exceptional character of their rule and to conform year by year more and more to those advanced notions of the functions of the State which have found such wide, I had almost said such universal, acceptance throughout the Western world. European States for years past, have been like a number of huge military camps lying by the side of one another. And yet in the case of those countries, the necessity of military preparedness has not come and does not come in the way of each Government doing its utmost in matters of popular education and of national industries and trade. Our record in this respect is so exceedingly meagre and unsatisfactory, even after making allowances for our peculiar situation, that it is almost painful to speak of it along with that of the Western nations. In Europe, America, Japan and Australia, the principle is now fully recognized that one of the most important duties of a Government is to promote the widest possible diffusion of education among its subjects, and this not only on moral but also on economic grounds. Professor Tews of Berlin, in an essay on Popular Education and National Economic Development, thus states his conclusions on the point :—

“1. General education is the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce. (The ever-increasing differentiation of special and technical education, made necessary by the continual division of labour, must be based upon a general popular education and cannot be successful without it.)

2. The consequence of the increase of popular education is a more equal distribution of the proceeds of labour contributing to the general prosperity, social peace, and the development of all the powers of the nation.

3. The economic and social development of a people, and their participation in the international exchange of commodities, is dependent upon the education of the masses.

4. For these reasons the greatest care for the fostering of all educational institutions is one of the most important national duties of the present.”

“My Lord, it is essential that the principle enunciated with such lucidity by Professor Tews in the foregoing propositions should be unreservedly accepted in

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this country as it has been elsewhere, and that a scheme of mass education should now be taken in hand by the Government of India so that in the course of the next twenty-five or thirty years a very appreciable advance in this direction might be secured. It is obvious that an ignorant and illiterate nation can never make any solid progress and must fall back in the race of life. What we therefore want—and want most urgently—is first of all a widespread diffusion of elementary education—an effective and comprehensive system of primary schools for the masses—and the longer this work is delayed the more insuperable will be our difficulties in gaining for ourselves a recognized position among the nations of the world. My Lord, the history of educational effort in this country during the last 20 years is sad and disheartening in the extreme. Lord Ripon's Government, which increased the State contribution to education by about 25 per cent., *i.e.*, from 98 lakhs to 124 lakhs between 1880 and 1885, strongly recommended, in passing orders upon the Report of the Education Commission of 1882, that Local Governments and Administrations should make a substantial increase in their grants to Education and promised special assistance to them from the revenues of the Government of India. But, before the liberal policy thus recommended could be carried out, a situation was developed on the frontiers of India which led to increased military activity and the absorption of all available resources for Army purposes, with the result that practically no additional funds were found for the work of Education. And in 1888 the Government of India actually issued a Resolution stating that as the duty of Government in regard to Education was that of merely pioneering the way, and as that duty had on the whole been done, the contribution of the State to Education should thereafter have a tendency to decrease. Thus, while in the West the Governments of different countries were adopting one after another a system of compulsory and even free primary education for their subjects, in India alone the Government was anxious to see its paltry contribution to the education of the people steadily reduced! In the quinquennium from 1885-86 to 1889-90 the State grant to Education rose from 124·3 lakhs to 131·6 lakhs only, *i.e.*, by less than 6 per cent., and this in spite of the fact that the amount for the latter year included State expenditure on Education in Upper Burma which the former year did not. Since 1889-90 the advance under the head of Educational expenditure from State funds has been slightly better, but part of this increase since 1893 has been due to the grant of exchange compensation allowance to European officers serving in the Educational Department throughout India. It is only since last year that the Government of India has adopted the policy of making special grants to Education, and I earnestly hope that, as year follows year, not only will these grants be increased, but that they will be made a part of the permanent

expenditure of the State on Education. In this connection I would earnestly press upon the attention of Government the necessity of making Education an Imperial charge, so that the same attention which is at present bestowed by the Supreme Government on matters connected with the Army Services and Railway expansion might also be bestowed on the education of our people. Under present arrangements, Education is a Provincial charge and the Provincial Governments and Administrations have made over Primary Education to local bodies whose resources are fixed and limited. No serious expansion of the educational effort is under such arrangements possible. In the Bombay Presidency, for instance, District Local Boards, who have charge of Primary Education in rural areas, derive their revenue from the one-anna cess which they have to devote in certain fixed proportions to Primary Education, Sanitation and Roads. Now, our revenue-settlements are fixed for 30 years ; which means that the proceeds of the one-anna cess in any given area are also fixed for 30 years ; and as Government, as a rule, contributes only $\frac{1}{3}$ rd of the total expenditure of these boards on Education, it is clear that the resources that are available at present for the spread of Primary Education in rural areas are absolutely inelastic for long periods. There are altogether about $5\frac{1}{2}$ lakhs of villages in British India, out of which, it has been calculated, four-fifths are at present without a school ; the residents of these villages pay the local cesses just like other villagers, and yet the necessary educational facilities for the education of their children are denied them !

“The position as regards the spread of primary education and the total expenditure incurred in connection with it in different countries is shown in the following table. The figures are taken from the Reports of the United States Commissioner of Education, and are for 1897 or 1898 or 1899 or 1900 as they have been available :—

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Name of Country.	Population in Millions.	Total enrolment in Primary Schools in Millions.	Ratio of enrolment to population.	Total expenditure in millions of pounds.	Expenditure per head of population.	REMARKS.
					s. d.	
EUROPE.						
Austro-Hungary	41'4	6'2	15	5'35	2 6	
Belgium	6'7	'8	14'5	1'5	4 6	
Denmark	2'2	'3	14	Expenditure figures not available.
France	38'5	5'5	14'4	8'9*	4 11	*On public Schools only, which enroll about three-fourths the total.
Prussia	34'5	6'3	20	9'2	5 4	
England and Wales . . .	31'7	5'7	17'7	12'1	5 0	
Scotland	4'3	'7	17	1'6	7 8	
Ireland	4'5	'8	17'6	1'2	5 5	
Greece	2'5	'16	6'7	Figures of expenditure not available.
Italy	3'	2'4	7'3	2'5	1 7	
Norway	2	'3	16'4	4'5	4 6	
Portugal	5	'24	4'7	Do. Do.
Russia	126'5	3'8	3	14	0 8	†State contribution only.
Spain	18'2	1'4	7'4			Figures of expenditure not available.
Sweden	5'1	'74	14'5	1'1	4 2	
Switzerland	3'1	'65	20'7	1'3	8 5	
ASIA.						
India (British)	231'2	3 16	1'4	'76	0'83	
Japan	42'7	3'3	7'8	2	0 11	
AFRICA.						
Cape Colony	1'5	'15	9'65	'27	3 6	
Natal	'54	'02	4'50	'06	2 2	
Egypt	9'7	'21	2'17			Expenditure figures not available.
AMERICA.						
United States	75'3	15'3	20'9	44'5	91 0	
Canada	5'2	'95	18	2	7 9	
AUSTRALASIA.						
	4'3	'79	18	2'5	11 7	

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"The figures of expenditure on Higher Education in various countries are also most interesting and instructive :—

Name of Country.	Total amount spent.	Expenditure per capital of population.
Austria . . .	56 millions sterling	6d.
Belgium . . .	16 " "	6d.
Denmark . . .	06 " "	8d.
France . . .	92 " "	6d.
Germany . . .	16 " "	7d.
Great Britain & Ireland . . .	17 " "	11d.
Greece . . .	02 " "	2d.
Italy . . .	46 " "	3½d.
Norway . . .	04 " "	4d.
Russia . . .	95 " "	2d.
Spain . . .	1 " "	1½d.
Sweden . . .	14 " "	6½d.
Switzerland . . .	14 " "	11d.
United States . . .	35 " "	11d.
Canada . . .	21 " "	10d.
Australasia . . .	13 " "	8d.
India . . .	28 " "	½d.

"Except in England, the greater part of the cost of higher education, about three-fourths and in some cases even more, is met everywhere out of the funds of the State.

"My Lord, even allowing for the difference in the purchasing power of money in this country and elsewhere, these figures tell a most melancholy tale and show how hopelessly behind every other civilized nation on the face of the earth we are in the matter of public education. It is sad to think that, after a hundred years of British rule, things with us should be no better than this, and, unless the work is taken up with greater confidence and greater enthusiasm, there is small hope of any real improvement in the situation taking place. In other countries, national education is held to be one of the most solemn duties of the State and no effort nor money is spared to secure for the rising generations the best equipment possible for the business of life. Here it has so far been a more or less neglected branch of State duty, relegated to a subordinate position in the general scheme of State action. Now that an era of substantial surpluses has set in, Government will not find themselves debarred from taking up the work in right earnest by financial difficulties. In this connection, I respectfully desire to make one suggestion—*viz.*, that henceforth, whenever there is a surplus, it should be appropriated to the work of promoting the educational and

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industrial interests of the country. At present these surpluses go to reduce the amount of our debt, but, as the Hon'ble Sir Edward Law has pointed out in the Financial Statement, our burden of debt is by no means heavy, and there are valuable assets on the other side to cover the whole of it. Surpluses, after all, mean so much more taken from the people than is necessary for the purposes of the administration, and I think it is most unfair that these surplus revenues should be devoted to the reduction of a debt which is not at all excessive, when questions concerning the deepest welfare of the community and requiring to be taken in hand without any delay are put aside on the ground of want of funds. We have seen that the surpluses during the last five years have amounted to over 22 crores of rupees. If this vast sum had been set apart for the promotion of our educational and industrial interests instead of being needlessly devoted to a reduction of debt, what splendid results the Government would have been able to shew in the course of a few years ! My Lord, the question of expenditure lies really at the root of the whole educational problem. The country has recently been agitated over the recommendations of the Universities Commission appointed by Your Excellency's Government last year. I do not desire to say anything on the present occasion on the subject of University reform, but it strikes me that if Government made its own institutions really model ones by bringing up their equipment to the highest standard and manning them only with the best men that can be procured both here and in England, the private colleges would necessarily find themselves driven to raise their own standard of equipment and efficiency. And if a number of post-graduate research scholarships were established by Government to encourage lifelong devotion to higher studies, the whole level of higher education in the country will be raised in a manner satisfactory to all. I think it is absolutely necessary that men whom the Government appoints to chairs in its own Colleges should set to their students the example of single-minded devotion to learning, and should, moreover, by their tact and sympathy and inborn capacity to influence young men for good, leave on their minds an impression which will endure through life. Only such Englishmen as fulfil these conditions should be brought out, and I would even pay them higher salaries than at present if the latter are found to be insufficient to attract the very best men. They should further be not young men who have just taken their degree, but men of some years' educational standing, who have done good work in their subjects. My Lord, it is difficult to describe in adequate terms the mischief that is done to the best interests of the country and of British rule by the appointment of third or fourth rate Englishmen to chairs in Government colleges. These men are

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unable to command that respect from their students which they think to be due to their position, and then they make up for it by clothing themselves with race pride, which naturally irritates the young men under them. The result often is that young students leave college with a feeling of bitterness against Englishmen, and this feeling they carry with them into later life. On the other hand, the influence which a first class Englishman, who knows how to combine sympathy with authority, exercises upon his pupils shapes their thoughts and feelings and aspirations throughout life, and they continue to look up to him for light and guidance even when their immediate connection with him has come to an end. My Lord, the question of technical instruction has often been discussed during the past few years in this country, and some time ago Your Excellency was pleased to ask if those, who so often spoke about it, had any definite proposals of their own to make. I do not, however, see how such a responsibility can be sought to be imposed upon our shoulders. Government have command of vast resources, and they can procure without difficulty the required expert advice on the subject. If a small Commission of competent Englishmen and Indians, who feel a genuine enthusiasm for technical education, were deputed to those countries where so much is being actually done by their Governments for the technical instruction of their people, to study the question on the spot, in a year or two a workable scheme would be forthcoming, and with the large surpluses which the Hon'ble Finance Member is now able to announce year after year, a beginning could almost at once be made, and actual experience would suggest the rest.

“My Lord, there is one more question on which I beg leave to offer a few observations. The question of the wider employment of Indians in the higher branches of the Public Service of their own country is one which is intimately bound up, not only with the cause of economic administration, but also with the political elevation of the people of India. There is no other country in the world where young men of ability and education find themselves so completely shut out from all hope of ever participating in the higher responsibilities of office. Everywhere else, the Army and the Navy offer careers to aspiring youths which draw forth from them the best efforts of which they are capable. These services, for us in this country, practically do not exist. The great Civil Service, which is entrusted with the task of general administration, is also very nearly a monopoly for Englishmen. But it is not of these that I propose to speak today. I recognize that, in the present position of India, our admission into these fields of high employment is bound to be very slow, and I can even

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understand the view that, for the purpose of maintaining British supremacy intact, there must be for many years to come a large preponderance of Englishmen in the ranks of these services. But, my Lord, our exclusion from high office does not end here. In all the Special Departments, or Minor Services, as they are called, our position is even worse. In the Judicial and Executive branches of the public service, the subordinate ranks at any rate are manned by us. But in such departments as Forests, and Customs and Salt and Opium, our exclusion from even lower ranks is practically complete. Thus, in the Survey Department of the Government of India, there are altogether 132 officers, with salaries ranging from 300 to 2,200 rupees a month, and of these only two are Indians and they are in the last grade of Rs. 300. There are, moreover, 45 officers in this Department whose salaries range between Rs. 160 to 300, and even among these, only ten are Indians. Again, take the Government Telegraph Department. There are 52 appointments in it, the salaries of which are Rs. 500 a month and more, and of these only one is an Indian. In the Indo-British Telegraph branch, there are 13 officers with salaries above five hundred rupees a month, and among these there is not a single Indian. In the Mint Department, there are six officers with salaries above five hundred, and there too, there is not a single Indian. So too in the Post Office. Last year there was only one Indian in that Department among the ten men who drew salaries above five hundred. But he was a member of the Civil Service, and it was in this capacity that he was there. In the Geological Survey, 2 out of 14 officers, drawing salaries above Rs. 500, are Indians; in the Botanical Survey, none. In the Foreign Department, out of 122 such officers, only 3 are Indians; under Miscellaneous there are 22 such officers, but not a single Indian is among them. It is only in the Financial Department that there is any appreciable proportion of Indians, namely, 14 out of 59, among those whose salaries are above five hundred a month. Turning to the Departments under Provincial Governments, and taking the Presidency of Bombay, we find that in the Forest Department there are 23 officers whose salaries and allowances come to Rs. 500 and above a month; of these only one is an Indian. In the Salt Department, there are 13 places with salaries above four hundred a month, and not a single one among these is held by an Indian. In the Customs Department of Bombay, there are 13 officers who draw Rs. 300 a month and above, and of these only three are Indians. The Medical Department is of course practically a monopoly of Englishmen. In the Police Department, there are 49 officers classed as Superintendents and Assistant Superintendents with salaries from Rs. 200 upwards, and there is not a single Indian among them. Only among 11 Probationary Assistant Superintendents there are 4 Indians.

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In the Educational Department, there are 25 officers drawing salaries of Rs. 500 and above, and of these only 5 are Indians. In the Public Works Department the proportion of Indians is larger, there being 26 Indians classed as Executive Engineers and Assistant Engineers out of 81 Superior Officers of the Department. Turning next to Bengal, we find that in the Forest Department there are 26 officers whose salaries range between Rs. 200 and Rs. 1,200 a month, and among these only 2 are Indians and they are in the lowest grades. In the Salt Department there are 4 officers with salaries ranging from Rs. 300 to Rs. 1,000. There is no Indian among them. In the Customs Department there are 41 appointments, with salaries ranging from Rs. 260 to Rs. 2,250; not a single one among them is held by an Indian. In the Opium Department there are 87 officers with salaries coming down from Rs. 3,000 to so low a point as Rs. 140 a month only 12 out of these are Indians. Two officers belong to the Stamps and Stationery Department; one draws Rs. 1,100 a month and the other Rs. 500; but neither of them is an Indian. In the Jail Department there are 1 Inspector General, 12 Superintendents and 4 Deputy Superintendents. There is only one Indian among them, and he is in the rank of Deputy Superintendents. In the Educational Department there are 59 officers drawing Rs. 500 and above, and out of these only 10 are Indians. Lastly, in the Public Works Department, 84 officers draw a salary of Rs. 500 a month and above, of whom only 15 are Indians. The other provinces tell the same mournful tale, and I do not wish to trouble the Council with any more details in this matter.

“Now, my Lord, I would respectfully ask if such virtual exclusion of the children of the soil from these Special Departments can be justified on any grounds. Reasons of political expediency may be urged for our exclusion from the Army. It might also be urged with some show of reason that the Civil Service of India must continue to be recruited, as at present, by means of a competitive examination held in London, because that Service represents the traditions of British rule to the mass of the people, and its members must therefore be imbued with the English spirit and be familiar with English modes of thought: and that in theory at any rate Indians are free to compete for entrance into the service on the same terms as Englishmen. But why this shutting out of our people from the Special Departments also? There is no question of political expediency involved here. If Indians are found to sit on High Court Benches with dignity to themselves and honour to their country, it cannot be contended that they would be found wanting, if they were entrusted with responsible duties in the Opium or Salt or Customs

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Department. If it be argued that for the technical instruction that is necessary in the Telegraph and some other Departments there are no adequate facilities in the country, the answer to that is that Government should provide those facilities to the people of this country. But the virtual monopoly of these Departments is so jealously guarded that where competitive examinations for entrance into them exist, those examinations have been surrounded with stringent restrictions such as are unknown in the case of the great Civil Service. Thus, while an Indian, by passing the Indian Civil Service Examination, might one day be the Head of a District or of a Division as some Indians actually are at present, no Indian is allowed to compete for entrance into the Police Department at the competitive examination that is held in London, because, if he passed, he might one day be the head of the Police in a district. Again, only two years ago the rules for admission into the Engineering and Telegraph Departments from Cooper's Hill were altered with the express purpose of preventing more than two Indians in any particular year from entering those services. This alteration of the rules was a grievous wrong done to the people of India, and it has produced a feeling of bitter resentment throughout the country. In the Educational and Public Works Departments, our numbers are slightly more satisfactory than in the other departments, but even here the constitution of a Provincial Service, with a lower status and a lower scale of pay, has caused much dissatisfaction and discontent. My Lord, if all posts were equally open to Indians and Europeans, something may be said in favour of paying the Indian a smaller salary, if Government in the interests of economic administration, preferred the Indian to the Englishman, when both were equally eligible; but to restrict the employment of Indians and at the same time to pay such of them as are employed a lower salary is to inflict upon them a double disadvantage, the reason for which it is not easy to understand. My Lord, the Universities turn out every year a large number of young men who have received a fairly high education. It is a natural aspiration on the part of many of them to seek responsible employment in the service of their own country. If they find a bar in front of them, whichever way they turn, how can they be blamed, if they occasionally show signs of discontent? They belong to what may be called the articulate classes of this country, and what they say sinks slowly but steadily into the minds of the mass of the people. We have been promised equality of treatment, both in the Act of 1833 and the Proclamation of 1858. I for one am prepared to allow that such equality of treatment is under existing circumstances possible only within certain limitations; only I am anxious that there should be a constant movement in the right direction, and that, as year succeeds year, the sphere of employment should widen for my countrymen more and more. I ask this in the name of good

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policy as well as of justice, and I earnestly trust that the spirit of my remarks will not be misconceived.

“ My Lord, I must apologize to the Council for having spoken at such unconscionable length and strayed over a somewhat wide variety of topics. But this is the only day in the year when the non-official Members of the Council find an opportunity to place before Government their views, such as they may be, in regard to the more important questions connected with the administration of India. No one denies that the difficulties of the position are great, and no one expects radical or far-reaching changes all in a day. What one regrets most, however, in the present system of administration is that it favours so largely a policy of mere drift. The actual work of administration is principally in the hands of members of the Civil Service, who, taken as a body, are able and conscientious men ; but none of them individually can command that prestige, which is so essential for inaugurating any large scheme of policy involving a departure from the established order of things. The administrators, on the other hand, who come out direct from England, command, no doubt, the necessary prestige, but their term of office being limited to five years, they have not the opportunity, even, if they had the will, to deal in an effective and thoroughgoing manner with the deeper problems of the administration. The result is that there is an inveterate tendency to keep things merely going, as though every one said to himself ‘ This will last *my* time.’ What the situation really demands is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to and the progress made examined almost from year to year. My Lord, speaking the other day at the Imperial Assemblage at Delhi, Your Lordship was pleased to observe: ‘ If we turn our gaze for a moment to the future, a great development appears with little doubt to lie before this country. There is no Indian problem, be it of population or education or labour or subsistence, which it is not in the power of statesmanship to solve. The solution of many is even now proceeding before our eyes. . . .

. . . The India of the future will, under Providence, not be an India of diminishing plenty, of empty prospect, or of justifiable discontent ; but one of expanding industry, of awakened faculties, of increasing prosperity, and of more widely distributed comfort and wealth. I have faith in the conscience and purpose of my own country, and I believe in the almost illimitable capacities of this. But under no other conditions can this future be realized than the unchallenged supremacy of the Paramount Power, and under no other controlling authority is this capable of being maintained, than that of the British Crown.’ My Lord,

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the people of India have all along accepted with willing allegiance the condition so justly insisted upon by Your Lordship, namely, the unchallenged supremacy of the Paramount Power, and the faith expressed in the purpose and conscience of England is our main ground of hope for the future. Both sides stand to lose a great deal if their harmonious co-operation is ever disturbed, and working in a spirit of mutual understanding and appreciation they may realize for this country an honoured position among the nations of the earth and for England the glory of having helped India to such a position."

The Hon'ble SIR DENZIL IBBETSON said:—"My Lord, when I addressed the Council in the Budget discussion of last year, I ventured to speak to them rather as the late head of a Province than as a Member of the Government which I had so recently joined, to describe the financial starvation from which so many of the Indian Administrations had been suffering during a series of distressful years, and to insist upon the absolute propriety of devoting a large proportion of the available surplus to in some measure regaining the headway that had thus been lost, and to providing for expenditure, urgently needed, which the pressure of circumstances had unavoidably postponed.

"In the present Budget, while devoting somewhat more than two crores to the reduction of taxation in a form which public opinion, as expressed in the comments of the Press and in the speeches which we have listened to this morning, has emphatically endorsed as the best possible, we have not neglected to provide still further for that deferred expenditure of which I have just spoken. The 40 lakhs of special provision for increased expenditure upon education has been repeated this year, as was indeed inevitable, since most of the objects to which it was devoted involved a recurring charge. Similarly, of the grant of 18 lakhs which was to be applied mainly to improvement in the pay of district establishments, 15 lakhs are again repeated in the present Budget; while, in addition to these renewals, a special grant of 40 lakhs has been made for non-recurring expenditure.

"It may interest Hon'ble Members to know how the grant for the improvement of establishments has been distributed. Details are not yet complete, and the proposals have not yet in all cases received final sanction. But, roughly speaking, the grant has been allotted as follows. Two lakhs have been devoted to the Provincial Service. Two and a half lakhs have been allotted to the Subordinate Judicial Agency which disposes of so large a portion of our judicial work, three and a quarter lakhs to the Tahsildars and Naib Tahsildars who form the backbone of our revenue administration, and three lakhs to the Land

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Record staff which assists them. No less than three and a half lakhs have been devoted, most wisely and properly, to improving the pay of the clerical establishment in district offices, both revenue and judicial, than whom I venture to say no men in India work harder, or for more moderate remuneration. The menial establishment, who, with their small salaries, have been severely affected by the rise in the cost of living, have also shared in the improvement to the amount of three-quarters of a lakh; while a similar sum has been spent in improving the prospects of the Subordinate Medical Service.

"When addressing the Council last year, I alluded to the appointment of an Irrigation Commission under a distinguished president, which was then visiting the several provinces of India. The Commission has now completed its inquiries, and we hope that its report will reach us before the end of next month, and that it will enable the Government to lay down a well-matured and comprehensive policy for the future development of irrigation in India. Meanwhile, the enhanced grant of one crore for major works has been continued, and the provision for protective works has been increased by 11 lakhs. Nor have minor works been neglected. The special grant of 25 lakhs which was made last year has been repeated, and an additional provision has been made of nearly 10 lakhs, so that while the expenditure upon minor works during the first three years of the lustrum stood constant at about 106 lakhs, it rose to 128 lakhs in 1902-03, and the present Budget provides for 147 lakhs under this head. Nothing was impressed upon me more forcibly, when serving upon the Irrigation Commission, than the large scope which exists for the immediately profitable expenditure of capital upon minor irrigation works, to the advantage both of Government and of the people. But it would have been unwise to embark upon any extensive policy while the experts who have been appointed to advise us are still examining the matter; and I think that the figures given above represent as rapid an advance as would be advisable until the subject has been carefully considered as a whole. It is satisfactory to note that a provision of 17 lakhs was made last year, and is now repeated, for extending to the dry zone of Upper Burma, which is one of the most precarious tracts in the Empire, that canal irrigation which has proved of such infinite service in North-Western India.

"At the Budget Debate last year, the Hon'ble Member who officially represented the United Provinces reproached us—very gently, I admit—with not having included irrecoverable takavi in the famine arrears which we were remitting. In reply, while explaining why it would not have been possible to do so, I freely admitted that a certain portion of the advances made during

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the famine would be found to be irrecoverable, and should properly be regarded as an integral portion of the cost of relief. But I pointed out that 22 lakhs of such advances had already been written off, and that the Budget for 1902-03 contained a further provision of 20 lakhs. Hon'ble Members will see that in the Revised Estimate these 20 have grown into 31 lakhs, while the present Budget provides for a further remission of 10 lakhs under the same head.

“ With reference to the remarks which the Hon'ble Mr. Bose has made upon land-revenue collections in Chhattisgarh, he will be glad to learn that the Chief Commissioner has suspended or remitted no less than three and three-quarter lakhs of the current demand in the two districts of Raipur and Bilaspur. The fact will shew that the Local Government is prepared to deal leniently with people who have undoubtedly suffered greatly. At the same time, it must be remembered that the assessment in Chhattisgarh is one of extraordinary lightness. And, even before I left the province, there were distinct indications (and not only in Chhattisgarh) of the necessity for that ‘firm hand’ to which the Hon'ble Member alludes. Firmness, however, is not incompatible with a well-considered leniency. As regards the development of the mineral resources of the Province, my Hon'ble friend may rest assured that no effort on the part of Government will be spared to assist and encourage it, and already there is good reason to believe that active steps will presently be taken to start that industry of which he has spoken.

“ The figures which the Hon'ble Mr. Rampini quotes as showing the ‘nett profit’ upon the administration of justice are for my Hon'ble Financial Colleague to deal with rather than for me. But I think the Hon'ble Member will himself admit that the mere subtraction of current income from current expenditure, as shown under the heading ‘Courts of Law’ in the annual accounts, affords no safe basis for such an estimate. And I note that no longer ago than last March, the Hon'ble Mr. Pugh, when addressing the Council upon the same subject, admitted that, taking India as a whole, the surplus was not more than sufficient to afford a necessary and reasonable margin of safety. On that occasion I protested strongly against the idea which was then put forward, and which seems also to underlie the Hon'ble Mr. Rampini's remarks, that in considering this matter the several provinces of India can be treated as so many watertight compartments; and to that position I still adhere.

“ As regards the two specific suggestions which my Hon'ble friend puts forward, namely, the strengthening of the Judicial staff in Bengal, and the improvement of the prospects of the Judicial Branch of the Service, I would remind

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him that there are constitutional authorities who are charged with the care of these matters, and whose representations always meet with the fullest consideration from the Government of India. Moreover, the mere existence of arrears does not of itself prove the insufficiency of the staff. It may result from slack and dilatory procedure, the remedy for which is to be found in closer and more effective supervision; or, as pointed out by the Hon'ble Mr. Whitworth, it may result from the fact that the existing staff is not utilized to the best advantage. Both these are matters which can be satisfactorily dealt with by the local authorities alone. I may add that we have at this moment proposals before us for strengthening the Subordinate Judicial Service in Bengal at a cost of over a lakh of rupees.

"On one point I am in entire sympathy with him, and that is the necessity for taking all possible precautions to ensure that men who are called upon to perform judicial duties of importance have received the necessary training. It is a necessity which is greater now than it ever was before, or than I hope it ever will be again, because the under-recruitment for the Civil Service which prevailed not many years ago, has resulted in the unprecedentedly rapid promotion of its junior members. Curiously enough, only a few days ago—but I may add, before I had received the advance copy of his speech which the Hon'ble Member has been good enough to send me—the very point to which he calls attention came under my notice. I had observed that the rules for Departmental Examinations in India had not been modified since the regulations at Home were changed; and I had already directed a draft to be prepared, asking Local Governments to consider the best method of securing a reasonable acquaintance with at least the text of the Civil law of India on the part of our Junior Civilians.

"As regards the reporting cases in the Courts which was a part of the Home training when my Hon'ble friend and I entered the service, my own experience leads me to regard it as of the greatest value, and to regret its omission from the present course. But its retention or omission depends upon the larger question of the period for which it is advisable to retain selected candidates under training in England; and that again forms part of the still larger question of the age at which they shall be permitted to compete.

"The Hon'ble Mr. Whitworth admits that the arrears of judicial work to which he refers can be avoided by improved administrative arrangements, and that is essentially a matter to be dealt with by the Local Government and the High Court. So, too, is the reorganization of the execution department which he recommends. We have lately received a representation from the Bombay

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Government regarding the constitution of the Sadr Court in Sindh, which I hope to deal with very shortly. Any proposal for improving the position of the Subordinate Judges in that Province which the Bombay Government may think fit to put forward, will receive the most careful consideration. But, in so far as it may rest upon the regular use of lamps because the hours of daylight are not long enough, I could, on the same ground, put forward a very strong claim in behalf of many officials in the Punjab—and also, may I add, of at least one Member of Council.

“More than one Hon’ble Member has alluded to the legislation which results in the virtual exclusion of Indians from South Africa and Australia. It will be sufficient for me to say that the Secretary of State is already in possession of our views on the subject; and that, in our recent negotiations with the Delegates from Natal, we have not failed to bear in mind the strong feeling which exists in India.

“When I addressed the Council last year, I said that, now that an Inspector General of Agriculture had been appointed, I hoped that substantial progress would soon be made in the development of that agricultural inquiry and experiment which is one of the crying needs of the country. In such matters it is well to make sure of your ground before you take important steps, and the Inspector General has rightly devoted his first year to making himself acquainted with what is being done in the various Provinces. Meanwhile we have been collecting a small staff of experts. Besides an Agricultural Chemist, we already have a Cryptogamic Botanist whose business it is to investigate the diseases which attack our agricultural staples, while an Entomologist who will study the insect pests from which they suffer is just about to land in India. The services of an Economic Chemist are also at the disposal of the Agricultural Department, to which an Economic Botanist has just been transferred by the Madras Government. We are indenting or have indented upon the Secretary of State for two more trained experts and another Agricultural Chemist to be attached to the Provincial Establishments, and, when they arrive in India, there will be one only of the larger Provinces which will be without the benefit of highly-trained scientific advice in matters agricultural.

“In order to assist the Government in controlling and co-ordinating the various branches of scientific enquiry which are concerned with the economic development of the country, we have constituted a Board of Scientific Advice. At the same time, the Royal Society at Home has consented to appoint from among its members a Committee which will examine the proceedings

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of the Board and of the various Departments with which it deals, and will advise us in all matters connected with economic science, and from which we hope to receive the same invaluable assistance which we already receive from the Royal Society's Observatories Committee in all that concerns pure physical science in India.

“ Meanwhile, during the past month or two a scheme has been elaborated which will, if sanctioned, be the first important outcome of the new departure, and will, I hope, prove the cornerstone of agricultural progress in India. The scheme has not yet been submitted to the Secretary of State ; but something of the sort must come sooner or later, and I will briefly outline its main features. Hon'ble Members will remember that His Excellency the Viceroy has decided to devote the greater portion of Mr. Phipps' munificent benefaction of 4½ lakhs to an Agricultural Research Laboratory. It was at first proposed to place it at Dehra Dun, where some kindred institutions are already located, and which would thus become the head-quarters of economic science in Northern India. But the scheme has grown since then, with the cordial sympathy and approval of my Hon'ble Colleague in charge of the Finance Department ; and it is now proposed to combine a large Experimental Farm and an Agricultural College with the institution for Research, so as to form an Imperial Institution in which the field, the classroom and the laboratory may mutually assist one another under the direction of one common head. For such an institution Dehra would be unsuitable, and it is proposed to utilize the fine Government estate at Pusa, which is preëminently well suited for the purpose. The staff which I have already enumerated will have its head-quarters there, and will be materially strengthened ; and the Hon'ble Mr. Ananda Charlu will be glad to learn that we shall teach the elements of mechanics as applied to agriculture. It will be our aim to provide for education in the science and art of agriculture up to a point which may correspond with the M. A. degree in letters, and so to combine practical training with theoretical instruction, that those of our pupils whose natural bent inclines towards scholarship, and who will find employment as teachers and professors, shall have a practical acquaintance with the subject which they teach, while those of a practical turn, who will find more active service in executive appointments, will have a sound foundation of theory upon which their practical knowledge will be securely built. The most encouraging feature of the situation lies, to my mind, in the awakening of native public opinion to the importance of agricultural education and enquiry which has taken place during the last few years. The volume of this opinion has grown steadily, so far as one can judge from the columns of the native papers,

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and its existence has a very important practical bearing upon the success of our institution. It is no use building a College if we fail to attract pupils; and pupils will not come unless they see a prospect of profitable employment before them. In providing such employment, Government will do its best. There will be a certain demand for educational service—a demand which will expand as the supply of teachers at the top enables us gradually to extend instruction downwards until we reach the village-school. A certain number will be employed by the Courts of Wards in the various Provinces. More will, I hope, be needed for those demonstration farms alluded to by the Hon'ble Mr. Bose, as to the value of which I agree with him entirely, but which we are not yet in a position to start, simply for want of men qualified to take charge of them. And qualifications in agriculture will be given due weight in selection for the revenue side of Government service. But what Government can do will be a mere fleabite compared with what the great landowners of India can do; and with what the great landowners *will* do, if the demand for men with agricultural training which is so constantly put forward in the native papers is the expression of a genuine opinion. I realize that much will depend upon the class of men that we turn out. They must be, not mere theorists with heads crammed full of book knowledge, but thoroughly practical men, accustomed to apply in the field what they have learned in the laboratory. I believe that we shall turn out such men; and if only the great landowners will appreciate their value and give them employment, they will be doing more than could be done in any other way to promote the agricultural development of their country.

“The Púsa institution will also include a cattle-farm for the improvement of the local breed of cattle. And this leads me to a subject which is of vital importance to the agriculture of the country, and which has been too much neglected in the past. Hitherto the Civil Veterinary Department has been, in many parts of India at least, so fully occupied with the care of horse-breeding in order to supply remounts for the Army, that it has had but scanty leisure to devote to its more proper duty of improving the local breeds of cattle, and of combating the infectious diseases which annually impose such a heavy tax upon the cultivator. Much has been done within the past two years to elaborate a method of inoculation against rinderpest, and to induce the people to avail themselves of it; and already there are the most encouraging signs that the idea has taken root and is spreading steadily. But no great progress could be expected so long as our superior Veterinary establishment were not free to devote themselves to this and kindred subjects. The care

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of horse-breeding, at any rate in those parts of India in which it forms the heaviest charge upon the attention of our staff, is now about to be transferred to the Military Department; and I hope that before long the good effects of the change will become apparent, and that we shall be able to show substantial progress in dealing with the question of agricultural cattle in India.

"The Hon'ble Sir Edward Law remarked last Wednesday that the alleged deterioration in the quality of fibre of the jute grown in Bengal appeared to him to be a matter which required the close attention and advice of agricultural experts, assisted by agricultural chemists, and that he hoped that it would be taken up. The subject was brought to the notice of Government in August 1900, and inquiries were immediately set on foot. The first step was to ascertain the local facts precisely—always a work of difficulty where a staple is cultivated over a large tract of country. The next was to conduct a carefully arranged series of experiments in the cultivation of different varieties under varied conditions. Now, unfortunately, a plant will not allow itself to be hustled; it insists upon taking its own time to grow, and will ripen only once a year. Consequently, such experiments take time. We may be fortunate enough to hit upon the cause of the deterioration and its remedy almost at once, or it may take us some years of careful experiment. But I think I can promise that the inquiry will be practical and thorough.

"The Hon'ble Mr. Cruickshank has alluded to the important measures that are in hand for the rehabilitation of Bundelkhand. The measures are, in the main, the proposals of the Local Government; but they have had throughout the hearty approval and support of the Government of India. The Hon'ble Rai Sri Ram Bahadur reminds us that we shall have to put our hands into our pockets if our plans are to succeed; and he refers us to an expression of his opinion, in another place, upon the intrinsic merits of our measures. I gather that he and those who think with him approve of the extension of the Encumbered Estates Act. But they consider that the proposals for restricting the alienation of land are unjustifiable and unsound, and that they should at least be postponed until experience has shown how a similar measure works in the Punjab. Now it cannot be too clearly understood that in this matter the whole scheme stands or falls together, and that it is not open to choose one portion of it and reject another. We fully recognize that the depressed condition of the Bundelkhand landholders, though due in the main to causes for which the Government is in no way responsible, such as the character of the soil and a long series of

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unfavourable seasons, is also in some degree the result of a revenue system which was unsuited to the tract. We have accordingly changed the basis of assessment, and in future the demand will be periodically adjusted upon a fluctuating system, under which the burden will vary with the means of bearing it. We are granting an immediate reduction of some five lakhs in the annual assessment, which will reduce it to a very moderate proportion of the assets as they now stand; and we are also granting a further special reduction of some 2½ lakhs upon the already reduced demand, in the hope of giving the old landowners a fair start under the new system. Finally, we have sanctioned rules under which remissions will follow upon failure of crops upon a scale of unprecedented liberality. So far as the Revenue-administration is concerned, I am sure that my Hon'ble friend will admit that the matter has been dealt with in a large and generous spirit.

“ But there remains a cause of indebtedness with which it is far more difficult to deal; and that is, the character and habits of the people. Just twenty years ago the same indebtedness for which we are now endeavouring to find a remedy prevailed in Jhansi, one of the Bundelkhand districts. The Government then passed the Jhansi Encumbered Estates Act, constituted a special Court with equitable jurisdiction, at a cost of a lakh of rupees, to enquire into and adjust the debts of the landowners, and advanced a further sum of 5 lakhs for their liquidation, with the result that the greater number were restored to solvency. But no sooner had this been done than the old process began again, and at the present moment indebtedness in Jhansi is as great as ever. It is agreed by all who know them best, that this result is largely due to the thriftless character of the people, who are unable to resist the temptations that spring from the gift of a proprietary right which will fetch money in the market; and that so long as they are left with an unrestricted power of alienation, so long must any amelioration that may result from proceedings such as I have described be of a purely temporary character.

“ We are now proposing to repeat the experiment of 1882 upon a greatly extended scale, to apply the Jhansi Act to the whole of Bundelkhand, to create special Courts in five and a half districts instead of one at a cost which will presumably exceed 5 lakhs, to advance 25 lakhs for the liquidation of debt, and to spend one lakh on the purchase of estates in special cases in order to retain their old proprietors upon the land. But we are not prepared to take these measures unless we have some assurance that the benefits which result will be more lasting than before. We have not the slightest intention of spending 6 and lending 25 lakhs of rupees, if the process is to be repeated

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for the third time twenty years hence. We are therefore proposing legislation to restrict the power of alienation of land by the agricultural classes of Bundelkhand, on similar lines, though somewhat less stringent, to those followed in the Punjab ; and it must be distinctly understood that this legislation is an integral portion of the scheme. If that is to be postponed, then the whole scheme for the redemption of debt must be postponed also ; and the Hon'ble Rai Bahadur knows what that will mean for the people."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said :—" My Hon'ble Colleagues Rai Sri Ram Bahadur, Mr. Gokhale, His Highness the Agha Khan and Mr Ananda Charlu have all reiterated, with their usual eloquence, the demand, with which we are all familiar, for the reduction of Army expenditure.

" His Highness the Aga Khan does not advocate a reduction of the British force, a sentiment on which I congratulate him, but suggests short service for the Native Army as a means of decreasing the burden. In this he is strongly supported by Mr. Gokhale. In reply I would say that I cannot think that this system on European lines is applicable to India.

" My Hon'ble Colleague Mr. Ananda Charlu says that, notwithstanding the manner in which his previous representations have been met, he remains 'incurable.' I am afraid I must plead to being equally incurable on the other side and must give very much the same answer as last year, that I see no probability of any decrease in Military expenditure, but rather the other way. Our critics both here and in the Press are apt, I think, to attribute this steady increase to the innate viciousness of the soldier rather than to natural causes. The increases are, I believe, due to four main causes :—

first, the addition to the army in 1885 ;

second, the increase of pay which was a few years ago given to the Native Army, and this year to the British ;

third, the loss by exchange, as the British soldier is a large gainer by a low exchange ;

fourth, the enormously enhanced cost of war material, whether guns, rifles, ammunition, etc.

" As to the first item, I fear the Government of India will remain at variance with its critics. The addition to the army was considered necessary in 1885

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by the then Government, and the maintenance of the addition is considered necessary by the present Government. It is justified by the addition of the Provinces of Burma and Baluchistan to the Empire. It is argued that because we spared 10,000 men for South Africa we can spare them altogether. In every concern I know of, whether business or engineering, there is a factor of safety. A mill or factory may work extra time under pressure, or underhanded owing to sickness, but no sane manager would therefore advocate a reduction of establishment. No engineer would build a railway bridge to carry the exact load it may be called on to bear. Similarly, because we spared 10,000 men and many officers in 1900 to 1902, it does not follow we were not pushed ourselves. In fact we were, as regards officers especially, and every Lieutenant-General considered that efficiency was suffering owing to the efforts we made to help the empire. The wonder of Foreign Powers is not the enormous army we keep up, but the fact that we have such a small army to hold the enormous tract called India. We cannot admit, as stated by the Hon'ble Rai Bahadur Sri Ram and Mr. Gokhale, that the army is too great for local purposes or defence. I may venture to suggest that perhaps the Government of India, backed by the Home Government, are the best judges. Any one who said five years ago that we should place over 200,000 men in South Africa during 1899 to 1901 would have been scoffed at. When can we say when our necessity may arise?

"In regard to the second item I would remark that the amount spent in increasing the pay of the Native soldiers and in fact their whole pay, some crores, goes back to the country and benefits the people. The extra pay of the British soldiers of 2d. a day was accepted by us as being a necessity on recruiting grounds; it amounts to a little over 30 lakhs. The further increase of 6d. a day which will be a heavy addition to the Indian Estimates is under arbitration by Lord Alverstone. It will not become due until 1st April, 1904.

"In regard to the third item, exchange is now stable and we need not anticipate any further increase due to a lower exchange.

"In regard to the fourth item I need only mention that the re-armament of our Native Army, Volunteers and Imperial Service Troops will cost 2½ crores, and in the last three years we have spent 65½, 59½ and 49 lakhs for the purpose. A single gun for our coast defences may now cost £10,000. We are powerless to resist the advance of science in these matters and the necessity for keeping pace with our neighbours. No one could seriously contemplate re-arming our Native army with an obsolete weapon, or mounting a smooth-bore gun at the cost of a few pounds in the Bombay defences.

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"I have here a statement * showing for a period of twenty years the total revenue and the Military and Marine expenditure under the following heads:— India Military, Home Military, Military Works, India Marine, Home Marine, and Special Defences (Home and India). I shall have much pleasure in supplying any Hon'ble Member of the Council with a copy.

"A study of this is instructive and I think entirely refutes the views of our critics who assert that increased revenue is swallowed up by the rapacity of the military cormorant. With reference to the Hon'ble Mr. Gokhale's remarks, in the last 11 years the Revenue of India has increased by nearly 17 millions sterling, no doubt a paltry increase due to the machinations of a wasteful and wicked Government, whereas the net Military expenditure has risen from £16,170,000 to £17,608,000, or barely 1½ millions. It would therefore appear that owing to wise statesmanship which, whilst fully alive to the requirements of the Army as a means of ensuring peace, has been equally alive to developing the material prosperity of the country, a trifle of 14 to 15 millions of revenue in this financial year has been made available for spending on the people of India and its further development. The percentage of net military expenditure has fallen from 26 per cent. for the 9 years before 1892-93 to 24 per cent. for the last 11 years.

"People are apt to forget that if you wish for peace you must be ready for war. It will, I firmly believe, be the first sign of the decadence of our power in India if the counsel of neglecting military requirements is ever listened to. It is the fact of our being strong that permits of the great development we are witness to and the increased prosperity of our finances. Rather than find fault with Army expenditure, I would urge our critics to be thankful that we have a broad-minded statesman at our head to whom the Army owes much and who has not shrunk from the necessary expenditure for its improvement; and I would ask them to be further grateful that we have the leading soldier of the day at the head of that Army, under whose auspices it will, we feel assured, become stronger and better fitted to guard the interests of this vast Empire and thus maintain that peace from which cometh prosperity."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, at this late stage of the debate, I do not intend to detain this Council long, or to make large demands upon their patience, but I desire to take this opportunity,

* *Vide* Appendix C.

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as other speakers have done, first to congratulate the Government of India and still more the people of India upon the prosperity budget which has been laid before us, and secondly to draw attention to a few matters with which the Province of Bengal is chiefly concerned.

“My Lord, a surplus of $2\frac{3}{4}$ millions sterling, which is better by 2 millions than the estimate framed at the beginning of the year, is a matter for sincere congratulation, even though it be swelled by an incident for which no provision was made, for it connotes a period of favourable seasons and good harvests—a year of peace and prosperity. That the Government of India should have decided to spend part of this surplus in remitting taxation is also a matter for universal satisfaction, and I think that the methods by which that remission will be effected will, on the whole, be generally applauded. Whether the price of salt to the petty consumer will immediately be lowered by a reduction of 20 per cent. of the duty may admit of some doubt, but the conception is a noble one which will be readily understood by the people, and if the benefits of the reduction do not at once penetrate to the lowliest consumers, they will at any rate reach the petty trader and shop-keeper and will increase the profits of a poor but indispensable class of the community. The raising of the minimum taxable for income-tax will also be received with thankfulness by a large body of struggling bread-winners to whom the payment of the tax is no small matter. The amount foregone is actually small, but the gratification and relief it will afford will be relatively large and out of all proportion to the actual amount surrendered. Lastly, my Lord, may I be permitted to say that to be able to announce a surplus and to remit taxation in a year which has been signalled by the great Coronation Durbar at Delhi is an achievement which will make memorable for all time the fifth year of Your Excellency's Viceroyalty.

“So far as Bengal is concerned, the announcement to which the Province has looked forward with the greatest interest is that which regards the Provincial Contract. On this subject the late Lieutenant-Governor made an earnest appeal to the Government of India last year, and urged that the assignment of revenue to Local Governments should be so arranged as to include a fair proportion of growing revenue, while in another place he pleaded that the contract should be permanent or at any rate for a longer period than five years. Therefore, it was with some disappointment that we have learned that no definite statement can yet be made. I trust, however, that the announcement of the final decision will not long be delayed, and that when it is made it will be found that Bengal has obtained a larger share of the revenue under the divided heads, and above all things a greater permanency of allotment. We acknowledge with gratitude the

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liberal assistance which has been given us from time to time by grants from Imperial funds, but, acceptable though those have always been, they are for obvious reasons less capable of useful application than even smaller sums would be if their continuance were assured, or if the grants themselves could be longer foreseen.

" Though Bengal is an ancient Province with a teeming population, a fruitful soil, valuable products, and for the most part practical immunity from famine, yet in some material respects it lags behind other Provinces of the Empire and lacks many of the advantages and developments which it would seem to be entitled to enjoy from its wealth, size and importance.

" The department in which the most crying need for reform still exists is the Police, and the appointment by Your Excellency's Government of a Police Commission was hailed with satisfaction by rulers and ruled alike : to carry out the reforms which that Commission will recommend, and others which may be found necessary by the local circumstances of this Province, will require large expenditure, which will, however, be ungrudgingly incurred to the utmost extent of our resources.

" Under the great head of Public Works also much remains to be done. The offices of Government all over this Province are in constant need of improvement. Many of them are dark, overcrowded, ill-ventilated and unhealthy and are quite unfit for the uses to which they are put : specially is this the case with the Courts of Civil Justice. Again, the question of residences for officials is one which becomes more acute year by year : not only is the accommodation for Munsifs in many outlying stations squalid beyond belief ; but even in the large stations (if the houses which they inhabit are not the property of Government) the difficulty of accommodating officials presses more and more. Indian gentlemen are realizing gradually the advantages of good houses in good situations, and there is a tendency for houses in which the officials of the district have lived for years to pass out of their occupation. Once more the development of railways all over the Province necessitates the construction of feeder roads as a complement to the railway system : the construction of roads in sufficient number and within a reasonable time is often beyond the resources of District Boards, and the aid of the Local Government is necessarily invoked. Similarly, much remains to be done in opening out and improving the great water highways of the province : several projects of undoubted benefit and importance are under consideration, foremost among which are the development of the Bhil route in the Faridpur District, and the dredging and clearance of the Bhagirathi. It is such projects as these which

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could be carried through with confidence and energy to the immense advantage of the people of Bengal if the Government were assured of the long continuance of a liberal Provincial contract, but which are now undertaken with hesitation and conducted with anxiety.

"In other Departments of the administration also the demand for funds and for prolonged and well-sustained development is equally imperious. The needs of Bengal in the direction of primary education are very great. Something has already been done for the Provincial Executive Service, and it is hoped that before long an improvement may be announced in the prospects of the Subordinate Executive Service; but the prospects of the Subordinate Judicial Service and of the Educational Service in Bengal, both Provincial and Subordinate, are far from good, and it is admitted that both require reforms which only await the allotment of funds.

"Lastly, ere my list grows too large, I would mention the needs of agricultural development and improvement. Bengal is before all things an agricultural province, and any measures which would result at reasonable cost in increasing the productiveness of the soil, in reducing the expenses of cultivation and in giving the agriculturist a larger return for his toil would have far-reaching and widely beneficent results. There was a time when, in this Province as in others, it was generally believed that the Indian peasant had nothing to learn in respect of husbandry, and that his apparently crude methods, the heritage of a hoary past, were those which were best suited to the conditions of the climate and the soil. But those days are past; it is recognized now both by Europeans and Indians that much can be done for Indian agriculture in many ways, and Bengal is ready to share fully and eagerly in that advance in the theory and practice of agriculture which has been so marked a feature of Your Excellency's administration. Moreover, while it is true that scientific research and improved methods are likely to do much for the general agriculture of the country, still more is the remark true of the large industries which have led to the investment of great sums, the introduction of European capital and the employment of an army of labourers of every degree. Most of these, alas, are now in a decadent condition; indigo is, I fear, almost doomed, tea has seen its best days, and jute we are told is deteriorating. On the other hand, there are indications that sugar may be destined to save the situation in Behar and, that, while preventing the total loss of the capital sunk in indigo, it may give employment to thousands of labourers, both agriculturists and artisans, who would otherwise have been thrown back into the mass of humanity which presses upon the soil of that densely populated Province. The commercial company which commenced its operations in 1900 has already expended £250,000 in the country and claims to have demonstrated that they may expect to get a sufficient return in sugar

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from an improved variety of cane to give the planter who grows the cane an adequate agricultural profit, and to the cultivator a large increase of employment at a season of the year when such increase is most welcome.

" My Lord, in concluding his observations a year ago, the late Sir John Woodburn emphatically avowed the loyalty of the Bengal Government to the Government of India in matters of finance as in others, and he assured Your Excellency that while he desired to have a share in the growing prosperity of the Government of India he was equally ready to accept without demur their decisions on financial questions, and to yield to their requests for assistance when this assistance is required. With this declaration of loyalty I desire heartily to associate myself, and I will ask you to believe that the foregoing remarks are not the complaints of a suppliant begging for further favours, but that they represent the aspirations of a Government which looks out with wistful eyes upon a great field for development and enterprise, which is eager to devote all its energies to that task, and which desires nothing more earnestly than larger funds and greater capacity ; in order to utilize to the full for the good of its people the immense opportunities which lie before it."

The Hon'ble SIR EDWARD LAW said :—" Your Excellency, I will endeavour to reply to the observations and criticisms of the Hon'ble Members who have spoken.

" His Highness the Agha Khan has, in addition to his kindly congratulatory remarks, dealt chiefly with military subjects on which it is not within my province to offer any reply.

" I can only express to His Highness the Raja of Sirmur my gratification at the cordial terms of his acknowledgments of the efforts of Government for the benefit of the people.

" With reference to the Hon'ble Mr. Cruickshank's remarks concerning the alleged inadequacy of the sum allotted under the existing Provincial Settlement for the Government of the United Provinces, I need only say that in our next settlement every possible effort will be made to treat the various Provinces in a thoroughly equitable manner. My Hon'ble friend is as fully aware as I am of the very great difficulty of the question and of the utter impossibility of satisfying everybody.

" My Hon'ble friend Mr. Sri Ram seems to be under a strange misapprehension when he says that the surplus of 1901-1902 was not used for any of the purposes which he enumerates, namely, remission of taxation, reduction of the National Debt, or construction of works of public utility. Human memories are, alas, short-lived, but I must admit that it is to me most astonishing to find that the Hon'ble Member has already forgotten that the surpluses of the last

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two years enabled us to devote £1,321,500 to remission of land-revenue arrears, and further a very considerable sum directly for public works, as is shown by the reduction of our balances in India by the sum of £1,213,300, which, coupled with a reduction in the balances in England, enabled us to devote the very large sum of £3,011,000 to our railway and irrigation programme. In addition we sanctioned grants-in-aid to Provincial Governments for works of public utility amounting in the aggregate to £1,203,200.

"I may here note that the Hon'ble Mr. Gokhale has complained, in his speech, that the whole of our surpluses were devoted to the reduction of public debt. There is a distressing conflict of opinion between our advisers.

"I note that my Hon'ble friend advocates a further reduction in the postage charge for the transmission of newspapers. He says that this is in the interest of the general public. I venture to demur to this statement. I believe that it is only the very smallest fraction of the general public who are interested in the question. The general public is interested in the question of the charge for money orders, and I think that we rightly gave preference to the claims of the great majority of the public.

"As regards Agricultural Banks, I have already stated that the reason of delay in taking action is to be found in the complicated nature of the questions involved, which require the most careful consideration. If my Hon'ble friends were to be obliged to study the very numerous and often conflicting opinions which we have received from the large number of authorities whom we considered it our duty to consult, he would readily understand the cause of the delay. Certainly no one wishes more heartily than I do that it may be found possible to take reasonable action with a fair prospect of success, at an early date.

"Regarding the cotton excise-dues I must say that I am surprised that the Hon'ble Mr. Sri Ram should consider an increase approximating 50 per cent. in six years, in the returns from the cotton excise, as unimportant. I should be very glad to find anything approaching a similar percentage of increase in any other branch of revenue.

"I have now obtained later figures which show a still greater advance than indicated in my Financial Statement:—

Net total receipts of cotton excise-dues.

	Rs.
1897-98	11,38,950
1898-99	13,53,128
1899-1900	13,09,514
1900-01	11,62,947
1901-02	17,16,836
1902-03	17,76,450

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"I fully sympathise with the Hon'ble Member in his desire to see the development of a system of scientific and technical education. It is manifest that the Finance Department must be keenly interested in progress in a direction which must increase the earning power of the people.

"I must admit to being startled at the remark that the local production of kerosine oil has decreased, when the very contrary is the case, and, as I noted in my Financial Statement, the imports of Burmese oil had increased to the port of Calcutta, alone, by some 25 per cent. in the last eleven months.

"As regards the local production of sugar, I am not aware of any falling off, whilst a new sugar industry on scientific principles has been started in Behar. I have little doubt that in course of time the crude and unsatisfactory methods of sugar-making now almost universal throughout the country will have to give way to something superior, and, if the natives of India do not advance with the times, they will, I fear, find their industry succumbing before the competition of improved methods of production. We can only hope that a spirit of enterprise will be developed among the native community, inducing them to invest capital in working up the raw products of the country.

"The Provincial Settlements have, as I explained last year, been delayed out of regard for the interests of the Provinces concerned. I hope, however, that the majority will be fixed during the coming year. I must state that, as regards the United Provinces, I cannot account for the statement that these Provinces are living on the reduction of former surpluses. According to the figures which the Hon'ble Mr. Sri Ram has himself tabulated, the revenue during the period he refers to has exceeded the expenditure by over 26 lakhs, and it would appear that the Provincial balances should have increased by a similar amount.

"It has been observed that the figures given by the Finance Secretary, the Hon'ble Military Member and myself in connection with Army expenditure do not correspond. The Finance Secretary showed that, excluding the cost of the Hyderabad Contingent, the *gross* expenditure in 1903-04 is estimated at £210,400 less than the *Budget* of 1902-03. The Hon'ble Sir Edmond Elles says that the *net* expenditure of the coming year will be Rs. 1,23,200 less than the *Budget* of 1902-03, whilst I have shown that the *Budget Estimate* for 1903-04 exceeds the *Revised Estimate* for 1902-03 by £417,400. The apparent discrepancies are accounted for by the fact that the comparisons in each case are of different kinds and on a different basis. The table given in my Statement shows only *net* figures for the comparative military expenditure in the respective years; I have given actual figures for the first three years tabulated, for the fourth year the Revised Estimate, and for the coming year the Budget figures which are alone available; and I am inclined to think that this is the

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clearest manner in which, without book-keeping complications, the situation can be exhibited to the public ; but my results do not really differ from those shown either by the Hon'ble Military Member or by the Financial Secretary.

" I have had a statement compiled showing the percentage of net ordinary military expenditure to general revenue during the last eight years. Beginning with the year 1895-96, the percentages are as follows :—

Comparison of net ordinary Military expenditure with Revenue.

YEAR.	Total Revenue excluding Army and Military Works receipts.	Net Army and Military Works expenditure, excluding warlike operations costing over 50 lakhs each, and Special Defences.	Percentage of Military expenditure to Revenue.
	£	£	
1895-96	64,894,971	15,984,476	24·6
1896-97	62,076,762	16,256,298	26·2
1897-98	63,671,720	15,616,630	24·5
1898-99	66,965,278	15,489,986	23·1
TOTAL	257,608,731	63,347,390	24·6
1899-1900	67,882,501	14,945,586	22·0
1900-01	74,419,262	15,009,519	20·2
1901-02	78,319,293	15,711,537	20·9
1902-03	75,932,600	17,279,400	22·8
TOTAL	293,554,056	62,946,042	21·4

" These figures show that our military expenditure is not advancing in proportion to the growth of our resources.

" They do not include the cost of military expeditions individually exceeding half a crore. Over such expenditure we can exercise no control. And here I may once more call attention to the large sums included in

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military expenditure in the last two or three years for the creation of ordnance establishments. Although we prefer to debit these sums to expenditure against Revenue, they are in reality Capital expenditure, which, I believe, will not only return good interest by resulting economy as regards future military requirements, but will, in ways I explained in the Budget Statement, prove of real value to the industrial community in India.

"It may possibly be objected by some critics that our total military expenditure is in any case too large. I am happy to join issue at once and directly with such critics. They cannot, for want of information which cannot be made public, be in a position to pronounce an opinion on the necessity or otherwise of greater or smaller military preparation and consequent expenditure. The Government of India, acting on the fullest information and with the advice of the competent military authorities, consider that certain things are necessary to meet certain eventualities and it is their duty to take action and provide accordingly.

"There is nothing more unbusinesslike than to delay purchases till market prices are high. If military preparations were delayed till the last moment, we should not only find the market against us for hurried purchases, but in our hurry we should be obliged to accept indifferent quality, even if the articles required were procurable in time to be of any use.

"There was a school, and indeed a very important one, though now in my opinion happily moribund, if not dead, which recoiled with horror before the shibboleth 'unproductive expenditure' which they were pleased to fasten on all military expenditure. If consistent, men of this school could never have accepted the idea of insuring their lives till their state of health was such that the Insurance Companies either charged exorbitantly high premiums for their policies, or refused altogether to grant them.

"This is a business question, and the very worst kind of finance is that which, for the convenience of the moment, wilfully shuts its eyes to possible eventualities and seeks to swell present surpluses at the cost of the future.

"The Government of India has sufficiently shown its appreciation of the many needs for the adequate development of the natural resources of this great country. Every anna we spend on military preparations is so much deducted from our means of advancing that most desirable development; and we sanction military expenditure with real regret and solely because we know that it is necessary. Our only consolation lies in the fact that we have perfect confidence

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that our present military advisers have both the will and the competence to secure for us the fullest possible value for the money which they call upon us to expend.

“The Hon’ble Mr. Justice Rampini calls attention to various questions connected with the administration of justice, and to the profit which Government is supposed to make out of the excess of fees over the cost of the Courts, particularly in Bengal.

“I thought that I had sufficiently explained last year that the assumed profit is more imaginary than real, as in the accounts from which the figures indicating a profit are taken there is no allowance for pensions, buildings, stationery (legal gentlemen use a good deal of paper) and other items, not to speak of the cost of gaols and police which are necessary parts of the machinery of justice.

“It is not in my province to discuss the possibility of improvement in the organization or procedure of the Bench or Bar. My connection with these questions is confined to the scrutiny from a financial point of view of such proposals as may be made for increased expenditure. Such proposals have latterly been both numerous and heavy, particularly from the Calcutta High Court, as also from many Provincial Courts. The only part of the Finance Department in such matters is to sanction, without any possibility of the control which it is accustomed to exercise over expenditure in most other spending branches of the administration.

“The Hon’ble Mr. Whitworth has made remarks on judicial matters and on recruitment for the Volunteers, to which it does not fall within my province to reply.

“With reference to his complaint as to the condition of court-houses in the Bombay Presidency, I may point out that, as mentioned in my Budget Statement, we are making a special grant-in-aid of 40 lakhs to Provincial Administrations for Minor Public Works. The Bombay Government will receive its share of this grant, and a portion will doubtless be applied to meet the requirements indicated by the Hon’ble Member.

“The Hon’ble Sir Montagu Turner expresses his regret that we did not find it possible to raise the limit of exemption from income-tax to include incomes of Rs. 1,200 per annum. I think there is a good deal to be said in favour of the limit he desires, from the point of view especially of the result to a considerable class of clerks whose incomes just reach that figure; but we feel that

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we have been able to grant a considerable measure of relief, and we did not consider it prudent to go further for the moment.

"The Hon'ble Sir Montagu Turner, however, goes much further when he speaks of the income-tax as a tax which should not be regarded as a permanent source of revenue. Here I am entirely at issue with him. I look on the income-tax as an excellent source of revenue, and I believe that it is most desirable that it should be continued. As years roll by, the methods of assessment should steadily improve; and I trust that this tax will in course of time, perhaps with some modifications, enable us to obtain some reasonable share of contribution towards the expenses of Government, from an important class whom many think have hitherto escaped unduly lightly. At its present very light rate the tax is a mere nothing to many men of large incomes.

"With reference to his remarks about the very large recent importations of silver, I need hardly assure the Hon'ble Member that Government is fully alive to the danger of illicit coining, and that we shall continue to use every means in our power to check unlawful practices.

"As regards the continuance of countervailing duties on sugar after September 1st, I can only say that it seems too early to decide on the measures which may be necessary after that date. When the time comes, we shall do our best to frustrate all attempts to put us once more in the undesirable situation which the countervailing duties were introduced to obviate. I do not think that the question of the levy of the general import-duty of 5 per cent. on sugar will be found to be in any way connected with that of countervailing duties.

"On the question of a reduction of telegraph charges I observed last year that 'I should be very glad if circumstances should hereafter permit us to reduce charges.' Certainly, we should be very pleased to reduce present rates, if it were found possible to elaborate any scale of charges which would cheapen the use of the telegraph to the public who send telegrams, without causing such loss of revenue as would be fairly objected to by the great body of tax-payers who seldom or ever send a telegram. I do not say that some small loss may not properly be incurred, for although the direct advantage of cheapening telegraph rates would accrue chiefly to the mercantile community, yet everything tending to facilitate trade operations must, more or less, indirectly benefit the public at large.

"At present, according to the calculations of some experts, not only does Government incur loss on the transmission of private telegrams, a loss amounting to £10,51,500 in 1901-1902, but, unfortunately, under the present system of rates, it would seem possible that the more private telegrams are sent the greater the loss. The average loss on each private telegram is according to

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some calculations about $3\frac{1}{2}$ annas; but I should observe that our authorities are not at all in accord as regards the basis on which the calculation should be made, and I must admit that, having given my best personal attention to the question, I find it so full of complications that I should not like to be held responsible for the exact figure of loss.

"I may mention that, according to American calculations, the mere cost of each operation in connection with transmission of a telegram is $\frac{1}{4}$ a cent (approximately $\frac{1}{4}$ anna) for each operation, and it is calculated by our Telegraph Department that, as an average, there are five operations in India for three in Europe.

"It will be asked how, as a matter of accounting, we have hitherto shown a book profit on the transactions of the Telegraph Department. The answer is that this book-keeper's correct statement of profit is calculated by including in the accounts the sums debited to Government Departments for official telegrams at the same rates as are charged to the general public. It must be remembered, however, that the loss on private telegrams is mainly due to the free transmission of addresses which in private telegrams are frequently inordinately long as compared with the paying part of the message—the body of the telegram. In Government telegrams the non-paying part of the message (the address) is relatively short as compared with the paying body of the telegram; also a large proportion of Government telegrams are sent at the paying urgent rates. Considering the importance to the Telegraph Department of its work for Government, it is certain that, were the Department a private commercial undertaking, Governments would demand and would be granted a very large reduction on the ordinary rates, such as is given for Press telegrams; and here it may be mentioned that there is a heavy loss on the transmission of Press messages.

"The difficulties and complications in connection with our present system of telegraph charges, and especially as regards free addresses, are extraordinary; but we have been and are giving the whole subject our most attentive consideration in the hope of finding a justification for some change advantageous to the public, particularly as regards the possibility of sending a non-urgent private telegram for a small charge.

"As regards the Persian tariff, I am afraid that I have nothing to add to the remarks made on the subject in my Financial Statement. I regret to say that the Persian Government has already refused any concession in the matter of postponing the operation of the new tariff. Disappointing as is this refusal, I understand that they are fully within their rights.

"The question of the advisability of guaranteeing the rate of exchange for interest payments on Rupee paper has been under the consideration of the

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Government of India for a considerable time. It has latterly been discussed by some organs of the Press in India, and representations have been received from the Calcutta and Madras Chambers of Commerce recommending the guarantee. Bombay has refrained from offering an opinion, and public opinion is by no means unanimous in approving the proposal.

"Many serious points must be considered and decided before we could formulate or recommend a definite proposal. But first of all we must be clear in our own minds as to the objects for which change of any sort might be considered advisable. Such advisability must depend on the advantages which might be directly secured by the Government of India and consequently indirectly, but none the less effectually, by the Indian tax-payer. The interests of the investor can only be considered as far as they coincide with those of Government, but in the important points of the price of our securities (in so far as they affect our credit) and the investor's readiness to make further investments, these interests do coincide.

"Here, I think I should note that a fundamental financial principle is that the public debt of a country should, as far as possible, be held by the citizens of the debtor country, and that the obligations connected with such debt should be in the currency of that country. I may point out that the adoption of the present proposal in any form would constitute, to a greater or less extent, a breach of at least one of these fundamental principles, and therefore we must be very cautious in accepting any change unless we are very fairly assured of securing really important compensating advantages to the State.

"For my own part, I do not, as at present advised, find such certain compensating advantages to the State, in a proposal to fix the rate of exchange for interest payable on existing securities. Doubtless its acceptance would raise the price of Rupee paper in the market; but, though I am quite open to conviction in a contrary sense, it seems to me that such appreciation of the market price of existing securities, although a considerable gain to present holders of stock, would not offer any advantage to Government, and, as regards future investors, they will only think of the terms under which future investments may be offered to them. I am inclined to think then that the only question for practical consideration is the advantage or disadvantage in guaranteeing exchange on future issues.

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"I may point out some of the disadvantages which have been suggested as connected with the acceptance of even such a limited proposal :—

(1) We should be incurring debt payable in a currency which is not that of the debtor country.

(2) We should be introducing a new class of stock, for which the market would for some time to come be limited and the stock therefore not readily saleable.

(3) We should, it has been alleged, depreciate existing stock held under present conditions.

(4) We should, it has been suggested, discourage the fortunately growing tendency among Indian investors to hold Government stock, since the concession whilst raising the price of the stock would not present to them the same advantages as to investors living abroad, who are obliged in any case to convert their rupee dividends into gold.

"I do not say that I accept all these objections as well-founded or as unavoidable, but, at all events, they require very careful consideration.

"As regards (1) the objection cannot, in my opinion, be controverted. All that can be said is that the proportion of the stock which might become subject to the objection might, by arrangement, be so limited as compared with the total debt, that the objection becomes insignificant as compared with advantages which may possibly be secured in compensation.

"As regards (2) I do not think that the objection need necessarily be encountered. It seems to me that there are various possible arrangements, such as conversion of a limited portion of existing stock into stock of the new class, by which it could be met. I do not undertake to recommend such an arrangement, but I point out that it is possible.

"(3) is an objection which, personally, I do not think would arise in practice. I believe that there are two different categories of investors—those to whom the question of exchange is all-important, that is, to the investors permanently resident in Europe, and those to whom it is of little or no importance, that is, to those permanently resident in India. Each category would, in my opinion, hold the class of stock which suited it best and for which it would be willing to pay a full price.

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"(4) If existing stock were left under present conditions, or only a small proportion of it converted, there would, I apprehend, be a sufficient quantity of such stock available to meet all requirements of Indian investors for a very long time to come, and should it, as is quite possible, command a lower price in the market than another class of stock the exchange value of the interest on which was guaranteed, I see nothing in the contingency to discourage the Indian investor.

"I have endeavoured to show that there are many important and difficult points for consideration, in connection with the proposal which has been made. I have no desire to prejudge the general question, which is receiving our careful attention.

"The Hon'ble Mr. Bose deals with many important questions in a temperate though earnest spirit which must command respect and attention. It is not within my province to reply to his remarks on the collection of land-revenue, beyond stating that he is certainly right in his assumption that the Central Government have no desire to be harsh in their dealings with the agricultural classes in impoverished districts, and I trust that the Finance Department is credited with too much good sense for it to be believed that we would knowingly injure the goose which lays our golden eggs.

"I am afraid that I cannot accept the views put forward by the Hon'ble Mr. Bose on the question of the excise-duties on cotton-manufactures and their effect on the cotton-industry. All industries have their ups and downs, and the cotton-industry in India cannot hope to fare better than other industries in the world, including the cotton-industry in Lancashire. I do not myself believe that the cotton-industry in India has been in any way seriously affected by the imposition of the excise-dues at the very moderate rate of $3\frac{1}{2}$ per cent. I am told that the average expenditure for clothing for the class who consume the bulk of the product of our cotton-mills is from 5 to 6 rupees per annum. Taking the highest figure, a charge of $3\frac{1}{2}$ per cent. thereon amounts to less than $3\frac{1}{2}$ annas per annum, even assuming, what is not the case, that clothing of no other material than cotton is worn.

"I cannot believe that $3\frac{1}{2}$ annas per annum paid by the consumer will limit his purchases of cotton cloth. Were I inclined to believe it, the figures showing the net receipts from excise-dues during the last six years, which I have quoted, flatly contradict the assumption. It is impossible that the amount of dues received from the cotton excise could have increased in so remarkable a manner if there had not been a corresponding increase

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in the outturn of the mills and in the consumption of their products. Where then is there a vestige of proof of the injurious effect of the excise? In my opinion it is a very useful tax, one which presses very lightly on the consumer, and which provides us with a rapidly increasing contribution towards the very heavy expenditure required for the development of the country. Personally, I must say that I hope that the tax will be long maintained, and that the continuance of a steady increase of the returns will continue to indicate the vitality of the cotton-industry, and the increasing prosperity of the people, whilst furnishing Government with increasingly important contributions towards meeting some of their more urgent wants.

“The Hon'ble Member says that the price of cotton-goods has fallen by 12 per cent. since 1894. I have no means of checking his figure or of comparing it with the general fall of prices in Europe, but I know that the latter has been heavy, and there is no reason why the industry in India should escape influences which have had similar results elsewhere. If the profits of the capitalist manufacturer are somewhat reduced by lower prices, the consumer is securing the full benefit of the reduction.

“I am quite prepared to admit that some of the cotton-mills in Bombay and perhaps in other parts of the country have of recent years been doing badly as regards profits, but it is a matter of common knowledge that many of them were being worked on an unsound financial basis, and that, no matter what the general conditions of trade might have been, they were bound sooner or later to feel the effect of their unfortunate financial position.

“The Hon'ble Mr. Charlu, I am inclined to think that there is something to be said in favour of the idea of a reduction of the salt-tax by an amount which could be readily calculated per seer. But, even if the idea were generally approved, to give effect to its acceptance would have entailed a reduction in the tax of 10 annas instead of 8 annas per maund—an addition of 25 per cent. to the loss of revenue which has been admitted. This addition the Government of India was not prepared to accept.

“The Hon'ble Mr. Gokhale criticises the action of Government in not having remitted taxation at a somewhat earlier date than the present. I can only say that, if we had accepted and acted on the opinion of Mr. Gokhale, we should not have ventured to reduce taxation now. Mr. Gokhale never tires of asserting that the people of this country are impoverished and going from bad

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to worse, and, if such were really the case, it is evident that without an increase of taxation affording temporary financial relief at the expense of the future, it would be impossible to maintain our present scale of expenditure. Nevertheless we are increasing expenditure, and instead of increasing taxation we are reducing it. I should be indeed sorry for the inhabitants of this country if Government had been persuaded to act on my Hon'ble friend's opinion.

"It is not, however, surprising if the Hon'ble Member should fall into error in his general conclusions, since he seems to have been misled in the assumptions in detail from which he draws them. For instance, if he has ever glanced at our Customs-returns, it is beyond comprehension how he can assume that the poorer classes of the community pay their share of Customs-duties. Almost the only imported articles which I believe are consumed by those classes are grey cotton-goods, copper, in smaller proportion silver, and in very small proportion petroleum. Taking a liberal estimate of the share of these commodities imported for the use of the classes referred to, the proportion of Customs-duties they pay will not amount to more than 20 per cent. of the total returns, and, should we accept an estimate of even 25 per cent., it must be admitted that, in comparison with their numbers and aggregate taxable capacity, the poorer agricultural classes contribute but a trifling proportion to our revenue from Customs. If the Hon'ble Member should take the trouble to make any calculation on his own lines, he will arrive at a very much smaller percentage than I am prepared to admit, since, last year, he told us that the bulk of the people have nothing to do with the imports of sugar or cotton-goods.

"Again, as regards Forest revenues, the Hon'ble Member seems to be unaware that the bulk of the returns are derived from the sale of timber and that the receipts from the agricultural classes are but a small item in the general total. Sales of timber yielded 114 lakhs out of a total of 194 lakhs, and there are also sales of sabai grass, rubber, tannin, resin, turpentine and many other minor products. It must also be noted that the balance which is paid by agriculturists is not a tax, but a payment for value received, in grazing and other rights.

"I have already answered certain criticisms on the question of our military expenditure. The Hon'ble Mr. Gokhale, however, takes a line of his own in comparing the proportion of Indian military expenditure to total revenues, with the proportion in Russia. I do not know where he obtained the information as regards Russian expenditure, which has led him to the extraordinarily erroneous

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conclusions at which he has arrived. I receive every week the official journal of the Russian Finance Ministry, and from that undoubtedly trustworthy organ I can quote figures showing that the proportion of military expenditure to the total Russian revenues derived from taxation is nearly 40 per cent. and not as the Hon'ble Member assumes 25 per cent. And Indian figures include naval expenditure, which Russian military figures do not. I do not, however, recognise any useful object in such comparisons. We have no more interest in other people's military expenditure than they can have in ours.

"My Hon'ble friend says that he has no wish to repeat the remarks which he made last year in criticism of my expressed opinion on the general economic condition of the country. I am glad of it, since it saves me from all thought of wearying Council with a repetition of the refutation of his arguments which I believe I gave wherever they were of a nature to be tested by established facts and figures. He now wants to know why I selected the last four years for a comparative statement of the returns of certain revenues. The answer is simple. I took them because they were the last four years, and therefore the most interesting. It so happens also that, as these four years commenced with a terrible famine, the period immediately following that visitation is particularly interesting as affording evidence of the power of recuperation from its effects. But, if the Hon'ble Member would like to go back further, and take another four years, so as to include the last two great famines, his contentions equally fall to the ground. These figures which I have tabulated show that, between the years 1895-96 and 1902-1903, the revenues from the sources I selected for my argument increased by some 10 per cent. This is not a bad record for a period which, as I have recalled, included the series of famine years.

	1895-96.	1902-03.
	£	£
Salt	5,907,897	6,040,000
Stamps	3,151,370	3,471,900
Excise	3,814,945	4,377,600
Customs	3,107,606	3,509,700
Post Office	1,142,330	1,435,000
TOTAL	17,124,148	18,834,200

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"I must confess to a feeling of regretful surprise that such a student of the conditions prevailing in this country should suggest an accusation of drunkenness against his compatriots. The Hon'ble Member says that the increase in excise receipts is a sign of '*increased drunkenness.*' I have hitherto been under the impression that one of the great virtues of the peoples of India was their extraordinary sobriety. Perhaps, however, we may hope that the Hon'ble Mr. Gokhale is as mistaken as to the moral habits of certain classes as I think he has been clearly shown to be on many points in connection with their material condition.

"I will only notice one other statement made by my Hon'ble friend. To-day he has spoken feelingly of the hardship caused to the people by the great rise in prices. May I remind him that last year he spoke with equal feeling on the hardship involved in the fall of prices, in connection with a remarkable argument intended to show that taxation of the producers in this land was increasing to an alarming extent!

"In concluding my replies to the Hon'ble Member I would assure him that I am very grateful for all criticisms which may be passed on my Statements. If criticisms are based on fallacious assumptions, I am grateful for the opportunity of exposing fallacies. If they are well founded, I am still more grateful for being corrected. Nothing can be more valuable as an assistance to the honest study of a question than the pointing out of errors which may lead to false conclusions.

"My Hon'ble friend has pointed out an error which I made in including Berar revenues in a comparative statement of advance in Revenue. I am much obliged to him, and I can only beg to be excused when such errors creep into a statement prepared under the great stress for time inevitably accompanying the preparation of the Budget Statement.

"In correction of my mistake, I may say that the amount of the Berar revenues, inadvertently included in my Statement, is £79,400—out of the total increase of revenue amounting to £630,000—to which I was referring."

His Excellency THE PRESIDENT said:—"Among the objects that I have set before myself ever since I have been in India, and high up among the tasks of which I have sometimes spoken, has been a reduction of the burdens that rest upon the shoulders of the people. In my first Budget speech in 1899, I dis-

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cussed the question of remission of taxation, and showed that the time was not yet. Then we found ourselves caught in a cyclone of famine and general suffering, and all such ideas had to be postponed. In my third Budget speech, I again cautiously alluded to the matter; but, as we were still in the wood and had not got out into the open, I dared neither to be sanguine nor prophetic. Last year we had a large surplus, and I discussed in my Budget remarks the different ways in which we might have spent it. We decided to make a substantial gift to those classes of the population who had been hardest hit in the recent visitations, and we wiped off arrears of Land-revenue amounting to nearly two crores, or a sum of £1,320,000. Now at last in my fifth year we are able to take the further step that has all along been in our minds; and my present Budget speech is the pleasantest that I have yet been called upon to deliver, since it is associated with the first serious reduction of taxation that has been made in India for twenty years.

“ My view about taxation in this country has all along been this. I have never believed that, judged by any or all of the tests that are commonly and fairly applied, it is excessive or even high. I believe, on the whole, that so long as a liberal policy of remissions and suspensions of Land-revenue is pursued in bad times, it presses very lightly upon the people. But the material condition, or the relative acquiescence, of a people is not the sole measure of what taxation should be. Otherwise there would be a good argument for squeezing everybody up to the point at which he can give forth moisture without an audible groan. Another test which a just and liberal-minded Government cannot fail to apply is the observance of a due proportion between the revenues that are drawn from the people, and the calls that are made upon them by a reasonably progressive standard of administration. When it is found that for a series of years, including years of misfortune, the revenues of a country produce a considerable annual surplus over and above what is required by administrative needs, even interpreting these in the most generous spirit, then I think that the time has arrived for taking from the people somewhat less: and it is these considerations that have led my Colleagues and myself to give this relief, added to the fact that it has been long promised, and that the patience of the community has itself enhanced the case for remission. Sir Edward Law, whom I must take leave to congratulate both upon the results that he has achieved, and upon the modesty with which he has announced them, has shown in his Statement that we have endeavoured to bring our bounty home to those classes of the community that most require it, through the relief of the income-tax to the struggling members of the middle class, through the reduction in the

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salt duty to the cultivating millions. The total annual sacrifice of revenue which we have thus accepted amounts to nearly 210 lakhs, or £1,400,000, and it will not, I hope, henceforward be in the power of anyone to say that we have refused to the people a due share in the improving prosperity of the country, or that Government has either selfishly absorbed or unwisely dissipated the fruits of the national industry. Some fear has been expressed that the benefits of the reduction on the salt-tax may be frittered away before they reach the consumer. But if we examine the result of what happened at the last reduction in 1882, and again when the duty was reimposed in 1888, we find good reason for thinking that a difference of 8 annas per maund does filter down to the people, and is reflected both in the price of the commodity and in an increase or decrease of consumption. I am glad to see that this view was endorsed by the Hon'ble Mr. Gokhale, who made a speech today, characterised by the great ability which we have learned to associate with his utterances. Of course the reduction of taxation now does not carry with it any promise that it will never at any time be reimposed. The income-tax in England, which is the great national reserve, goes up and down according to the financial position; and every civilized Government must have at its disposal the means of meeting an emergency, whether caused by war or anything else. The utmost that the community can demand is that taxation which has been taken off, upon its own merits, shall not be lightly reimposed, and that the financial emergency which is held to justify its reimposition shall be proportionate in degree to the prosperity which was responsible for the original relief. I hope myself that the consumption of salt may increase steadily under the lowered rate of duty, and that Government will gradually reap its reward in a recovery of revenue as well as in the gratitude of the people.

"One thing it may interest Hon'ble Members to know, namely, that since the salt duties were equalised throughout India, there has never been a period, except the six years between 1882 and 1888, at which the duty anywhere in India has stood so low as the rate to which we have now reduced it, and that since India was taken over by the Crown in the middle of the last century, the duty in Northern India and Bengal was never lower than two rupees eight annas except during the period above mentioned. These facts are, I think, of importance as tending to show the genuine and exceptional character of the present boon, and also the desire of Government, so far from making increasing expenditure an excuse for increasing calls upon the poorer classes of the population, to allow them to be the first to profit by an all round improvement in the national resources. There is one consequence that I hope may ensue from

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these measures of financial relief. I hope they may give the public at large, both in India and outside of it, a little greater confidence in the position and prospects of this country. Year after year we have put forward at this table statements of figures and facts tending irresistibly to show that there is a great reserve of economic vitality in India, which not even plague and famine and the expenditure entailed thereby have availed to subdue. We have shown steadily improving revenues, large and increasing surpluses, advances in all the tests that indicate material prosperity. We have even been able from time to time to confer, as we did last year, very large and substantial boons. But there has always remained a school of thought that declined to be convinced. With them the poverty of the Indian peasant, the decline of the country, and I may almost say its ultimate ruin, have almost become an article of political belief, based upon sentiment rather than reason, and impervious to the evidence of facts. And the final argument that has always been used by critics of this class is the following—‘We are not impressed by your figures; we do not believe in your surpluses; we are not even convinced by your occasional doles. Not until you give a permanent relief of taxation, shall we be persuaded, either of the sympathy of Government, or of the prosperity of the country. That is the sure and final test of the condition of India and of the statesmanship of its rulers.’ Well, I feel inclined to take these critics at their own word, and to invite them, now that we have subscribed to their test, to abate their melancholy, and to be a little more generous and less sceptical in the future.

“I do not wish it for a moment to be thought that, because we have been able to remit the best part of $1\frac{1}{2}$ million sterling per annum in taxation, therefore there is no poverty in India. Far from it. There is enough, and far more than enough. There is a great deal more than anyone of us can contemplate with equanimity or satisfaction. The size and growth of the population, the character of their livelihood, and to some extent their own traditions and inclinations, render this inevitable. But I do not believe that the people are getting poorer. On the contrary, I hold that they are making slow but sure advances, and that in normal conditions this progress is certain to continue. But in my view this can only be achieved, if all those who are concerned with the problem, whether as administrators or critics, do so in the spirit not of pessimism but of cheerfulness. As little by little we get forward, I would crown every milestone on the path with roses instead of wetting it with tears.

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"There is another point of view from which I would for a moment invite the Council and the outside public to regard the relief which has been announced in this Budget; since I think that here again we may find a useful corrective to some of the dangers of premature criticism. How often have we not been told in certain quarters in the past three months that the Delhi Durbar was a foolish and even wicked extravagance, because we spend the money of the people—how much or how little I shall presently show—without announcing to them a substantial benefit in return. I am not sure that my Hon'ble friend Mr. Charlu is not a little unsound on this point himself, for he generously offered to let bygones be bygones, as though there was something that we would rather like to forget. That is not at all our view. I may remark that I should have been glad enough to make the announcement at the Durbar, but that it is the usual practice of modern Governments to connect relief of taxation with Budget Statements, and with the beginning or end of the financial year. I should have thought that this was tolerably clear from my Durbar speech. However, our eager and incredulous friends would not wait even for three months. In their view the golden opportunity had been thrown away, and the Government that had sacrificed it had proved its indifference to the public interest. I feel tempted to wonder whether the Durbar, which I firmly believe that $\frac{9}{10}$ ths, I think I might say $\frac{99}{100}$ ths, of those who either saw it or know anything about it, regard as having been a unique success, will be relieved from the charge of failure at the hands of the minority who have hitherto so represented it, now that the solitary cause which was alleged to have been responsible for that failure has disappeared by the announcement in March of the bounty which they would have preferred to secure in January. When the Durbar is cited in the history of the future, even from the narrow point of view of material result alone, will it be quoted by the class of opinion of which I am speaking as a success because it heralded the present relief, or as a failure because it fell short by three months of anticipating it? I do not fancy that there can be much doubt as to the response.

"These remarks lead me by a natural transition to say something about the Durbar itself. And first I must devote a few words to the cost. As I said in my speech in September last, though this is not the test which I would dream of applying myself as the final or crucial touchstone to a ceremony which I at any rate regard as having had a profound political significance, and an almost immeasurable political effect, yet I have no right to object to its being

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applied by others, and I realize that even symbolism presents itself to many minds in terms of rupees and pies. If, however, we apply this standard, then I do not hesitate to claim an absolute vindication for all that I said last autumn. I remarked then that of the 26½ lakhs estimated for Imperial Expenditure, we should recover the greater part, and I added that a great State ceremonial would never have been conducted in India upon more economical lines. These prophecies were not universally accepted at the time, but they have turned out to be scrupulously correct. And indeed they over-estimated, rather than understated, the actual outlay. The net charge against Imperial Revenues for the entire Durbar works out at little more than 12½ lakhs, or £84,000. If to this we add the expenses incurred by Local Governments for their Provincial Camps, over which, from the circumstances of the case, the Government of India could exercise little control, and which amounted to a net total of a little over 14¼ lakhs, or £99,000, we get a net final charge, Imperial and Provincial, of about £180,000 for the Durbar. Is there any one who will tell me that this is an excessive charge upon a population of over 230 millions in British India, exclusive of the Native States, for celebrating the Coronation of their Sovereign? In Great Britain, with a population of 41 millions of people, they voted, I believe, £100,000 for a similar purpose, or a charge of less than ½d. per head of the people. They also spent £70,000 in entertaining the representatives who came from India to attend the ceremony. In India, we have spent £130,000 with a population of nearly 300 millions in all, or about ⅙th of a penny per head of the entire community. Is this too heavy a price for the people to pay for the Coronation of their Emperor? Has a similar sum never been spent upon an Indian marriage or upon an Indian accession? Why the sum is only about one-seventh part of the relief which we are going to give, not once, but in each succeeding year, to the Indian people by our relief of taxation. Each one of them paid in January a great deal less than a farthing for the Coronation of his Emperor. But he goes away in March with nearly eight times that sum in his pocket per annum. Spread over such enormous masses, the bounty may, in individual cases, seem small, but the recipient, I am sure, would be the first to recognise the degree to which he has gained; and I expect, if we could consult him, that he would at once respond by a request to have a Durbar every year, if only it was likely to be attended with similar results. There are, I know, some who say that this is all very well, but that we must look at what the Durbar cost the Princes and their people. Well, I do not know what it cost them, nor does anybody else, though I have seen a

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good many extravagant and random calculations. But I do know that these sums were voluntarily spent, that they were all spent in the country, that they diffused employment and radiated contentment far and wide, and that it would be impossible to get up a protest or a petition against them in a single Native State or in any part of the Indian Continent.

“But I would ask whether we may not leave this somewhat sordid field of controversy, and pause for a moment to enquire what was the effect of the Durbar itself. I have deprecated the financial criterion. Here let me deprecate the ceremonial criterion also. I have read a great deal since January about pomp and pageantry, and the idea of some persons seems to be that the Durbar was intended only to show the magnificence of the Empire and the trappings of the East. How strangely we often misread each other in the world. I suppose that reams of paper and gallons of ink have been expended upon the delineation of the splendours of the Durbar. May I make a confession? I have never read these accounts without a positive pang. For all the while I have been thinking about something else. I hope I am not a rhapsodist or a dreamer. But to me, and I hope to the majority of us, the Durbar meant not a panorama or a procession. It was a landmark in the history of the people, and a chapter in the ritual of the State. What was it intended for? It was meant to remind all the Princes and peoples of the Asiatic Empire of the British Crown that they had passed under the dominion of a new and single Sovereign, to enable them to solemnise that great and momentous event, and to receive the Royal assurance and greeting. And what was its effect? They learned that under that benign influence they were one, that they were not scattered atoms in a heterogeneous and cumbersome mass, but coordinate units in a harmonious and majestic whole. The scales of isolation and prejudice and distrust fell from their eyes, and from the Arab Sheikhs of Aden on the west to the Shan Chiefs of the Mekong on the borders of China, they felt the thrill of a common loyalty and the inspiration of a single aim. Was there nothing in this? Is it nothing that the Sovereign at his Coronation should exchange pledges with his assembled lieges, of protection and respect on the one side, of spontaneous allegiance on the other? Is it nothing that the citizens of the Empire should learn what that Empire means? Even if we take the rest of India, which could not be present at Delhi, but held its own rejoicings in its own place, is it nothing to lift an entire people for a little space out of the rut of their narrow and parochial lives, and to let them catch a glimpse of a

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higher ideal, an appreciation of the hidden laws that regulate the march of nations and the destinies of men? I believe that the Durbar, more than any event in modern history, showed to the Indian people the path which, under the guidance of Providence, they are treading, taught the Indian Empire its unity, and impressed the world with its moral as well as material force. It will not be forgotten. The sound of the trumpets has already died away. The Captains and the Kings have departed. But the effect produced by this overwhelming display of unity and patriotism is still alive and will not perish. Everywhere it is known that upon the throne of the East is seated a power that has made of the sentiments, the aspirations, and the interests of 300 millions of Asiatics a living thing, and the units in that great aggregation have learned that in their incorporation lies their strength. As a disinterested spectator of the Durbar remarked, 'Not until to-day did I realize that the destinies of the East still lie, as they always have done, in the hollow of India's hand.' I think too that the Durbar taught the lesson not only of power but of duty. There was not an officer of Government there present, there was not a Ruling Prince, nor a thoughtful spectator, who must not at one moment or other have felt that participation in so great a conception carried with it responsibility as well as pride, and that he owed something in return for whatever of dignity or security or opportunity the Empire had given to him.

"Passing from the Durbar, Hon'ble Members may like to hear something of the results of the Art Exhibition which we held at Delhi at the same time, and which was designed exclusively in the interests of the indigenous arts and industries of this country. What effect the Exhibition will have upon the future of Indian Art, it is of course impossible as yet to determine. But that it had a wonderful success in calling the attention of the outside public, foreign as well as Native, to the still vital capacities of Indian Art, is, I think, certain. Though the Exhibition was open but a short time, no fewer than 48,000 persons paid for admission, the cash sales amounted to over 3 lakhs of rupees, and the total receipts to more than 4 lakhs. The building cost something more than $1\frac{1}{2}$ lakhs; and, apart from that, the net cost of the Exhibition was only $\frac{1}{2}$ lakh. I think, therefore, that we may fairly claim, for a very moderate outlay, to have given an impetus to Indian art, which ought not to fade away, while the presence in so many museums and private collections of the beautiful objects that were purchased from the Exhibition ought to act as a timely advertisement to the still unexhausted skill of our craftsmen and artizans.

"Among the most contented of the participators at Delhi were the Ruling

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Chiefs of India, and not the least contented of them, I venture to say, was the Chief of premier rank, His Highness the Nizam of Hyderabad. I have had no previous opportunity of alluding to the agreement that I was fortunate enough to be able to conclude with him a little while before the Durbar. I may perhaps indulge in a brief reference to it now.

"It was an agreement regulating the future of the districts hitherto designated the Assigned Districts of Hyderabad, and more popularly known as Berar. The papers concerning that agreement have been made public; and it is open to anyone to form his opinion of the arrangement arrived at, and of the steps by which it was attained. I believe that it has generally been accepted as an agreement honourable to both parties, and bringing to a satisfactory termination a state of affairs that had for half a century been neither satisfactory nor profitable to either. I will only add here, as the correspondence has shown, that the agreement, following upon a friendly exchange of views between His Highness the Nizam and myself, represented the free and unfettered disposition of both parties, and that no trace of any opposite influence entered at any moment into its negotiation. His Highness is not less gratified with the agreement than we are, and if both parties are equally content, then I think that there is nothing unreasonable in asking the public to join in our felicitations. There are few questions of delicacy or difficulty connected with Native States in which it has not been my experience that the Chief is ready to discuss them in the most frank and courteous spirit with the head of the Government of India.

"I now pass to the wider range of subjects that is apt to be opened up by a Budget Debate. In some of these discussions I have spoken of the duties with which Government has charged itself, and of the manner in which they are being fulfilled. I do not propose today to say much of the labours that lie behind us. I will merely allude to a few that are in a state of transitional development, and the course of which we watch with natural anxiety from year to year. Our Currency Policy is working well, and is bringing back confidence to every branch of Indian finance and trade. Our Frontier Policy has so far been fortunate. The new Province is prospering, and we are gradually extending the application of the principles upon which our Frontier Policy depends. The Punjab Land Alienation Act is reported to be succeeding beyond expectation, and encourages us to approach with greater confidence attempts to arrest the evils of indebtedness and expropriation of the agricultural population elsewhere. You have heard Sir Denzil Ibbetson speak about

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these, and I have nothing to add to what he has so well said. The industrial legislation that we have passed during the past two years is bearing good fruit : and the increased wage for the coolie in the tea gardens of Assam will come into operation in the ensuing year. Rearmament has been completed in the regular Army, and only remains to be extended to the Volunteers, and we are proceeding to the organization of internal factories so as to render ourselves self-sufficing in the future. There is one matter which I have before now mentioned at this table, and to which I have attached an importance that has not always been recognized. I allude to the orders that we passed for a reduction in the number and length of official reports—that time-honoured foible and snare of Indian Administration. Some people said that the idea was excellent, but that the orders would be nugatory, and the difference *nil* : others applauded conciseness in the abstract, but deplored it in the case of every report to which it was applied. Of course we could not expect all in a moment to hit off the exact mean between prolixity and undue contraction, or to teach every officer straight away how to frame the ideal report. But that our orders have not only not been abortive, but have produced very material results, will, I think, be evident from the following figures. The total number of obligatory reports to Government has been reduced from nearly 1,300 to a little over 1,000. But the difference in their contents is more notable still. Before the issue of the new orders, the number of pages of letter-press submitted and printed was 18,000 ; it is now 8,600. The number of pages of statistics was 17,400 ; it is now 11,300, or a total reduction of pages of contents from 35,400 to less than 20,000. I do not think that this reduction has been achieved at any cost whatever to administrative efficiency. What it has meant in relief to the compiling officers, and in the release of energy for other and more important branches of work, will be patent to anyone who has the smallest experience of Indian administration.

“ I do not now propose to dwell further upon the past. I prefer, in what I have to say, to look ahead, and to form an estimate of the work that still awaits my Colleagues and myself, before we can say that the work of reform and reconstruction that we assumed has been duly started on its way, or before we can afford to rest a little on our oars. Sometimes I confess that I get a little appalled at the magnitude of the undertaking, and disappointed at the reception that appears to await reform. The very people who applaud reform and cry for the reformer are apt to express immense surprise at the one, and no small resentment at the other, when they are forthcoming. There are so many excellent arguments for doing nothing, such a reposeful

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fascination in just scraping along. I have even learned in this country a new and captivating doctrine, *viz.*, that it is considered a mistake in some quarters to enquire at all. I came here with the idea that no sphere of administrative work in the world admits less of hasty generalisation or abrupt action than India: that the features of race, religion, and locality are so divergent, the needs of different provinces so opposite, the general lack of uniformity so striking, that before any organic changes could be introduced, profound and careful investigation was required, and a consultation of local authority and opinion, however bewildering the differences might be, was essential. If I held these views four years ago, still more do I hold them now. They are the commonplaces of Oriental administration. They seem to me the A. B. C of Indian politics. I cannot conscientiously recede from them in any respect. And yet how familiar I now am with the charge that it is a waste of time and a proof of insincerity to enquire, that Commissions are an expensive extravagance, and that the problems which we are engaged in laboriously investigating are so well known that only the meanest capacity is required to solve them without further ado. I do not think that the withers of my Colleagues or myself have been wrung by these remarks. Indeed, I have a shrewd suspicion that the very persons who protest against enquiry before action as a superfluity, would equally denounce action without enquiry as an outrage. I am afraid, therefore, that we shall obstinately continue our policy of ascertaining the data before we proceed to act upon them, although it will be gratifying to those who are so impatient for deeds to know that, in the case of the whole of our Commissions, the stage of investigation is now almost at an end, and that there lies immediately in front of us the onerous and responsible task of translating so much of their recommendations as we may decide to accept into practice. Who knows that before long we shall not have the charge brought against us of acting too much after having enquired too little? Perhaps we shall even be told, as we have been in a well-known case, that it was not necessary either to enquire or to act at all.

“ There is one respect in which we have just taken the final steps in dealing with the policy recommended by one of the most important Commissions that have sat and reported during my time. I allude to Sir Antony MacDonnell's Famine Commission. Soon after the Report first reached us, we issued orders to the Local Governments upon so much of the Report as we accepted ourselves without demur, and as we knew to be similarly acceptable to them. Since then we have conducted an exhaustive correspondence with the Local Governments and with the Secretary of State upon the more disputed aspects of the case; and

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we are now about to issue a Resolution, embodying final orders on the subject. A revised code of Famine procedure, based upon the latest experience, will then be at hand throughout India, which will regulate the operations of the next campaign as soon as it has to be undertaken. I do not assume for a moment that the last word on Famine Relief has been spoken, or that later experience may not guide us to even further improvements of system. The utmost that we can do at each stage is to profit by the lessons hitherto learned, and to translate our experience with as little delay as possible into executive orders and action, so that when the next calamity comes, Governments and individuals may go calmly to their task, instead of rushing into all sorts of experiments, and making all kinds of blunders which have to be paid for at a heavy cost later on.

“ The Hon'ble Rai Sri Ram Bahadur addressed to me to-day a personal appeal to do something before I go to strike at the root of the evil, by preventing the recurrence of famine in the future in this country. If there was one accessible root, and if the axe of Government could be laid to it, who can doubt that, not this Government alone, but every one of its predecessors, would long ago have discerned the seat of the evil, and have applied the instrument of destruction to it? We are cutting at the subsidiary roots. Extended irrigation, improved education, attempts to relieve the indebtedness and to increase the material prosperity of the people, crop-experiments, scientific research, and a careful overhauling of the machinery with which we meet drought when it comes—all these are efforts which will gradually diminish the severity and, I hope, contract the area of famines in India. But to ask any Government to prevent the occurrence of famine in a country, the meteorological conditions of which are what they are here, and the population of which is growing at its present rate, is to ask us to wrest the keys of the universe from the hands of the Almighty. I cannot furnish a better illustration of this than that which was given by the Hon'ble Member himself. In the autumn of the past year, it was by the dispensation of Providence alone, when the monsoon suddenly revived in the months of August and September, that what might have been famine conditions were turned into prosperity conditions during the present winter. The best Government in the world could not have accelerated that change by a single second; the worst Government could not have retarded it. The Hon'ble Member seems to think that famines in this country used not to be so bad in former years, and that similar calamities do not occur under similar conditions elsewhere. If he will study the Reports of the various Famine Commissions, he will find a good deal to throw doubt upon the former statement. If he turns to the history of Russia, he will find good reason for

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changing his opinion upon the latter. Government should never slacken for one moment in its peace-campaign, just as much as in its war-campaign, against famine. Thus we shall render it less formidable, and shall gradually gain the upper hand. But we are not, in my judgment, as yet within measurable distance of the time when the word prevention can be much upon our lips.

"As to the work that still lies before us, it falls under eight headings, concerning each of which I have a few words to say. It must not be thought that the order in which I happen to name them is the order of their importance. All are equally important, and all are simultaneously being taken up. Neither must it be thought, when I speak of them in the future, that we are now about to start work upon any of them for the first time. Throughout the past four years there is not one among them that has not been almost continuously under our notice. In every case we have reached an advanced stage of enquiry, and in some cases of action, and it only remains for us to carry these proceedings to the final stage, and to present to the Secretary of State and to the country the bases of a definite policy to be consistently pursued in the future.

"The first of these is Education. Do not let any one suppose that in any aspect of education we shrink from the duty that we have undertaken, which is that of formulating for the country a revised scheme of education in all its branches, University, Secondary, Primary, Technical, and Commercial. But we must postulate a little patience and ask for a little time. The proposals are so multiform, the needs so different, the guidance that we receive from the public so perplexing, that sometimes one scarcely sees light through the trunks of the trees. The subject of Education, however, and particularly of University Education in India, illustrates very forcibly what I said a little while back. More than a year and a half ago, I presided over a Conference of leading educational authorities, official and unofficial, at Simla, in order to assure myself of the trend of expert knowledge and opinion on these subjects. I remember at that time that the prevailing apprehension was lest the Government should suddenly spring a new educational policy upon the country, without giving to the interested parties an opportunity of having their say, and that the Simla decrees would be issued as a mandate to the nation. Nobody, I may say, ever entertained such a notion in the Government itself. On the contrary, we meant from the start to give to the qualified public the fullest opportunity for expressing its views. Accordingly, we appointed a Commission, under my Hon'ble Colleague Mr. Raleigh to examine into the question of the Universities, and we consulted the Local

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Governments upon every other feature of our plans. Since then the public has had the best part of a year in which to expend its energies upon discussion—an opportunity by which no one can say that it has not profited. Whether Government has profited equally by these proceedings is open to doubt, for I observe that whereas a year and a half ago every one was agreed that education in India stood most urgently in need of reform, that it had got entirely into the wrong groove, and was going steadily down hill, dispensing an imperfect education through imperfect instruments to imperfect products with imperfect results—a great many of the interested parties now meet together, and proclaim in injured tones that they stand in no need of reformation at all. Now let me say at once that this is not good business. I lay down as an absolute and unassailable proposition that our Educational systems in India are faulty in the extreme; and that, unless they are reformed, posterity will reproach us for the lost opportunity for generations to come. I remind the public that that proposition was most cordially endorsed by every shade of opinion $1\frac{1}{2}$ years ago. Since then we have shown a consideration for the interests of all concerned and a reluctance to act with precipitation that have been pushed almost to extremes, and have exposed us to the charge of timidity and irresolution. My object throughout has been to carry the public with us in our reforms, and to base them upon the popular assent. I am still hopeful that better counsels will prevail, and I shall spare no effort to attain this result. But if every reform proposed is to be overwhelmed with obloquy and criticism, because it touches some vested interest or affects some individual concern, if change of any kind is to be proscribed merely because it is change, if the appetite for reform, so strong two years ago, has now entirely died down, then I must point out that the educated community will have forfeited the greatest chance ever presented to them of assisting the Government to place the future education of this country upon a better footing, and Government will be left to pursue its task alone. I should be most reluctant to be driven to this course. I want to reform education in India, I will not say *omnium consensu*, because that may be an impossible aspiration, but with the good will and assent of reasonable and experienced men, and I have a right to ask that, in so far as they are dissatisfied with the *status quo*, they shall render our course not more difficult, but more easy.

“I am well aware that University Education does not exhaust the field or the requirements of education in this country. There are many other aspects of the problem scarcely less important which we also have under examination—Secondary Education, or education in the High Schools leading up to the Colleges, Primary Education or the education of the masses in the

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vernacular, Commercial Education, or the provision of a training that shall qualify young men for a business career, Agricultural Education, *i.e.*, a practical as well as a theoretical instruction in the staple industry of the country, Technical and Industrial Education, or the application of scientific methods and principles to the practice of national industries and handicrafts—all of these have come under review, and we are little by little shaping the principles that will presently form the basis of a policy and a programme. I would only say to the public—Do not be impatient, and do not be censorious. Do not impute dark conspiracies or assume that all the misguided men in the country are inside the Government, and all the enlightened outside it. What could be easier than for Government not to have taken up educational reform at all, or even now to drop it altogether? All the wild talk about killing Higher Education and putting education under the heel of Government merely obscures the issue, and paralyses action. Surely there are enough of us on both sides who care for education for education's sake, who are thinking not of party triumphs, but of the future of unborn generations, to combine together and carry the requisite changes through. I cannot imagine a worse reflection upon the educated classes in India, or a more crushing condemnation of the training that we have given them, than that they should band themselves together to stereotype existing conditions, or to defeat the first genuine attempt at reform that has been made for a quarter of a century. I agree with the Hon'ble Mr. Gokhale that education is one of the most solemn duties of the State. But the State, I venture to point out, is the aggregate of its own citizens, and not a mere governing organization alone, and in the latter capacity the State cannot discharge its educational responsibility without the cordial co-operation of the community at large. Before I leave the subject of Education, I will only add one word upon the subject of Scientific Research. This is of course the apex of educational advancement; and, in relaying the foundations, nothing would give the Government greater pleasure than to contribute to the possibility of adding the crown. I hope that Mr. Tata's splendid benefaction will shortly take practical shape. I have seen all sorts of assertions that it has languished for want of sympathy in official quarters. There is not an atom of truth in this insinuation, and when the history is published, as it shortly will be, no further misapprehension need arise. On the contrary, I hope that the scheme may then move rapidly towards realization.

“The second subject that awaits our treatment, and that will occupy us in the forthcoming year, is Irrigation. For two cold winters has the Irrigation Commission been pursuing its energetic researches; and soon after we get to Simla, the report will be in our hands. It will give us an exhaustive review of the capa-

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bilities for water storage or water utilisation of every part of the Indian Continent; and then we shall have to set to work to provide for every province its reasoned programme of tanks, or reservoirs, or wells, or canals, mapped out over a long series of years, and devised with strict regard to the experiences or the exigencies of drought. Much money will be required; many experiments will have to be made; some failures will be registered. But at least it will not be possible to say that the Government of India has ignored this aspect of the agricultural and industrial problem, or that we are wasting our water, because we do not know how to use it.

"Then we have the impending Report of the Police Commission and the impending reform of the Indian Police. I know no more of the proceedings of the Commission than has appeared in the newspapers, and I am unaware what our Commissioners will say. But, if any one had any doubt as to the need of enquiry, I should think that this must have been dissipated by the nature of the evidence that has been forthcoming; and, if anyone questions the need of reform, he cannot, I think, be a resident in this land. Upon this subject, however, I should like to add one word of caution. Reform we must, and reform we shall. But the main improvement that is required, which is a moral improvement, cannot come all in a gallop. Men are on the whole what their surroundings make them, and men do what their opportunities permit. It is not all in a moment that you can take one section of a society and create in it a different standard from that which prevails in another, even if you pay the former to look after the morals of the latter. We shall, I hope, get a better and a purer Police as a consequence of the changes that we shall introduce, but we shall not straightway found a new Jerusalem until we have educated the people who are to build and to inhabit it.

"I have often before spoken of my desire to introduce a more commercial element into the management of Indian Railways: and already we have made some progress in this direction. From our published Histories of Projects, from our Railway Conferences, and from our Travelling Commissions—all initiated during the past four years—the public, I think, know more than they used to do of our policy and aims. But I have never thought that this was enough. Railways in India have now climbed out of the cradle. They provide us with a recurring annual surplus. Before I came out here as Viceroy, I made a speech in London, at which I was thought rather sanguine for saying that while less than 21,000 miles were then open, I hoped that the total would exceed 25,000 miles in my time. It has already reached 26,500. But it is not mileage that impresses me, nor receipts. I am more concerned with up-to-date management and

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efficiency, and I hope that the Report of our Special Commissioner, Mr. Robertson, which is on the eve of being submitted, may give us the clue that will guide us to far-reaching reforms, intended to place Indian Railways and their administration on a level with the most progressive achievements of other and more developed countries.

“ There is a subject long under our notice, which we hope to deal with in the ensuing year. This is that of the union or separation of Judicial and Executive functions. If any one could stand in my shoes, and with his ten hours work a day, could cast a glance at that file, the best part of a foot high, with its mass of opinions from Local Governments, High Courts, officials, and private persons, all waiting to be read and digested, and most of them saying different things, he would probably understand how it is that everything cannot be pushed forward at the same time. But the question is of great importance; and, whatever our ultimate decision may be, I should like it to be taken up and dealt with in my time.

“ I should have been tempted to say something about Agriculture to-day—the sixth subject in my present category—were it not that I have been so ably anticipated by my Hon'ble Colleague in the Revenue and Agriculture Department, Sir Denzil Ibbetson. When he is the inspiring genius and the spokesman of a Department, it seems superfluous for anyone else to add a word. I can, however, supplement what he has said by tracing the logical as well as chronological sequence of our labours. First let me say what we have attempted so far to do. We have endeavoured to deal with the indebtedness of the agricultural classes by the Punjab legislation which I before mentioned, and now by the Bundelkhand legislation which he has defended to-day. We have laid down broad and liberal principles explaining and regulating our policy of Land Revenue Assessments in India. We have created an Inspector-General of Agriculture at the head of an expert department, and we have constituted a Board of Scientific Advice. But before us lies the much bigger experiment of combined agricultural research, agricultural experiment, and agricultural education, which Sir Denzil Ibbetson has outlined, and which, if we can carry it through, ought to be of incalculable service to the country. If we can simultaneously train teachers, provide estate managers' and agents, and foster research, we shall really have done some good in our time.

“ Then behind these proposals lies a scheme which we have greatly at heart, and about which I should like to add a word—I mean the institution of Co-operative Credit Societies or, as they are often called, Agricultural Banks. I have seen some disappointment expressed that we have not moved more quickly in

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this matter. If any one had studied, as I have had to do, the replies of all the Local Governments and their officers on the subject, he would begin to wonder when and how we are to move at all. Of course it is easy enough to express an abstract approval of Agricultural Banks, to denounce everybody who does not share your views, and to rush into experiments foredoomed to failure. But that is exactly what Government does not want to do, and what the replies of its advisers would render it suicidal to do. When there are many who say that the co-operative spirit does not exist in the rural community, that it is unsuited to the conditions of Indian character and life, that the Savings Banks are not patronised as it is, and that the requisite capital will not be forthcoming, it is impossible to pooh-pooh all these assertions as idle fancy. But even when we get beyond them, and justify the desirability of making the experiment on a moderate and cautious scale, we are still confronted with all manner of questions. Is the experiment to be made with village or urban societies, or with both, and which first? Should Government aid these societies, and, if so, to what extent, and for how long? What restrictions should be placed upon them, and should loans be permitted for unproductive as well as productive expenditure? What privileges or concessions should be granted to them by Government, and what restrictions should be imposed? All these are questions which have called for a good deal of thinking over before they could be answered. All the same, I think that we are beginning to see our way. Certain broad principles seem to stand out crisp and clear. The difference between rural organization in one part of India and another is so great that no one rule can apply to all. Different systems will have to be tried in different places. The one common feature must be simplicity. We must go slowly and surely, learning as we proceed. The people must be the final workers out of their own salvation, but we, *i.e.*, Government, may give them such assistance as we properly can. We can bestow certain advantages, and we can remove certain disabilities. But, in the main, the venture must depend on the people themselves. These are the broad general outlines that emerge from our study, and I believe that my Hon'ble Colleague Sir Denzil Ibbetson is prepared to advise us to legislate in this direction. I hope, therefore, that the matter may not be much longer delayed.

"I have upon another occasion spoken of projects that we have before us for improving and strengthening the position of Commerce in this country. Sir Edward Law is a firm friend of these interests, and I share his desire to do what we can. I wish that we had been in a position to-day to say something about the Commercial Bureau which excites so much interest. But we have not as yet had a reply from the India Office. Some persons, I

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believe, have even larger ideas afloat. I would venture to say to them—Let us get our Bureau and make a success of it before we begin to agitate about a separate Department and a separate Minister. Even Great Britain has not yet secured a Minister of Commerce. Let us begin, as I hope we shall shortly be in a position to do, with a more modest ambition, and let the official and mercantile communities put their heads together to make it a success. Connected with Commerce is the question of a reduction in internal telegraphic rates. Sir Edward Law has made a few observations on this point. The matter has been under our study for many months. *Prima facie* we should all like to increase the facilities enjoyed by the public, and I hope we may discover some means of doing so. But the question is not free from difficulty or financial risk.

“Lastly, I come to the heading of Finance, and by finance I do not mean those calculations which must inevitably lurk in the background of all the proposals that I have hitherto discussed, but the principles that regulate our control and dispensation of the Indian revenues. Here I will mention two matters only that have always seemed to me matters of the deepest importance, and of which I should like, if it were possible, to advance the solution in my time. The first of these is the constitution and employment of the present so-called Famine Insurance Fund. I have never been quite satisfied as to the position of this feature in our Accounts; and for two years we have been in correspondence with the Secretary of State on the matter. There is a good deal to be said upon both sides: and for the present we have not been able to arrive at a solution. The second question is that of the Provincial Settlements, which, though they have had their obvious merits, have not been unattended with friction and with drawbacks in operation. My Colleagues and I would greatly like, if we can, to invest these agreements between the Supreme and the Local Governments with a more permanent character, that would stimulate the energies of Local Governments and give them a greater interest in economy and good administration, while retaining for the Imperial Government the necessary measure of ultimate control. I do not know whether we shall be successful in these efforts. But we are about, with the assent of the Secretary of State, to take them in hand.

“I have now covered the entire field of administrative work that appears to me to lie before the Government of India in the immediate future. We may, to use a slang phrase, be thought by some to have bitten off more than we can chew. We may be diverted from our laborious meal by other and unforeseen pre-occupations. I hope myself that neither apprehension will turn out to be genuine. The work that I have indicated is waiting to be done,

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and ought most certainly to be attempted. Whatever of time and energy remains to me, I hope to devote to the prosecution of the task, and my dearest ambition is to see it carried safely through.

“ There is one final subject that is rarely mentioned in these debates, and that finds little place in the many utterances which the head of the Government is called upon to make in the course of the year, and yet in a sense it is the most important of all. I allude to Foreign Affairs ; and it must be remembered that in the case of India the phrase includes her relations with the whole of her neighbours ; and that this carries with it the politics of the greater part of the Asiatic Continent. I doubt if even the thoughtful public has at all realized the silent but momentous change that is going on, and that will one day have an effect upon India that is at present but dimly discerned. In the old days, and it may almost be said up to the last fifteen years, the foreign relations of India were practically confined to her dealings with Afghanistan, and to the designs or movements of the great Power beyond : and the foreign policy of India had little to do with any other foreign nation. It is true that we had territories or outposts of influence that brought us into contact with Persia and Turkey, and that we had occasional dealings with the Arabian tribes. Now all that is changed ; and events are passing, which are gradually drawing this country, once so isolated and remote, into the vortex of the world's politics, and that will materially affect its future. The change has been due to two reasons. Firstly, as our own dominion has expanded, and our influence upon our frontier consolidated, we have been brought into more direct and frequent relations with the countries lying immediately beyond. For instance, the annexation of Upper Burma brought us into contact with an important corner of the Chinese Empire, and created a batch of frontier and other political problems of its own. But the second reason is much more important. Europe has woken up, and is beginning to take a revived interest in Asia. Russia with her vast territories, her great ambitions, and her unarrested advance, has been the pioneer in this movement, and with her or after her have come her competitors, rivals and allies. Thus, as all these foreigners arrive upon the scene and push forward into the vacant spots, we are slowly having a European situation recreated in Asia, with the same figures upon the stage. The great European Powers are also becoming the great Asiatic Powers. Already we have Great Britain, Russia, France, Germany, and Turkey ; and then, in place of all the smaller European kingdoms and principalities, we have the Empires and States of the East, Japan, China, Tibet, Siam, Afghanistan, Persia—only a few of them

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strong and robust, the majority containing the seeds of inevitable decay. There lie in these events and in this renewed contact or collision, as the case may be, between the East and the West, omens of the greatest significance to this country. Europe is so accurately parcelled out between the various States and Powers, the balance of power is suspended on so fine a thread, and the slightest disturbance would imperil such wide interests, that short of some serious and unforeseen convulsion, which every one would wish to avert, great changes are not to be anticipated there. Africa is rapidly being overrun by the few European Powers who have obtained a foothold upon that Continent; and before long its political destinies and territorial grouping will have taken something like definite shape. But in Asia a great deal is still in flux and solution, and there must, and there will be, great changes. It will be well to realize what an effect these must have upon India, and how they must add to our responsibilities and cares. Our Indian dominions now directly touch those of Turkey in many parts of the Arabian peninsula, those of Russia on the Pamirs, those of China along the entire border of Turkestan and Yunnan, those of France on the Upper Mekong. In our dealings with them, the Foreign Department in India is becoming the Asiatic branch of the Foreign Office in England. Then round all our borders is the fringe of Asiatic States to which I just now alluded, whose integrity and whose freedom from hostile influence are vital to our welfare, but over whose future the clouds are beginning to gather. In Europe we are a maritime Power, who are merely called upon to defend our own shores from invasion, and who are confronted by no land dangers or foes. In Asia we have both a seaboard and a land frontier many thousands of miles in length, and though Providence has presented us on some portion of our land frontiers with the most splendid natural defences in the world, yet the situation must become more and not less anxious as rival or hostile influences creep up to these ramparts, and as the ground outside them becomes the arena of new combinations and the field of unforeseen ambitions. All these circumstances will tend, they are already tending, to invest the work of the Indian Foreign Department with ever-increasing importance, and they demand a vigilance and a labour of which there are but few indications in anything that reaches the public ear or falls under the public eye. Questions of internal development, administrative anxieties, agrarian and fiscal problems, fill all our minds, just as they have occupied the greater part of my speech this afternoon. But do not let the people of India think that we shall never have anything but domestic cares in this country. Do not let them forget that there are other and not inferior duties that devolve upon her rulers, that the safety of the Indian Frontier,

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and the maintenance of the British dominion in those parts of Asia where it has for long been established, and where it is the surest, if not the sole, guarantee for peace and progress, are in their hands, and that this no less than internal reform is part of England's duty. I see no reason for anticipating trouble upon our borders, and I know of no question that is at present in an acute or menacing phase. But do not let any one, on the strength of that, go to sleep in the happy illusion that anxiety will never come. The geographical position of India will more and more push her into the forefront of international politics. She will more and more become the strategical frontier of the British Empire. All these are circumstances that should give us food for reflection, and that impose upon us the duty of incessant watchfulness and precaution. They require that our forces shall be in a high state of efficiency, our defences secure, and our schemes of policy carefully worked out and defined. Above all, they demand a feeling of solidarity and common interest among those—and they include every inhabitant of this country, from the Raja to the raiyat—whose interests are wrapped up in the preservation of the Indian Empire, both for the sake of India itself and for the wider good of mankind.

"We will now bring the labours of the present session to a close, and I declare this Council adjourned."

The Council accordingly adjourned *sine die*.

CALCUTTA :

The 28th March, 1903.

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J. M. MACPHERSON,

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