

*Wednesday,
22nd March, 1905*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XLIV

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ABSTRACT OF PROCEEDINGS

OF

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ASSEMBLED FOR THE PURPOSE OF MAKING

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FROM 1905 TO MARCH 1906.

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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 22nd March, 1905.

PRESENT :

- The Hon'ble Major-General Sir E. R. Elles, K.C.B., K.C.I.E., *presiding*.
 His Honour Sir A. H. L. Fraser, K.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 Sir A. T. Arundel, K.C.S.I.
 The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
 The Hon'ble Mr. H. Erle Richards.
 The Hon'ble Mr. J. P. Hewett, C.S.I., C.I.E.
 The Hon'ble Mr. E. N. Baker, C.S.I.
 The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.
 The Hon'ble Mr. E. Cable.
 The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
 The Hon'ble Mr. H. Adamson, C.S.I.
 The Hon'ble Rai Bahadur B. K. Bose, C.I.E.
 The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.
 The Hon'ble Rai Sri Ram Bahadur.
 The Hon'ble Mr. L. A. S. Porter.
 The Hon'ble Mr. A. D. Younghusband.
 The Hon'ble Mr. L. Hare, C.I.E.
 The Hon'ble Mr. H. A. Sim, C.I.E.
 The Hon'ble Nawab Fateh Ali Khan, Kazilbash, C.I.E.

QUESTIONS AND ANSWERS.

The Hon'ble RAI SRI RAM BAHADUR asked the following questions :—

" I. Have the Government noticed certain paragraphs which have appeared in the *Amrita Bazar Patrika* of the 7th instant on the case of one Mr. Trimbak Ganesh Paranjpe, who was lately an Extra Assistant Commissioner in Berar ?

" II. Will the Government be pleased to state why an inquiry under Act XXXVII of 1850 was not granted to Mr. Trimbak Ganesh Paranjpe when

[*Mr. Sri Ram Bahadur ; Sir Arundel Arundel ; Mr. [22ND MARCH, 1905.] Gokhale.*]

the post held by him was a gazetted appointment and he specially prayed for such inquiry in his memorial submitted to the Government of India?

“ III. In view of the facts that Mr. Trimbak Ganesh Paranjpe completed nearly 28 years of good and approved service, and that there was a total absence of any direct evidence to substantiate the charges brought against him, will the Government be pleased to give him some pension or compassionate allowance in accordance with the practice generally followed in such cases ?”

The Hon'ble SIR ARUNDEL ARUNDEL replied as follows :—

“ I. The Government of India's attention had not been previously called to the paragraphs to which the Hon'ble Member refers.

“ II. The Public Servants (Inquiries) Act, 1850, does not confer on public servants the right to require the Government to hold an inquiry under that Act. It only empowers the Government to hold such an inquiry if they think that it is demanded by the circumstances. In Mr. Paranjpe's case the Government did not think that any inquiry under the Act was necessary, but, in order that Mr. Paranjpe should have an opportunity of meeting the charges brought against him, they directed the Resident at Hyderabad to cause charges to be framed and to appoint an officer to investigate these charges formally, and, after the investigation had been so held, to submit all the proceedings for the orders of the Government of India. As the result of the investigation the Resident at Hyderabad recommended the removal of Mr. Paranjpe from the service, and the Government of India, after a careful consideration of the case, concurred.

“ III. The Government of India cannot admit the accuracy of the statements implied in the Hon'ble Member's question, and they see no reason to entertain the suggestion that Mr. Paranjpe should be granted a pension or compassionate allowance.”

The Hon'ble MR. GOKHALE asked the following questions :—

“ I. With reference to the first question put by me at the last meeting of the Council, asking for a return of new appointments with a salary of Rs. 5,000 and upwards a year created during the last twelve years, is it not a fact that such appointments are among those to the creation of which the previous sanction of the Secretary of State is necessary ?

“ II. If the answer to the previous question is in the affirmative, is not information about posts, to the creation of which the sanction of the Secretary

[22ND MARCH, 1905.] [Mr. Gokhale; Mr. Baker.]

of State was asked for and obtained during the last twelve years, available in the Secretariat of the Government of India ?

" III. Are not the names of all officers in civil employ holding appointments with a salary of Rs. 5,000 and upwards a year included in the Civil Lists of the Government of India and the Provincial Governments ? "

The Hon'ble MR. BAKER replied as follows :—

" I. The reply to the first question is in the affirmative.

" II. I have already informed the Hon'ble Member, on 10th March, that a reference would be required not merely to the Secretariat records, which would in itself be a very laborious undertaking, but also to Audit officers in all parts of India—involving a still further consumption of labour and time.

" III. The names of gazetted Civil and Military officers in civil employ are included in the Civil Lists. But those of other Military officers, and of civilians employed in Military Departments, are not included, nor are any non-gazetted officers. In neither case is there anything to indicate the date of the creation of the appointments they are holding."

INDIAN PAPER CURRENCY BILL.

The Hon'ble MR. BAKER moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to the Government Paper Currency be taken into consideration. He said :—" There are only two points in connection with the Report regarding which I need say anything. One of these relates to a matter in which the Committee have accepted the advice offered to them: the other is a matter in which they have decided not to do so.

" The first of these is the proviso which we have added to clause 20 of the Bill, limiting the amount of the sterling investment to 2 crores of rupees. The Bill as originally drafted imposed no limitation on the proportions in which the investment might be made in sterling and rupee securities, respectively. Government certainly never contemplated selling out any of its present investment of 10 crores or transferring any part of it into sterling scrip in present circumstances. But it was thought that there might be some advantage in having power to do so, in the interests of the currency reserve, if hereafter any change of circumstances should render this expedient. For instance, if gold should at some future time enter largely into the circulation, it might be expedient to place a larger part of the currency investment on a

gold basis. The Bank of Bengal, however, and the Bengal Chamber of Commerce have demurred to the proposal, which, they point out, goes beyond the proposition originally submitted to them; while the former apprehend that the absence of any restriction would overshadow the Indian money market with the possibility of considerable operations which the public would be unable to anticipate.

"I cannot admit that these apprehensions are well-founded. But in all matters connected with the paper currency it is important that legislation should keep in close accord with banking and commercial opinion. Moreover, if occasion should arise hereafter to render an increase of the sterling investment expedient, it will always be possible to proceed by legislation. We therefore decided to defer to the opinion of the Chamber of Commerce and to adopt their suggestion.

"The other point to which I wish to refer relates to clause 13 of the Bill, which has reference to the holding of part of the coin and bullion reserve in London instead of in India. The Bank of Bengal and the Bengal Chamber of Commerce have both suggested that no part of this should be held for any length of time in London, but that it should be returned to India as soon as possible.

"There are two reasons why it is impossible to accept this suggestion. In the first place, it is not within the competence of this Council by legislation to impose duties or confer powers upon the Secretary of State. The powers of the Council are defined and limited by the Indian Councils Act of 1861, and do not extend so far. Since therefore the portion of the reserve which is held in London is held and controlled by the Secretary of State, it is clear that we could not require it to be shipped immediately to India, even if we wished to do so. But such a step would be very inexpedient on its own merits. So far as gold is concerned, the coin when held in London is actually one stage nearer the point at which it becomes effective for securing the encashment of notes than when it is in India. For it must be borne in mind that though gold is legal tender it is not in active circulation, and, moreover, that we have undertaken to receive it in exchange for rupees without limit. When notes are presented for encashment, what the presenter requires is, not sovereigns but rupees. Now, if we wish to increase our supply of rupees, to meet such demands, we can only use the gold portion of the reserve by buying silver with it for coinage: and silver is not procurable in any quantity in India, but must be purchased in and imported from Europe.

"If we were to do what the Bank of Bengal and Chamber of Commerce have suggested, we should have first to ship the gold from London to India, and

[22ND MARCH, 1905.] [Mr. Baker ; Mr. Cable.]

then, as soon as we had occasion to use it, to ship it back again. There is absolutely nothing to gain by this double shipment which would be expensive, risky, and dilatory.

“As regards silver bullion, the case is different, and the need for keeping it in London is not nearly so strong. There is, however, a slight practical advantage in having power to keep it there, not indefinitely, but for a time. The reason is this : as soon as we make a shipment of silver, the fact necessarily becomes public, and the silver bullion dealers become aware that purchases are being made by the Indian Government : they are thus enabled to force up the market against us. If shipments are deferred until the whole transaction is complete, we are enabled to effect the purchase without this disadvantage. I do not affirm that the point is of great importance, but it does make some difference in practice.

“For these reasons the Committee have been unable to give effect to the suggestion, and have left the clause unchanged.

“These are the only points on which I think it necessary to offer any remarks. The Bill, though very important, is short and simple, and I do not think that it presents any features of difficulty or doubt.”

The motion was put and agreed to.

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

The Hon'ble MR. CABLE said :—“I merely desire to say, Sir, that I am glad the Hon'ble Member in charge of the Bill has seen his way to accept the proviso added to clause 20.

“It is felt by the mercantile community that to limit the investment in sterling securities to two crores of rupees is, on a balance of considerations, a wise and prudent thing.

“No doubt, as the Hon'ble Member says, the prime function of the currency reserve is to secure convertibility of the note issue, but that has never been in doubt during the past when only Indian securities have been held.

“The Hon'ble Member has admitted the principle that legislation in paper currency matters should keep accord with the views of the mercantile community, and if in the future any alterations in clause 20 are found advisable I have no doubt the mercantile community will co-operate with Government ; for the interests of Government and the people in questions of this kind must always be identical.

[*Mr. Cable ; Mr. Hewett ; Rai Sri Ram Bahadur.*] [22ND MARCH, 1905.]

"As to clause 13, I concur with the Hon'ble Member's remarks as far as they relate to gold, but with regard to his views on the advisability of keeping silver bullion in London, while recognizing that this clause of the Bill cannot be made the subject of amendment, I would remark that whether or not the bullion is kept at home it is impossible to secure the secrecy aimed at by the Hon'ble Member.

"The Bill as it now stands will, I am confident, receive the approval of the public."

The motion was put and agreed to.

INDIAN RAILWAY BOARD BILL.

The Hon'ble MR. HEWETT moved that the Bill to provide for investing the Railway Board with certain powers or functions under the Indian Railways Act, 1890, be taken into consideration. He said :—"The Bill has been duly published and no criticism of it or objection to it has been taken in any direction."

The motion was put and agreed to.

The Hon'ble MR. HEWETT moved that the Bill be passed.

The Hon'ble RAI SRI RAM BAHADUR said :—"Sir, the Bill which is going to be passed by this Council just now, will give a legal status to the newly-created Railway Board. While welcoming the formation of this Board as the means of giving effect to the recommendations of the expert, Mr. Robertson, C.V.O., I would venture to express a hope that the Board will direct its efforts to induce the Railway Administrations to take greater pains at, and pay more attention to, securing the comfort, the convenient transit—which should be effected as far as possible without changes at the junctions—of the third class passengers who form the bulk of the travelling public and who contribute by far the largest share of the Railway income. The great increase this year in the earnings of Railways is, I think, unprecedented, and I feel sure that this increase in the receipts from Railways will not only be maintained but make a steady progress, if proper steps be taken, by the different Railways, to ensure greater comforts to the third class passengers. This matter has lately been commented upon by the *Pioneer* newspaper, and I must own it is one of those questions which is beset with difficulties. In this connection I beg to refer to the steps taken by a State line, *vis.*, the Oudh and Rohilkhand Railway, which first took the lead in grappling with

[22ND MARCH, 1905.] [*Rai Sri Ram Bahadur; Mr. Baker; the President.*]

this question, with a sympathetic attention and earnest desire to improve matters and overcome the difficulties; and the result now is that this Railway enjoys the highest popularity among the Indian travelling public and specially the third class passengers. To that Railway belongs the credit and honour of being the first in adopting the best and surest means to ascertain, first hand, from the Indian travelling public, their wishes, desires and grievances, by calling a conference of representative Indians. This conference was held at Lucknow in December 1903, and I beg to invite the attention of the Government to the interesting and instructive report of its proceedings.

“ Sir, if the newly formed Board can make other Railways follow the example set by the Oudh and Rohilkhand Railway, it will more than justify its creation and existence.

“ I hope the Council will pardon me for this trespass on their valuable time, but my sense of duty has induced me not to let this opportunity pass without the remarks which I have ventured to make.”

The motion was put and agreed to.

FINANCIAL STATEMENT FOR 1905-1906.

The Hon'ble MR. BAKER introduced and explained the Financial Statement for 1905-1906. He said :—“ I beg to present the Financial Statement for the ensuing year, and in doing so I propose, with your permission, Sir, to dispense with the formality of reading the whole Statement to the Council. In place of doing so I now lay it on the table, and propose to take it as read. Instead of reading it out I shall content myself with reading out a brief summary dealing with those points which alone are likely to be of general interest.”

The Hon'ble THE PRESIDENT said that the new procedure had received His Excellency the Viceroy's concurrence.

The Hon'ble MR. BAKER then said :—

“ The year now drawing to a close has been one of general prosperity, the only exceptions being the partial failure of the rains in Gujrat and some districts of Madras and the recent severe frosts in Upper India. This has been reflected in the revenue returns. Last March, we budgetted for a surplus of 138 lakhs. We now expect to have a surplus of 523 lakhs, the improvement being 385 lakhs. The causes of this great betterment are four in number :—

Lakhs,

- (1) There has been an unprecedented development of our net railway revenue, which has exceeded the estimate by . 285

[Mr. Baker.]

[22ND MARCH, 1905.]

	Lakhs.
(2) The price of Bengal opium has averaged ₹1,587 a chest as compared with the budget figure of ₹1,250, giving an increase of	163½
(3) Almost all the principal heads of revenue, except Land Revenue, have shown remarkable elasticity, especially Salt, Stamps, Excise, and Customs, yielding a net improvement of	162
(4) There have been savings under almost all branches of Civil Expenditure and public works, aggregating	148½
These four causes of improvement have aggregated	759

“ On the other hand, there has been an increase of expenditure in connection with the Army of 180 lakhs, of which 62½ lakhs is on account of the Tibet, Aden, and Seistan Missions, while almost the whole of the remainder represents expenditure on the scheme for reorganization and redistribution.

“ Lastly, we have drawn upon Provincial balances to the extent of only 3 lakhs instead of the considerable sum of 197 as anticipated in the budget.

“ The net result of these increases and decreases is the improvement of 385 lakhs mentioned above.

“ For next year we have provided 366 lakhs for the reorganization of the Army, but the total military expenditure of all kinds will only exceed that of the current year by 31½ lakhs. After providing for this and for the normal growth of our ordinary expenditure on a liberal scale, it was found that if taxation were maintained on its present level we should have a surplus of 510 lakhs. It has accordingly been decided to apply approximately 374 lakhs of this to reduction of taxation and to effecting special improvements in certain important branches of the Civil Administration.

“ The measures which we have decided to adopt are seven in number. Two of these are remissions of taxation; one is an administrative reform involving sacrifice of revenue; and four are measures of improvement involving increase of recurring expenditure for the benefit of the country. They are the following:—

- (1) We make a further reduction of the Salt tax of 8 annas a maund, except in Burma, thus reducing it to ₹1-8-0 a maund. This will take effect from to-day and involves a loss of Revenue of 6 lakhs during the current year and of 183 lakhs per annum in future years.

[22ND MARCH, 1905.]

[Mr. Baker.]

- (2) We shall abolish the famine cesses now levied in the United Provinces, the Punjab, and the Central Provinces, at a total cost of $22\frac{1}{2}$ lakhs a year.
- (3) We raise the weight of a letter which the Post Office carries for half an anna from half a tola to $\frac{3}{4}$, at an estimated cost of 7 lakhs per annum.
- (4) We make additional assignments aggregating 50 lakhs per annum to Local Governments for the purpose of Police reform in accordance with the approved recommendations of the Police Commission.
- (5) We make further assignments aggregating 35 lakhs per annum to Provincial Governments for expenditure on Primary Education, steps being also taken to ensure that the money shall not be diverted to any other purpose.
- (6) We have set aside 20 lakhs per annum for initiating a large scheme of agricultural research, experiment, and instruction. This will eventually be distributed among Local Governments, but the details of the distribution are not yet settled, and the grant is for the present treated as Imperial expenditure; and
- (7) We make grants-in-aid of the funds of all District and Local Boards in India, equal approximately to 25 per cent of their total revenue from cesses on the land. This is estimated to cost $56\frac{1}{2}$ lakhs per annum.

The total cost of these seven measures is—

	Lakhs.
Remission of taxation	205½
Increase of postal facilities	7
Reforms of Civil Administration	161½
TOTAL	<u>374</u>

After providing for these we estimate that the total revenue of the ensuing year will amount to 125 crores 15 lakhs and the expenditure to 123 crores 79 lakhs, and we expect to close the year with a surplus of 136 lakhs.

“ We have made liberal provision, both in the current and the ensuing year, for remission and suspension of revenue in the tracts which have been injuriously affected by the partial failure of the monsoon in Bombay and Madras and by the recent severe frosts in Northern India. With these exceptions the prospects of the ensuing year appear to be favourable. Special efforts have been made to

[Mr. Baker.] [22ND MARCH, 1905.]

avoid under-estimating of revenue and over-estimating of expenditure, but several of the heads are exposed to exceptional uncertainty, especially Opium and Railway Earnings.

"For Capital Expenditure on Railways we have provided 12 crores, in addition to the regrant of a sum of 50 lakhs which has lapsed from 1904-05. This grant is the highest ever yet made. For Irrigation Major Works, we have provided 125 lakhs. This last grant would probably have been larger had it been possible to spend it.

"By the end of the current year, we shall have paid off all but half a million of our floating sterling debt, and it is intended to discharge the remainder during 1905-06.

"We propose to raise a loan of 4 crores in India, and one of 2 millions in England for capital expenditure on productive public works.

"The present intention of the Secretary of State is to draw 16½ millions of bills on India next year, in addition to 1½ millions (2 crores) on account of the currency investment. These announcements are made subject to the usual reservation."

The Council adjourned to Wednesday, the 29th March, 1905.

CALCUTTA;
The 24th March, 1905.

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