

*Wednesday,
25th January, 1911*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XLIX

April 1910 - March 1911

ABSTRACT OF PROCEEDING
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA

ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS,

April 1910 - March 1911

VOLUME XLIX



Published by Authority of the Governor General.



CALCUTTA :
OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA.

1911



GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

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 TO 1909 (24 & 25 VICT., c. 67, 65 & 56 VICT., c. 14, AND 9 EDW. VII, c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 25th January 1911.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.O.V.O., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 60 Members, of whom 55 were Additional Members.

QUESTIONS AND ANSWERS.

The Honble MR. SACHCHIDANANDA SINHA asked :—

“ In replying to a question put by me at the last meeting of this Council about the Census Commissioner's Circular, the Hon'ble Mr. Butler, in the course of his reply, said :—‘ The object of the Circular was to consult Provincial Census Superintendents as to the feasibility of framing an estimate of the number of persons classed as *Hindus who are not ordinarily regarded as such* and what standards should be adopted for the purpose.....The Government of India believe that any dissatisfaction caused by a misapprehension of the Census Commissioner's original proposal has been allayed by the issue of the communiqué alluded to.....The object of the Circular was to throw light on the statistics. It is clearly desirable that their precise bearing and significance should be explained.’

- (a) Will the Government be pleased to state *whose* opinion it is that the persons or classes referred to in the above answer ‘ are not ordinarily regarded ’ as Hindus—whether that of the Hindus themselves or of non-Hindus or of the Government ?
- (b) Are the Government aware that even subsequent to the issue of the Government communiqué on the subject, resolutions have been passed at Benares and other cities and also at the Indian Social Conference, recently held at Allahabad, expressing alarm at the suggestion made by the Census Commissioner and protesting against any departure from the lines adopted at the last Census ?
- (c) Are the Government aware that many of the leading Hindu papers have expressed dissatisfaction with the suggestions made

[Mr. Sachchidananda Sinha : Mr. Butler ; Mr. Robertson ; Mr. Gokhale.] [25TH JANUARY 1911.]

and explanations offered in the said communiqués, as also with the reply given on the subject by the Hon'ble Mr. Butler ?

- (d) Do the Government propose to direct that the new scheme may therefore be deferred till Hindu public opinion on the subject comes round to the view of the Government, in the matter of such light being thrown upon Census statistics and their 'precise bearing and significance' being brought out, as is declared to be the only object of the Government ?

The Hon'ble MR. BUTLER replied :—

"The question whether certain classes should or should not be regarded as Hindus has often been raised, *e.g.*, in the Punjab Census Report for 1891, where it was stated that 7 per cent. of the persons classed as Hindus in the Census Tables had not been returned as such in the schedules, in some cases because they themselves did not claim to be Hindus, and in others because the Hindu enumerators objected to enter them as such.

"Various comments have been made on the Census Commissioner's communiqué and on the reply given to the Hon'ble Member's previous questions. In some quarters satisfaction has been expressed and in others the reverse.

"The Census Report consists of—

- (i) the final tables containing the statistics tabulated from the Census Schedules, and
- (ii) the Census Officer's comments on the statistics and his opinion as to the conclusions to be drawn from them.

"The final Tables are proscribed by the Government of India, and no change of any kind is, or has been, contemplated in the method of compiling them. The Census Commissioner's circular referred solely to the question of their elucidation. The conclusions which may be arrived at are binding on no one. They are merely the personal opinion of the writer. The actual statistics are at the disposal of any one who may wish to make an independent examination of any of the questions involved."

The Hon'ble SACHCHIDANANDA SINHA asked :—

"Are the Government aware that the new system of unregistered value-payable packets which was introduced about two years ago has produced great dissatisfaction in the department and among the public and has led to much confusion and loss ?

The Hon'ble MR. ROBERTSON replied :—

"The Government of India are aware that the simplification of the value-payable system which was introduced from the 1st February 1908 has not proved altogether satisfactory either to the public or to the Post Office, and acting on the advice of the several Trades Associations in India the Director General of the Post Office is about to introduce certain changes which it is hoped will remove any cause for complaint."

INCREASE IN PUBLIC EXPENDITURE.

The Hon'ble MR. GOKHALE: "My Lord, I rise to move that this Council recommends to the Governor General in Council that the Government should order a public inquiry by a mixed body of officials and non-officials into the causes which have led to the great increase in public expenditure, both Civil and Military, that has taken place during recent years, so that means may be devised for the greater enforcement of economy, where necessary and practicable.

"My Lord, the Budget Debate in this Council of last year, and more especially the language employed on the occasion by my Hon'ble friend the Finance Minister, had led me to hope that the Government would of their own accord direct such an inquiry, at any rate into the Civil expenditure of the country. That hope, however, has not been justified, and I therefore deem it

[25TH JANUARY 1911.]

[Mr. Gokhale.]

my duty to submit this motion to the consideration of this Council. My Lord, the last twelve years have been in some respects a most extraordinary period in Indian finance. A variety of circumstances, to which I will presently refer, combined to place at the disposal of the Government of India, year after year, phenomenally large revenues—phenomenally large, I mean, judged by the standard of this country; and while advantage was taken of the prosperous condition of the Exchequer to grant a certain amount of relief to the taxpayers, the necessary consequences of an overflowing treasury in a country like India inevitably followed, and the level of expenditure came to be pushed up in every direction in a manner perfectly unprecedented in the history of this country. How large and how unprecedented this growth of expenditure has been may be seen from the fact that two years ago, of a sudden and without any warning, we came to a year of a heavy deficit—the heaviest deficit that this country has known since the Mutiny. And last year, the Hon'ble Member, as if to emphasize the gravity of the situation, felt himself driven to impose additional taxation to the tune of about a million and a quarter in a perfectly normal year, free from famine, war, or any of those other disturbing circumstances which in our mind have been associated with increased taxation in the past. A development of the financial situation so extraordinary and so disquieting demands, in my humble opinion, a close scrutiny, and it is because I want the Government to undertake such an examination that I am raising this discussion in this Council today.

“My Lord, for a proper appreciation of how enormous this growth of expenditure has been during recent years, it would be necessary to take a brief survey of Indian finance over a somewhat extended period; and I propose, if the Council will bear with me, to attempt such a survey as briefly as I can for a period of about 35 years, beginning with the year 1875. I take 1875 as the starting point, because, in many respects, that year was a typical year—being also a normal year—typical of the old *régime* associated with the names of Lord Lawrence, Lord Mayo and Lord Northbrook. I propose to begin with that year and survey the finance of the 33 years that follow, as briefly as I can. Before doing so, however, I think I must place before this Council one or two general views about the financial position of the country. Those who merely look at our Financial Statements are likely to carry away a somewhat misleading idea as to what our real revenue or our real expenditure is. The Statements give certain figures known as gross and certain other figures known as nett. But neither the gross figures nor the nett figures give in my opinion a correct idea of what I would call the real revenue and expenditure. To get at the figure of real revenue, it is necessary in the first place to exclude from the revenue under the Principal Heads, Refunds and Drawbacks and Assignments and Compensations and also the cost of the production of Opium. Then we must take the Commercial Services nett; and to this we must add the receipts under the Civil and Military Departments. I think such a process alone would give us a correct idea of our real revenue. Now applying this to the Budget figures of last year, and those are the latest that are available for us, what do we find? We find that our real revenue, as distinct from either gross or nett revenue as given in the Financial Statement, is about 53 millions, or 80 crores of rupees—being made up of about 49 millions under the Principal Heads, about 1 million net from Railways and Irrigation, about 2 millions, Civil Departmental receipts, and a little over 1 million, Military Departmental receipts. Out of this revenue, about a million is devoted to meet the net charge of interest on unproductive debt, and another million goes to meet the standing charge for Famine Relief and Insurance. If we leave these 2 millions out, 51 millions remain to be devoted to the Civil and Military administration of the country, of which a little over 30 millions is devoted to Civil expenditure and a little under 21 millions is spent on the Army. The Civil charges are made up to-day of about 6 millions for Collection of Revenue, about 15 millions for the Salaries and Expenses of Civil Departments, about 5 millions for Miscellaneous Civil Charges, and about 4½ millions for Civil Works. This then is the first fact about our financial position which I would like the Council to note. The second fact, which I would like to mention, is that this real revenue, excluding Opium receipts,

which are uncertain and which moreover are threatened with extinction, is capable of growing at the rate of about $1\frac{1}{2}$ per cent. per annum. The calculation, which shows this, is an elaborate one and I do not want to weary the Council with its details. I have tried to take as much care as I possibly could to make it accurate and I have discussed the method adopted with those who are qualified to express an opinion on these matters. I think I may say that every care has been taken to eliminate figures which ought to be eliminated from such a calculation, and I feel that the result may be accepted as a fairly correct one. On the basis of this calculation, then, excluding Opium receipts, our revenue may be taken to be capable of growing, taking good and bad years alike, at an average rate of about $1\frac{1}{2}$ per cent. a year. It therefore follows that any increase of expenditure for normal purposes, *i.e.*, exclusive of any special expenditure that may have to be incurred for special objects, must keep well within this average rate of $1\frac{1}{2}$ per cent. per year. I trust the Council will keep these two facts in mind, and now follow me in reviewing the growth of expenditure during the 35 years, or rather 33 years, following 1875. I think it best to take 1908-09 as the last year of the period, first because up to that year the growth of expenditure went on practically unchecked, and secondly because complete figures are available to the general public only up to that year. This period of 33 years divides itself into four smaller periods of more or less equal duration—the first of 9 years from 1875 to 1884, the second of 10 years from 1884 to 1894, the third of 7 years from 1894 to 1901, and the fourth of 7 years from 1901-02 to 1908-09. Now, my Lord, for purposes of a fair comparison, it is necessary to reduce the figures for the years selected to what may be called a common denominator, all extraordinary items being eliminated from either side. Thus, if the rates of Exchange for any two years, which are compared, are different, due allowance must be made for that. If there has been either enhancement or remission of taxation in the interval, if new territory has been included or old territory excluded, if certain old heads of accounts have been left out or reclassified, allowance must be made for all these. I assure the Council that I have made such allowance to the best of my ability in the comparison which I am about to institute. Thus, in the first period there was first increased taxation during Lord Lytton's time and then there was a remission of taxation during Lord Ripon's time, and I have made due allowance for both these circumstances. Then the rate of Exchange even in those days was not steady. It was about 1s. 9'6d. to the rupee in 1875 and about 1s. 7'3d. in 1884, and allowance has been made for that. Well, having made these allowances, what do we find? We find, putting aside all extraordinary expenditure due to famines and war, that during this period of 9 years, our total Civil and Military expenditure rose by about 6 per cent., which means an annual increase of about two-thirds per cent. per year, against an annual growth of revenue of about $1\frac{1}{2}$ per cent. The rate of normal increase of revenue was thus considerably in excess of the rate of growth of expenditure, and it was this fact which enabled Lord Ripon's Administration to remit taxation. The total increase under Civil and Military during this period was about two-and-a-half crores a year. That is the first period.

“The second period of 10 years is the most difficult period to deal with, because there is hardly anything in common between the first year and the last year. It was a period of great military activity in view of certain eventualities that were expected on the North-West Frontier, and it synchronized with a steady fall in Exchange and a steady diminution of Opium revenue. The result was that there were continuous additions to the taxation of the country. In considering the expenditure of this period, we have to make allowance for four disturbing factors. In the first place, an addition was made in 1885 of 30,000 troops—10,000 European and 20,000 Indians—to the Army. Secondly, in 1886, Upper Burma was annexed. Then Exchange fell continuously between 1885 and 1894 from 1s. 7'3d. to 1s. 1'1d. to the rupee, the latter being the lowest point Exchange ever reached. And lastly, Exchange Compensation Allowance was granted to all European officials towards the end of this period, costing over a crore and-a-quarter of rupees or nearly a million sterling. All this necessitated continuous additions to the taxation of the country—during 8 out

[25TH JANUARY 1911.]

[Mr. Gokhale.]

of the 10 years, something or other being put on. These four factors make it extremely difficult to compare the starting year with the closing year of this period, but a certain general view, roughly correct, may be presented. It will be found that during this period the Civil and Military expenditure of this country rose by about 14 crores. Out of this 14 crores, however, about $7\frac{1}{2}$ crores was specially provided for by extra taxation, so that the normal growth of charges during this period was about $6\frac{1}{2}$ crores. On the other hand, the revenue during this time increased by about 12 crores, of which about 6 crores was from new taxes; and economies were effected to the extent of about 2 crores by suspending the Famine Insurance Grant and in other ways, and thus the two ends were made to meet. The result, during the second period, putting aside all special expenditure for which special taxation was imposed upon the country, was that we had a normal growth of administrative charges for the Army and the Civil administration of about $6\frac{1}{2}$ crores. This works out at a total increase of about $14\frac{1}{2}$ per cent. in 10 years, or an average increase of $1\frac{1}{2}$ per cent. per annum, against a normal growth of revenue from the old resources of a little under $1\frac{1}{2}$ per cent. a year.

"I now come to the third period. In this period the disturbing elements were not so numerous, the only factor of that character being Exchange. At the beginning of the period, Exchange was as low as 1s. 11d., but it rose steadily to 1s. 4d. in 1899, at which figure it stood practically steady for the three closing years of the period. And but for the fact that 3 of the biggest famines of the last century occurred during this period, as also for the fact that there was war on the frontier at the commencement, the finances of this period would have given a much more satisfactory account than they did. As things were, however, the Railway Revenue had already begun to expand, Opium too had begun to recover, and that extraordinary expansion of general revenues, which was witnessed from 1898 to 1908, had also commenced. The last three years of this period thus belong to a period of extraordinary expansion of revenue on all sides, and in addition to this, under Exchange alone, the Government saved in 1899 nearly 5 crores of rupees on the remittances to England, judged by the standard of 1894. These expanding resources naturally led to increased expenditure, and what stimulated the growth of charges even more than that was that we had during this period 3 years of Lord Curzon's administration—the first 3 years of his administration. As a result of all this, expenditure grew at a greater pace towards the close of this period than during the previous period; but even so, we find that it was kept well under control. During these 7 years, there was an increase of about 6 crores in the expenditure of the country, Civil and Military, which works out at about 11 per cent. or $1\frac{1}{2}$ per cent. per annum—the Civil expenditure rising by about 14 per cent. in the 7 years or at the rate of 2 per cent. a year, and the Army estimates rising by about $6\frac{1}{2}$ per cent. or at a little under 1 per cent. per annum. For purposes of this comparison I have reduced the cost of Exchange for the first year to the level of what it would have been, if Exchange had then been 1s. 4d. instead of 1s. 11d. to the rupee.

"Let us now turn to the last period. This period, like the third, was one of 7 years, but it was a period of what was described in this Council last year as a period of 'Efficiency with a big E.' There was a hot pursuit of efficiency in every direction, leading to increased establishments, creation of new appointments, and increases in the scales of pay and promotion and pensions of the European services of the country. As a result what do we find? An increase of expenditure all round which is perfectly astonishing. The disturbing factors during this period were:—(1) the Accounts for Berar were included, (2) the bulk of the Local Funds Accounts were excluded, (3) there were remissions of taxation, and (4) the charges for Military—Marine were transferred from Civil works to Military. Making allowances for all these factors, we find that during these seven years, 1901-02 to 1907-08, the total normal growth of charges, Civil and Military, came to no less than 18 crores! This gives us an increase of about 33 per cent. in seven years, or about 5 per cent. per annum! On the other hand, the expansion of revenue, which in itself was most exceptional, was, making all necessary allowances, about 2 per cent. per annum. We thus come to this—We had an increase of about $2\frac{1}{2}$ crores

during the first nine years; we had about six crores during the next 10 years; again about six crores during the next seven years; and we had an increase of not less than 18 crores during the last seven years! Taking the percentages, again, we find that the normal growth of charges per annum in the first period was about two-thirds per cent; it ranged between $1\frac{1}{2}$ and $1\frac{1}{3}$ per cent. during the second and third periods; while it was nearly 5 per cent. during the last period! Taking Civil and Military separately, it was 40 per cent. for seven years or nearly 6 per cent. per annum for the Civil, and about 20 per cent., or an annual average growth of 3 per cent. for the Military!

"My Lord, I think it should only be necessary to mention these figures to establish the importance and necessity of an inquiry into the growth of charges during recent years. It will probably be said that this extraordinary increase is accounted for to a great extent by increased expenditure in several useful directions. I admit at once that the Government have found additional money for several desirable objects during this period. But what is the amount so found? The total growth of Civil charges during this period was 13 crores. Out of these 13 crores, a sum of about 3 crores represents roughly the additional expenditure on Police, Education, and grants to Local Bodies. About a million has been added to the expenditure on the Police, with what results it is too early yet to say. I, for one, am not satisfied that the growth of expenditure in this direction has been all good, but I will take it for the moment that the increased expenditure will give us a more improved Police service. Next we find that under Education there has been an increase of about half a million or 75 lakhs, including the sums provided for Agricultural Education and Technical Education. Finally, a little over half a million—nearly two-thirds of a million—represents the grants made to Municipalities and Local Boards for Sanitation, Education and other purposes. Thus, roughly speaking, the additional expenditure on these objects comes to a little over 3 crores or 2 millions sterling, leaving still an increase of about 10 crores to be explained.

"My Lord, I may mention, if the Council will permit me, that it is not only now that I am complaining of this extraordinary rise in charges. As far back as 5 years ago, when we were in the midst of this period and when charges were still going up by leaps and bounds in every direction, I ventured to make a complaint on this subject in the Council. If the Council will pardon me for quoting from myself, I would like to read a few lines from what I then said. Speaking in the Budget Debate of 1906-07, I ventured to observe:—

"The surpluses of the last few years—rendered possible by the artificial enhancement of the value of the rupee, and realised, first, by maintaining taxation at a higher level than was necessary in view of the appreciated rupee, and, secondly, by a systematic under-estimating of revenue and over-estimating of expenditure—have produced their inevitable effect on the expenditure of the country. With such a plethora of money in the Exchequer of the State, the level of expenditure was bound to be pushed up in all directions. Economy came to be a despised word and increased establishments and revised scales of pay and pension for the European officials became the order of the day. Some remissions of taxation were no doubt tardily granted, but the evil of an uncontrolled growth of expenditure in all directions in the name of increased efficiency was not checked, and the legacy must now remain with us. The saddest part of the whole thing is that in spite of this superabundance of money in the Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses. Such State action is, in my humble opinion, the first duty now resting on the Government of India, and it will need all the money—recurring and non-recurring—that the Hon'ble Member can find for it."

"That this complaint was admitted in its substance to be just by the Government, or rather by the representative of the Government in the Finance Department, will be seen from certain very striking observations made the following year by His Honour Sir Edward Baker, who was then our Finance Minister. Speaking in the Budget Debate of 1907-08 about a proposal that there should be a further increase in the salaries of certain officers, he protested

[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

that he regarded that proposal 'with astonishment, and something like dismay'; and then he proceeded to say :—

'I have now been connected with the Finance Department of the Government of India for 5 years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganisation of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various Services at all backward in urging their own claims. I cannot in the least recognise the necessity for imparting an additional stimulus to this process.'

"It will thus be seen that there has been a great deal of expenditure incurred during the last few years of a permanent character, which was rendered possible only by the fact that Government had large surpluses at its disposal. In view of this, and in view of the great deterioration that has since taken place in the financial position, I think it is incumbent now on the Government to review the whole situation once again. My Lord, this was the course which Lord Dufferin adopted in his time, though the growth of charges then was nothing like what it has been during the last decade. When Lord Dufferin became Viceroy, he decided to increase the Army in this country and for that purpose wanted more money. And so he appointed a Finance Committee to inquire into the growth of expenditure that had taken place just before his time, so as to find out what saving could be effected. The Resolution, appointing that Committee, is a document worth the perusal of the present Government of India. It speaks of the growth of Civil expenditure that had taken place during the preceding five years as 'very large,' though, as I have already pointed out, the increase was only at an average rate of about $\frac{2}{3}$ per cent. per annum between 1875 and 1884, or taking the charges for Collection of Revenue and the Salaries and Expenses of Civil Departments only, it was about $1\frac{1}{2}$ per cent.—the increase under these two heads being higher than under other heads. If that rate of increase was, in Lord Dufferin's opinion, 'too large,' I wonder what expression he would have used to describe the pace at which expenditure has grown during the last decade !

"My Lord, I now come to the form of the enquiry which I propose. I propose, in the first place, that the enquiry should be a public enquiry, and I propose, secondly, that it should be by a mixed body of officials and non-officials. As I have already observed, the language employed by the Hon'ble the Finance Member last year in this connection had led me to hope that Government would of their own accord order such an inquiry into the matter. In Simla last August, however, when I asked the Hon'ble Member a question in Council, he said that what he had meant was a Departmental inquiry only. Now, my Lord, the position is so serious that a mere Departmental inquiry will not do. In support of this view, I may quote my Hon'ble friend himself. He said last year that the question of economy did not rest with his Department alone; it rested with the Government of India as a whole. He also said that if economy was to be enforced, public opinion, both in this country and in England, would have to enlist itself on the side of economy. Now the only way to enlist public opinion on that side is by holding a public enquiry into the growth of charges, as was done by Lord Dufferin, so that the people might know how the charges have been growing and where we now stand. My Lord, I do not want a mere Departmental inquiry at the head-quarters of Government. An inquiry at Simla or Calcutta will only be a statistical inquiry. What we want is a Committee, somewhat on the lines of Lord Dufferin's Committee, with one or two non-officials added, going round the country, taking evidence, finding out from the Heads of Departments what possible establishments could be curtailed, and making recommendations with that care and weight and deliberation, generally associated with public inquiries. I urge such an inquiry, because, governed as India at present is, public inquiries from time to time into the growth of expenditure are the only possible safeguard for ensuring an economical administration of our finances. Under the East India Company, the situation was in some respects stronger in such matters. The

Imperial Government, which now finds it easy to throw on India charges which should not be thrown on India, was in those days resisted by the Company, whenever it sought to impose such charges. On the other hand, Parliament exercised a jealous watchfulness in regard to the affairs of the Company, and every 20 years there used to be a periodical inquiry, with the result that everything was carefully overhauled; and that tended largely to keep things under control. With the transfer of the Government of this country from the Company to the Crown, things have been greatly changed. All power is now lodged in the hands of the Secretary of State, who, as a Member of the Cabinet, has a standing majority behind him in the House of Commons. This means that the control of Parliament over Indian expenditure, though it exists in theory, is in practice purely nominal. In these circumstances, the importance and value of periodical public inquiries into our financial administration should be obvious to all. There have been three such inquiries since the transfer of the Government from the Company to the Crown. The first was by a Parliamentary Committee in the seventies. The Committee, which sat for nearly four years, took most valuable evidence. Unfortunately Parliament broke up in 1874, before the Committee had finished its labours, and the Committee dissolved with the dissolution of Parliament. The second inquiry was by the Committee appointed by Lord Dufferin in 1886-87, and ten years after, in 1897, a third inquiry was ordered, this time by a Royal Commission presided over by Lord Welby. Fourteen years have elapsed since then, and I think it is due to the country that another Committee or Commission of inquiry should now be appointed to inquire in a public manner into the growth of charges and find out what economies and reductions are possible and how the level of ordinary expenditure may be kept down. And this inquiry must not be in London or at Simla or Calcutta. It must be by a body which will go round the country and take evidence.

"My Lord, I will now state what, in my opinion, are the remedies which the situation requires. My proposals are four in number, and they are these:— in the first place, what Mr. Gladstone used to call the spirit of expenditure, which has been abroad in this country for a great many years, and especially during the seven years between 1901-02 to 1908-09, should now be chained and controlled, and, in its place, the spirit of economy should be installed. If the Government would issue orders to all Departments, as Lord Dufferin did, to enforce rigorous economy in every direction and to keep down the level of expenditure, especially avoidable expenditure, I think a good deal might be done. Lord Dufferin's Government wanted money for military preparations. I earnestly hope that Your Lordship's Government will want to find money for extending education in all directions. In any case, the need for strict economy is there, and I trust that Government will issue instructions to all their Departments to keep down administrative charges as far as possible. That is my first suggestion. In this connection I may add this. Care must be now taken never again to allow the normal rate of growth of expenditure to go beyond the normal rate of growth of revenue. Indeed, it must be kept well within the limits of the latter, if we are not to disregard the ordinary requirements of solvent finance. If special expenditure is wanted for special purposes, as may happen in the case of an invasion or similar trouble, special taxation must be imposed, and we shall be prepared to face the situation and support the Government in doing so. But in ordinary circumstances, the normal rate of growth of expenditure must not exceed and should be well within the normal rate of growth of revenue.

"My second suggestion is that the Military expenditure should now be substantially reduced. My Lord, this is a somewhat difficult question, and I trust the Council will bear with me while I place a few facts on this subject before it. Our Military expenditure, which, till 1885, was at a level of about 16 crores a year, now stands at well over 81 crores. The strength of the Army was first determined by a Commission which was appointed after the Mutiny, in 1859, and that strength—roughly sixty thousand Europeans and one hundred and twenty thousand Indians—continued to be the strength of the Army till 1885. On many occasions during that interval,

[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

those who were responsible for the Military Administration of the country pressed for an increase in the number of troops, but without success. In 1885, 30,000 troops—ten thousand European and twenty thousand Indian—were added. The number has been slightly increased since, and we have at present about 75,000 European troops and double that number of Indian troops. Now, my Lord, my first contention is that the country cannot afford such a large army, and in view of the great improvement, which has taken place in mid-Asian politics, it should now be substantially reduced. Not only responsible critics of Government but many of those who have taken part in the Administration of India and who are or were in a position to express an authoritative opinion on the subject, have publicly stated that the strength of the Indian Army is in excess of strictly Indian requirements. Thus General Brackenbury, who was a Military Member of this Council at one time, stated in 1897, in his evidence before the Royal Commission on Indian Expenditure, that the strength of the Indian army was in excess of Indian requirements, and that part of it was intended to be a reserve for the whole Empire in the East. I may also point out that the Army Commission of 1879, of which Lord Roberts was a member, held that the then strength of the Indian army—60,000 English troops and 120,000 Indian troops—was sufficient for all requirements—sufficient to resist Russian aggression, not only if Russia acted alone, but even with Afghanistan as her ally. Then, my Lord, when the South African war broke out, a substantial number of troops was sent out of this country for service in South Africa, at a time when the situation should have been regarded as anxious for India. A part was also sent to China about the same time, and yet things went on here as well as ever. All these things show that the strength of the Indian army, as it exists to-day, is really in excess of Indian requirements. It may be said that this is a matter of military efficiency, on which non-official members are not qualified to express an opinion. If I were venturing an opinion on the technical details of Military Administration, I should myself blame myself for my presumption; but this is a matter of policy, which, I venture to think, all laymen—even Indian laymen—are qualified to understand, and on which they are perfectly entitled to express an opinion. Any one can see that the situation in mid-Asia and on the Frontiers of India has undergone a profound change. And, in view of this change, I think it is due to the people of this country, who have borne this enormous military burden for a number of years, that some relief should now be granted to them, and thereby funds set free to be devoted to more useful and more pressing objects. My Lord, military efficiency, as Lord Salisbury once pointed out, must always be relative. It must depend not only on what the Military authorities think to be necessary, but on a combined consideration of the needs of defence and the resources which the country can afford for the purposes of such defence. Judged by this standard, I think that our Military expenditure is unduly high; and I therefore respectfully urge that a part of this expenditure should now be reduced by reducing the troops to the number at which they stood in 1885.

“My Lord, my third suggestion is that there should now be a more extended employment of the indigenous Indian agency in the public service. In this connection I am free to recognise the necessity of paying as a rule the Indian at a lower rate of payment than the Englishman who holds the same office. I think this is part of our case. If we insist on Indians being paid at the same rate as Englishmen, we cut away a large part of the ground from under our feet. Except in regard to those offices, with which a special dignity is associated, such, for instance, as Memberships of Executive Councils, High Court Judgeships and so forth, where of course there must be strict equality, even as regards pay, between the Indian and the Englishman, there must, I think, be differential rates of payment for the Indian and the European members of the public service. What is however necessary is that care must be taken not to make such distinctions galling. Instead of the present division into Provincial and Imperial services, or instead of laying down that the Indian should be given two-thirds of what the Englishman gets, I would provide a fixed salary for each office, and I would further provide that if the holder of the office happens to be an Englishman, an extra allowance should be paid to him, because

he has to send his wife and children to England, and he has often to go there himself. These have to be recognized as the exigencies of the present situation and they must be faced in the proper spirit. I should, therefore, have a fixed salary for each office; and I would then throw it equally open to all, who possess the necessary qualifications, subject to the condition already mentioned, that an English holder of it should get an extra allowance for meeting extra expenses. Then, when you have to make an appointment, you will have this before you. An Indian—pay, say, Rs. 500 a month—an Englishman, pay Rs. 500 *plus* an allowance, say, of Rs. 166. If you then are really anxious for economy, you will have to take the Indian, other things being equal.

“My fourth and last suggestion is this—that provision should now be made for an independent Audit in this country. My Lord, this is a matter of very great importance and it has a history of its own. In the eighties there was some very earnest discussion on this subject between the Government of India and the Secretary of State. The first proposal on the subject, curiously enough, went from the Government of India themselves; that was when Lord Cromer—Sir E. Baring, as he then was—was Finance Minister of India, and Lord Ripon, Viceroy. In a despatch, addressed by the Government of India to the Secretary of State in 1882, the Government urged that a system of independent Audit should be introduced into India. The whole of that despatch is well worth a careful study. After a brief review of the systems of Audit in different European countries, which the Government of India specially examined, they state in clear terms that they have come to the conclusion that the system of Audit in this country by officers who are subordinate to the Government is not satisfactory and must be altered. And they insist on two things:—first, that the officer, who was then known as Comptroller General, or as he is now called, Comptroller and Auditor General, should be entirely independent of the Government of India, that he should look forward to no promotion at the hands of the Government of India, and that he should be removable only with the sanction of the Secretary of State in Council, and, secondly, that his position, as regards salary, should be as high as that of the Financial Secretary, and that he should reach that position automatically by annual increments after twenty years' service. The Secretary of State of that time, however, under the advice of his Council, which, as a rule, is averse to change or reform, declined to sanction the proposal. He considered that it was not suited to India, that it was not really necessary, and that it would cost a good deal! Curiously enough, however, five or six years afterwards, the same proposal was revived by the Secretary of State for India himself. Lord Cross was then Secretary of State and the despatch in which he reopens and discusses this question is also worth a careful perusal. Like the Government of India of 1882, he too dwells on the unsatisfactory character of the Indian Audit, especially owing to the fact of the Head of the Audit Department being a subordinate of the Government of India, and points out how necessary it is that this officer should be independent of the Indian Government. The proposal was, however, this time resisted by the Government of India, Lord Lansdowne being then Viceroy, and it again fell through. Now, my Lord, I respectfully urge that the question should be taken up once again and the Auditor General made absolutely independent of the Government of India. In England, the Auditor General submits an annual Report on all irregularities, which have come under his notice, to the House of Commons, and the House refers it to a Committee, known as the Committee of Public Accounts, which then subjects the officials concerned to a searching and rigorous examination. As our Council does not yet vote supplies, it will, I recognize, be necessary in present circumstances that our Auditor General's Report should be submitted to the Secretary of State for India, who is the final authority in financial matters. But the Report should be made public, being laid before Parliament every year and being also published in India. Then our criticism of the financial administration will be really well-informed and effective. At present non-official members can offer only general remarks for the simple reason that they are not in a position to know anything about

[25TH JANUARY 1911.] [Mr. Gokhale; Mr. Meston.]

the details of financial administration. This will be altered, if they obtain the assistance of an annual Report from an independent Auditor General.

"My Lord, I have done. I want this inquiry to be undertaken for four reasons. In the first place, this phenomenal increase in expenditure demands an investigation on its own account. Economy is necessary in every country, but more than anywhere else is it necessary in India. Certain observations, which were made by Lord Mayo 40 years ago on this point, may well be recalled even at this distance of time. In speaking of the Army expenditure, he said in effect that even a single shilling taken from the people of India and spent unnecessarily on the Army was a crime against the people, who needed it for their moral and material development. Secondly, my Lord, expenditure must be strictly and rigorously kept down now, because we are at a serious juncture in the history of our finance. Our Opium revenue is threatened with extinction. Thirdly, I think we are on the eve of a large measure of financial decentralisation to Provincial Governments, and it seems certain that those Governments will be given larger powers over their own finances. If, however, this is to be done, there must first of all be a careful inquiry into the present level of their expenditure. That level must be reduced to what is fair and reasonable before they are started on their new career. Last, but not least, we are now entertaining the hope that we are now on the eve of a great expansion of educational effort—primary, technical and agricultural, in fact in all directions. My Lord, I am expressing only the feeling of my countrymen throughout India when I say that we are earnestly looking forward to the next five years as a period of striking educational advance for this country. Now, if this advance is to be effected, very large funds will be required, and it is necessary that the Government of India should, first of all, examine their own position and find out what proportion of their present revenues can be spared for the purpose. My Lord, these objects—education, sanitation, relief of agricultural indebtedness—are of such paramount importance to the country that I, for one, shall not shrink from advocating additional taxation to meet their demands, if that is found to be necessary. But before such additional taxation can be proposed by Government, or can be supported by non-official members, it is necessary to find out what margin can be provided out of existing resources. This is a duty which the Government owes to the country; and the representatives of the taxpayers in this Council owe it to those, on whose behalf they are here, to urge this upon the Government. It is on this account that I have raised this question before the Council to-day, and I earnestly trust the Government will consider my proposals in the spirit in which they have been brought forward. My Lord, I move the Resolution which stands in my name."

The Hon'ble Mr. MESTON: "My Lord, if he will permit me, I should like to begin by offering my congratulations to the Hon'ble Mover upon the lucidity and the extreme fairness with which he has placed this complicated case before the Council. Like the late Mr. Gladstone, the Hon'ble Mr. Gokhale has the rare and happy knack of making figures interesting, and it has been a sincere pleasure to listen to the skill with which he marshalled his figures and inspired life into the dry bones of our statistical returns. It is with this side of his argument—the purely statistical aspect of the case—that I propose to proceed, and I rise with no intention of controverting the conclusions which the Hon'ble Member has placed before us in this Council. But I will suggest—and I am sure that the Hon'ble Member will agree with me—that his conclusions are not the only ones which emerge from this vast and intricate subject. He has drawn a picture—almost a sort of architectural drawing—of the huge structure of our financial administration; and with the hand of the trained critic he has pointed out where he thinks we have paid too much for the building, and what parts of it he thinks are superfluous. What I would now ask the Council to do is to come inside the building, survey the business that we carry on in it, and see why we have had to add room after room and storey after storey. In other words, I would ask them to consider what this growth of expenditure means, and why it has been necessary.

“Mr. Gokhale opened his speech by a striking description of how the taxation of last year fell from a blue sky, in a year of normal conditions and with no special dangers ahead. That situation is very recent and almost every one in this room must remember that the taxation of last year was proposed in consequence of a very large deficit which was due to the collapse in revenue following a heavy famine and an acute depression in trade; and secondly to the prospective loss which we expected owing to the possible disappearance of our opium trade with China. The Hon'ble Member then took a broad review of the finances of India for the last 35 years. Now 35 years is but as a day in the annals of this ancient land; yet it is a very big slice in the modern history of India, since the country first began to develop its administration along western lines. It is true that the public expenditure of India has nearly doubled since 1875. But would it not be easy to find a civilized country where the same thing has not happened in approximately the same time? In England the gross expenditure in 1875 was £74 millions; in the year 1908 it was 152 millions. In France just before the Franco-Prussian War the public expenditure was 2·2 milliards of francs; it is now I believe 5. The Russian budget exactly doubled in the 20 years following 1870. In Belgium it very much more than doubled; and even in the happy little Republic of Switzerland the cost of government rose from 43 million francs in 1875 to 81 million francs 20 years later. These illustrations show us that in other countries besides India, whatever be their form of government, the pace of expenditure has been as fast as with us; and it could not seriously be contended that the changes in these countries—whether political or economical or administrative—have been more rapid in the time than they have been in India. The great increase of expenditure that has taken place during these 35 years is an index, not of administrative extravagance, but of the evolution of our administration from a simple and almost primitive form into a form which brings it in line with countries where the process has been much longer and slower.

“I shall now ask the indulgence of the Council for a brief description of the growth of our expenditure in recent years. It would take too long for the time at my command to attempt to follow Mr. Gokhale through the whole period which he has selected. Comparisons by periods, with all the statistics reduced, so to say, to a common denominator, and with net figures taken wherever possible, provide the only sure method of handling this subject with scientific exactitude; but the method is a little puzzling to plain people; and all that I shall put before the Council is a broad comparison between the expenditure of India in 1898 and the expenditure in 1909. At the outset there are several corrections that have to be made. In 1908 the whole expenditure of our district and local boards appeared in the Government accounts. It has now been removed. In 1898 the fertile little province of Berar had a separate account rendered for it which you will find buried in the Appendices of our old Blue Books. Its accounts are now incorporated with those of British India; so that if you take the record of expenditure which you find in our Blue Books, and compare 1898 as it stands with 1909, you get a misleading comparison. I need hardly say that Mr. Gokhale has scrupulously carried out the necessary corrections and adjustments before presenting the figures which he gave the Council. Following his example and making the necessary corrections, but using gross figures for the sake of simplicity, I will now compare the two years which I have chosen. They are not, as it happens, the same years as Mr. Gokhale has chosen for the basis of his arguments: but they give a sufficiently simple and at the same time truthful picture of the relation between the growth of expenditure and administrative change. 1898 I have selected for several reasons. It is the year up to which Lord Welby's Commission practically brought their examination of our finances. It was the first year in which our exchange had practically settled down to its present standard of *1s. 4d.* It was the opening year of a Viceroyalty which was associated—and rightly associated—with a great stimulus to administrative progress and efficiency. Finally it was a good normal year with average harvests, no unusual civil charges, and no external military activity. 1909, on

[25TH JANUARY 1911.]

[Mr. Meston.]

the other hand, has been selected simply because it is the latest year of which we have available figures; but it also was a good normal year with no particular departure from the usual scale of civil or military expenditure.

“And so at last I come to my point. The total gross expenditure of India in 1898, including the Berar accounts, was £56 millions. In 1909 it was £73 millions—a rise of £17 millions. Out of this roughly £3 millions has occurred in the military charges of the country, and to these £3 millions I shall not refer again, as my Hon'ble friend Mr. Brumyate intends to explain them to the Council, and he will do so with an intimacy of knowledge to which I cannot pretend. I am left then with £14 millions of civil charges to describe. From this, £4½ millions may at once be subtracted; for it represents the growth in the expenditure of our commercial Departments, our Railways, Canals, Post Office and Telegraphs; this being more than covered by the growth in the earnings of these Departments during the same period. There is no time to prove this to the Council, and I must ask them, as the lawyers say, to ‘take it from me’ that the development of our Commercial Departments has more than paid its way during these 12 years. The growth of purely civil expenditure thus presents itself as a figure of £9½ millions, which is very nearly the increase of 10 per cent. on which Mr. Gokhale has laid stress. Now, how is this £9½ millions made up? I will endeavour to tell you. £1 million has mainly gone in additional expenditure on our land-revenue establishments. The complexity of our land tenures and the growing volume of litigation in our rent courts very largely explain this increase. I believe that the condition of the revenue staff in our districts is a condition of chronic overwork, and I venture to think that here at least there is not much saving to be effected. It must also be remembered that since 1898 a great army of village accountants, who were formerly a charge on local funds of their own, has come upon the general revenues. Another £¾ million represents the increased cost of working our forests, guarding our excise, collecting our customs, and the like. The increase is extraordinarily small compared with the growth of the revenue from these important sources. Another £¾ million is made up of a number of petty increases. We have to pay more interest, for example, on our Provident Funds, because there are more subscribers; and I am afraid that we all write more and print more than we did 12 years ago, and so have to pay more for stationery and printing presses. That accounts for £2 millions out of my £9½ millions. A third million has been devoted to our courts of law and our jails; with the ceaseless growth of litigation and the constant demand for improvements in our prisons, it is difficult to see how this could have been avoided. Another £1 million has gone into certain of the minor services: about £500,000 in the development of agricultural, veterinary and other scientific work; £200,000 in strengthening our medical arrangements, particularly against plague; and about £300,000 in political charges, largely in connection with the new Frontier Province. This brings us up to £4 millions out of my £9½ millions. A fifth million has been spent on education; and £2 more millions have gone into raising the standard of expenditure on Civil Works—new schools, better hospitals, improved roads, more bridges, etc. This rise of £2 millions has occurred almost wholly in the Provinces; and those Hon'ble Members who represent the Provinces in this Council will be able to say whether the increase of expenditure on these beneficent services is in any way comparable with what they would have desired if more funds had been available. I have now accounted for £7 millions. Out of the balance £1½ millions has been used upon the Police, raising their pay and prospects, improving their training, increasing their supervision and labouring to eradicate the faults and abuses which impede the usefulness of that large public body. Of the £1 million that still remains to explain, about half has gone in strengthening the machinery of control at the head-quarters of our Governments, Imperial and Provincial—the Secretariats, the Audit offices and the enlarged Councils. The last half million appears in the shape of increased pension charges, a necessary corollary of the growth of salaries and establishments.

“Such then is the tale of the 9½ millions by which our civil charges have increased since Lord Elgin laid down office. It is not an ignoble tale. It

[Mr. Meston; Mr. Dadabhoj.] [25TH JANUARY 1911.]

is not a tale of mismanagement or squandering. But of course it is not complete. If time allowed I should like to show some of the generic causes, so to speak, for this increase;—how far, for example, it has been forced upon us by the steady rise in prices and by the demand of all classes of State employes for a higher standard of comfort. I should also have liked to analyze the figures and show how far the increase is recurring and inevitable, and how far it is due to expenditure of a non-recurring character which can be curtailed when funds are running short. I would also point to the striking fact that, during the 12 years of which I have been speaking, the Government have remitted taxation to an extent which has left the public exchequer poorer and the people richer by no less than 4½ millions a year; and yet in spite of this and of the growth in expenditure, we have only once during this period failed to show a substantial surplus in our annual accounts. It is impossible, however, to enter into all this now. The warning which underlies our statistics and which the Hon'ble Mover has brought out with admirable clearness, is the liability that is hanging over us for further expenditure on the moral and industrial development of the country, combined with the fact that one of our main sources of revenue—not one of our largest, happily, but still sufficiently serious—is in grave jeopardy. On this argument I have only one word to say, and it will be my last. Our financial administration is not blind to the signs of the times, and our finances will, I trust, be found ready to adapt themselves to the new conditions.

“There is indeed one very encouraging piece of evidence that they have already begun to do so; for the period 1898-1909 is sharply divided into an era of prosperity and an era of depression. From 1898 to 1906 the advance of prosperity was almost uninterrupted. After 1906 came a check—financial panic, bad harvests, dull trade and falling revenue. Was this change reflected in any check in expenditure or did we go on in these later years at the same rate as had been possible in our earlier and richer period? The answer is unmistakably given in the figures. Between 1898 and 1906, our average increase of expenditure was £1,900,000 a year. Between 1906 and 1910, it fell to £600,000 a year, or less than one-third of the rate of increase that had been maintained in our days of prosperity. This does not look as if the still, small voice of the Finance Department had been altogether ineffective.

“I have not attempted to speak on the questions of policy underlying the Resolution. My remarks have been intended to show what the growth in expenditure has meant, that it has proceeded on defensible lines, and that, if it has now to be curtailed, the Government of India may be trusted to find the way, as they have in the past, to do what may be necessary to ensure our financial stability.”

The Hon'ble MR. DADABHOJ: “My Lord, I have heard with interest the speech of the Hon'ble Mr. Meston. Despite of the ability with which he has dealt with the subject, I submit, he has not succeeded in dislodging the Hon'ble Mr. Gokhale from the position he has taken. My Lord, one of the greatest of England's political thinkers, Edmund Burke, counselled inquiry into causes of discontent. The proposition is capable of more general and extended application. In my humble opinion, whether there is discontent or not, it is impolitic to refuse investigation. On this principle the Resolution before the Council ought to be acceptable to Hon'ble Members. The situation is grave enough to demand sifting inquiry. That there is need for economy in the administration, perhaps nobody will deny. Know as I do the Hon'ble Finance Minister's commendable partiality for economy, I conceive he realises it more than any one of us here. The need admitted, the only practical method of proceeding to work is to start with a thorough inquiry into the possibilities and the direction of the desired economy. I do not think the demand for inquiry will elicit serious opposition. But I can well believe that the suggested composition of the Commission might not be so acceptable to all, especially because the Military expenditure of this Government is also a subject on which inquiry is sought. There is an idea, a mere departmental feeling, that Military expenditure is a matter in which laymen, non-officials in particular, are hopelessly out of court; and it might be argued on that assump-

[25TH JANUARY 1911.] [Mr. Dadabhoi.]

tion that the suggestion of non-officials investigating it is futile, if not heretical. But I would remind Hon'ble Members, in the words of Lord Morley, that,—

'after all, civilians have got to decide these questions, and, provided that they arm themselves with the expert knowledge of military authorities, it is rightly their voice that settles the matter.'

"Non-officials may well be associated with experts on the Commission, which I hope and trust Government will be pleased to appoint for the purposes of a thorough investigation. It is better that the lines of economy should be determined in consultation with the taxpayer, and that departmental enthusiasm should be checked, controlled and directed by the good commonsense of the ordinary citizen. My Lord, I like open inquiry by joint Commission. I do not expect satisfactory results from mere departmental inquiry. I trust not only will Hon'ble Members accept the Resolution, but it will be acceptable to Government as well.

"My Lord, the request is for inquiry into both Military and Civil Expenditure. The growth in both directions has been alarming of late, and if the expenditure goes on increasing at this rapid rate sometime longer, the Finance Minister will be bold who will undertake to maintain financial equilibrium with the ordinary resources of Government.

"The public complaint is that the Indian Army is maintained even in times of peace on a war footing. That is the opinion of many who may be expected to be in the know. I will quote here the opinion of Sir Charles Dilke. In the debate in Parliament on the East India Loans Bill, on 7th December, 1908, he inquired,—

'Why is the Indian Army kept on an extravagant scale as compared with that which England can afford in this richer part of the world, and which is altogether out of proportion to that which she dare to ask the Crown Colonies to contribute? Why should there be a two to one different scale beyond Ceylon and India?'

"Where to look for an explanation! It is time the explanation should come.

"My Lord, the despatch of 'a force of rather over 8,000 British officers and men from India, as well as some 3,000 natives for non-combatant services,' for service in South Africa during the Boer War, at a time when considerations of ordinary prudence would have suggested the maintenance of the maximum force in India, affords perhaps the most convincing proof of the fact that at least a portion of the Indian Army is superfluous and not required for the needs of India. But the curious part of the business is that there have been substantial additions to the Army since then, entailing of course extra cost. We have had Reorganisation schemes in the interval with more or less elaborate projects of Special Defence Works. There is no cessation of activity. On March 28th, 1900, Lord Curzon, in justification of a more pretentious Military Budget, referring to the Boer War, remarked in his own forcible way:—

'A storm has taken place in the great ocean, the commotion caused by which will be felt thousands of miles away on every beach and shore. Here, as elsewhere, we shall require to set our own house in order, to overhaul our military machine, and to profit by the lessons learned.'

"Fine sentiment, but the cost is a little too much. According to Major General Sir Edwin H. H. Collen's Memorandum of 21st March 1900, 92 officers were added to the Indian Army at an annual cost of four lakhs of rupees. Lord Kitchener's Reorganisation and Redistribution Scheme provided for the further addition of 350 officers. In 1902-03 the 'establishment of officers, non-commissioned officers and men of British troops' amounted to 74,113. In March 1909 the number rose to 75,250, or an increase of 1,157. The total strength of the Indian section of the Army was 150,586 in 1902-03; in 1909 it stood at 162,093, or an increase of 11,507. This large increase in the Army after all the improvements effected by Major General Collen during a long series of years and despite of the significant fact of the loan to South Africa, requires careful investigation. The necessity of the other large changes carried out by Lord Kitchener equally demands scrutiny. The urgency of the reforms is

a matter on which the public would like to have more light. It is anything but clear. Lord Kitchener came to India in 1902, and forthwith set to reorganise the Army. His long explanation in Council would seem to be suggestive of the allegation that the Indian Army was not in an efficient condition at that time, and stood in urgent need of overhauling. His Lordship is a high authority on military affairs, and his opinion is entitled to our respectful consideration. At the same time it would be affectation not to feel that, only a short time before His Lordship's arrival in India, it was stated on perhaps as good authority that the Indian Army was in a 'high standard of efficiency', and that 'very considerable reforms and additions' had 'already been undertaken'. On 27th March 1901 Lord Curzon said in this Council:—

'I allude to the Military Estimates. They have been introduced in a Statement and have been explained to-day in a speech by the Hon'ble Military Member, enumerating the very considerable reforms and additions which we have already undertaken, or are about to undertake, and summarising in a concise manner the principal measures of improvement that have been carried out in the Indian Army during the sixteen years with which, in one or other capacity—culminating in the highest—Sir E. Colleen has been connected with the military administration of the Government of India.'

"In his Memorandum of 1900 Major General Colleen sought to justify increased expenditure on improvements on the ground that 'the Army in India was to maintain its high standard of efficiency.'

"It is difficult for the uninitiated to understand that only a short time after these authoritative declarations the Army was found in such a state—I will not say of inefficiency, but of unpreparedness—that a mint of money was required for the execution of a new Reorganisation and Redistribution Scheme. Lord Kitchener stated under his Scheme mobilisation had become easy. Judging from previous history, the Transport and Supply Department would not appear to have been so defective. The following passage from Major General Colleen's Memorandum already referred to shews it was fairly efficient:

'Last September we despatched a small force to South Africa, and had the satisfaction of receiving the acknowledgments of His Majesty's Government for the promptitude with which the force was equipped and sent off.'

"My Lord, I mention these facts not in a light spirit of faultfinding. It is always risky to dogmatise on a subject of this kind. It is furthest from my mind to do anything of the sort. I concede the security of the Indian Empire is a matter of paramount importance to the citizen as much as to Government. But the lay mind is apt to be bewildered at the different opinions of high authorities—opinions that are not easily reconciled. At any rate, here is a case for inquiry. The Military Expenditure requires looking after. It may be urged in defence of the heavy expenditure of the past few years that the machinery is now perfect. But what guarantee is there that its efficiency will equally impress a future Commander-in-Chief, and that a fresh scheme of Reorganisation will not be launched? But we need not quarrel over the past. The Resolution is much more modest in scope. All that it requests Government to do is to ascertain, by proper investigation which will command the confidence of the people, the direction in which future expenditure might be curtailed. I submit there is not much room for controversy over this.

"My Lord, for my part I would have preferred a Commission that would be free to go deeper into the subject, and to examine the financial relations between England and India with a view to effect a more equitable adjustment. But it is perhaps an ambitious wish. Speaking in this Council, I shall be content to have a Commission such as this Government can appoint.

"My Lord, the Civil Expenditure has grown even more rapidly than the Military Expenditure, and perchance with lesser justification. If the increase had been due to liberal grants for education, sanitation and other pressing and necessary reforms, there would have been less reason for dissatisfaction; but, as it is, the large increase is specially noticeable under the head shewn in the Accounts as Salaries and Expenses of Civil Departments, only a small portion of which is spent on education. We are moving at

[25TH JANUARY 1911.] [Mr. Dadabhoy; Mr. Brunyate.]

rapid strides. In 1892-93 the expenditure was £9,506,608; it was £10,486,837 in 1898-99 and £14,214,789 in 1907-08. Compared to the figure of 1892-93, the expenditure in 1907-08 was more by 49 per cent. It exceeded the total of 1898-99 by 37 per cent. It was higher even than the figure of 1904-05 by about 16 per cent. In 1909-10 too the expenditure was £14,185,968. This is an alarming rate of increase, and deserves consideration. Let us examine the situation carefully, and find out how far retrenchment is possible and the lines on which it is possible. Our object is not to hamper the Administration by criticising its methods. We would fain place before Government a constructive programme. But without definite data found by a Commission, it is all mere speculation. The increase does not appear to be a normal growth, necessitated by the exigencies of the administration. But instead of speculating about the causes and allowing the public to form their own conclusions regarding them, we humbly request Government to ascertain them by careful inquiry, and to remove such of them as are found avoidable. With these remarks I support the Resolution."

The Hon'ble MR. BRUNYATE: "My Lord, the Hon'ble Mr. Gokhale has touched upon Military expenditure with such brevity and restraint that I hope to be able to deal with that question more shortly than I had expected to be necessary. In any case time would not have permitted me to follow him into its more distant history. I would however like to say on that point that I cannot accept his view that the increase of expenditure from 1900-01 after a long period of retarded expenditure was an example of an essential departure from traditions of economy. I think, if the circumstances are considered, they rather show that financial considerations have been dominating throughout. It was well known to the Government before 1900-01 that the Army was deficient in respect of armament, transport, reserves and organization; but action was delayed for want of funds. It was not until the Government of India got a sharp lesson from the Frontier operations of 1897, followed by the outbreak of the South African War, and at the same time the financial situation was very greatly improved, that they took the action which had been so long delayed, and the subsequent activity was all the greater because of the delay beforehand. This reorganizing activity began in 1900-01; it was developed and systematized in 1904-05, and the higher scale of expenditure continued in full vigour till 1906-07. These and the few following years make up the period which, I think, Council will consider it profitable to review; and I shall follow the Hon'ble Mr. Meston in taking the years 1898-99 and 1909-10 as the starting and terminal points. I fully realise that the Hon'ble Mr. Gokhale could not be expected to select his period for review with sole regard to military expenditure; but without going into elaborate explanations, there are some seriously disturbing features in the years he has chosen, particularly in the year 1901-02, the expenditure of which would be a very unsuitable standard for the starting point. For instance, there were in that year nearly a million pounds of savings due to the absence of troops in South Africa and China. There are in any case grave complications in comparing the various figures owing to changes of accounts and in other ways which perhaps I need not trouble Council by describing in detail. In view of these we have had to make certain adjustments and make use of approximate figures. I shall of course leave out, as the Hon'ble Mr. Gokhale has done, extraordinary expenditure on what we call Special Services. There was about a million pounds of such expenditure in 1898-99 in connection with frontier operations. Unlike Mr. Meston I shall use net figures in regard to the military expenditure as this will obviate a number of explanations which would otherwise be needed.

"The broad fact is that in 1898-99 the net military expenditure amounted to something under 15½ millions sterling and in 1909-10 it had risen to a little over 19 millions. The increase of expenditure requiring explanation is actually £3,593,000. I shall group my explanations as much as possible in the hope that this may enable Hon'ble Members to follow them more closely. In the first group, I place several items, the chief one being what I may call nominal increases of military expenditure, that is, increases due to changes of incidence. These account for £300,000. The principal item is the

[Mr. Brunyate.]

[25TH JANUARY 1911.]

charge for the Hyderabad Contingent which entered our accounts as the result of the lease of Berar. Next, we have an increase in the payments to the War Office representing the net effect of the award of the Wolby Commission in 1901-02 and that of the Romer Committee in 1908-09. These gave us in the net £70,000 more to pay. Thirdly, we have the automatic growth of pension charges, £46,000. I exclude here the increase of pensions which the Government recently gave to the Indian Army, and include under this head only that portion of the growth which is due to conditions in regard to strength and terms of pension which were established before the period under review began. Our first group thus gives us an increase of £416,000 which, without wishing to be argumentative, I may perhaps describe as unavoidable. Most of it is in fact nominal. My second group is the increase in the food charges. Here, again, I include only that portion which is, I think, fairly attributable to the rise in prices: I have made a definite deduction from the actual figure to represent the increased cost of feeding the additions to the army in men and animals which have been made since 1898-99. The year 1909-10 was one in which the prices of supplies were still very high owing to the famine of the previous year, and under this head there is an increase of £485,000. I fully recognise, Sir, that the factor of strictness or laxity of administration is one which enters very closely into these charges, but the steadiness of the food charges over a series of years, their upward bound when famine prices supervened, and more recently their very satisfactory response to improving conditions indicate, I think, that the natural explanation is also the true one. In my third group I take the whole group of what I may call pay concessions: improvements in the terms of service of the British soldier, the Indian soldier, the Indian Army officers and the officers of the Medical Services. These account for the very large increase of £1,860,000. Council are aware that the terms of pay of the British soldier are not a matter wholly within the control of the Indian Government. I think too that they are not disposed to question the increase of pay recently given to the Indian Army. At any rate these are concessions which once made are given once for all. The three groups, nominal charges, food charges and pay concessions, thus account for about £2½ millions out of the increase of £3½ millions which I set out to explain. These groups, I imagine, are matters upon which Council will very readily form their own opinion.

"The fourth group is that about which most question will arise. I should describe this generally as including the recurring expenditure due to re-organization. I am not here referring solely to measures initiated by Lord Kitchener; he himself was careful to distinguish between the work which he took over from his predecessors and measures specially connected with his own name; and in any case many minor schemes are included, many of them of a quite ordinary character, which under the technical rules were financed from our special grants. I think Council will not wish to discriminate unduly in this matter. The whole period from 1900-01 onwards was one of a special kind of activity to which the term re-organization is, I think, generally applicable, and it is best to take the whole figures as they stand without attempting to make deductions on this account and that. I put down to re-organization then, in its wide sense, an increased expenditure of £1,452,000. Of this increase £527,000 was added by the special measures undertaken up to 1904-05, and £697,000 by those belonging to the period 1904-05 to 1909-10. In addition we have to recognise that we are spending every year more for special expenditure than was provided in 1898-99, and that accounts for another increase of £171,000. This figure I must admit is perhaps rather a low one to take: that is because the actual schedule expenditure of 1909-10 was unusually small. And lastly I have included as a matter of convenience an increase in the cost of Volunteers of £57,000 which is due to normal growth and not to any new departure of policy.

"I have thus explained an increase of expenditure amounting to £8,693,000 or £100,000 more than the increase which emerged on a direct comparison between the totals of the two years. It is not of course my purpose to discuss the policy which underlies this increase of expenditure. It is

[25TH JANUARY 1911.]

[Mr. Brunyate.]

sufficient for my present purpose if I can definitely connect the increase of expenditure with causes over which the Government of India had no control or with their definitely declared policy. If that can be done, the policy must be judged and not the administration. I think, Sir, that the fact that the whole of this large addition to expenditure can be explained by reference to the outstanding facts and groups of measures which I have mentioned—measures the character of which is already familiar to this Council—goes far to exclude the idea of laxity of control or the supposition, which I think the Hon'ble Mr. Gokhale has not himself suggested and I hope does not share, that there has been an insidious and imperceptible growth of expenditure for which no proper and definite explanation can be given. There have of course been many sanctions to expenditure over and above those which I have selected for mention now. The point is that all the minor additions to expenditure which are going on from week to week, and in the course of a long period of administration must amount to a large sum, as well as larger items which it would be possible for me to specify if Council desired a more elaborate analysis, have in the long run been met by counterbalancing reductions elsewhere. In many cases these counterbalancing reductions have been definite economies effected with the sole object of preventing that growth of military expenditure which would otherwise have been inevitable. It is unfortunate—I wish it was otherwise—that we have not any record of such definite economies in the earlier years of the period. The figures themselves show clearly enough that such economies must have been made, and I wish I could quote them to Hon'ble Members. As regards the period during which Lord Kitchener held the Commander-in-Chiefship, Council are already aware that he effected a saving amounting to some £300,000 a year. Any one who knows the difficulty of interfering with the established order of things, of getting the same services rendered with a smaller outlay than has become traditional, will appreciate the close control on the part of the military authorities which this figure implies. The fact is—and all of us who have been connected with the financial or the military administration are well aware of it—that the higher authorities who have felt it their duty to suggest additional burdens in discharge of their responsibility for maintaining the Army in a state of readiness for war have also regarded it as a matter of personal obligation to make every effort to find a set-off to those new burdens by pruning away redundant and obsolete expenditure wherever it could be found. This process of economy is still going on. Lately we have been keeping a detailed record of the savings as well as of the sanctions, and during the last 12 months or so the economies and the new expenditure have balanced within about £1,000.

“Before I sit down, Sir, I should like to say a few words with more special reference to the military administration of the last few years. The story of re-organization is one with which Council are already very familiar, and I think the point on which they will feel more interested is whether, a long period having been allowed for the preparation of the army, there are any signs that the Government of India is now restricting its expenditure and is administering the army more cheaply, having of course due regard to the permanent liabilities which have been undertaken during these years of special activity. Well, Sir, I think it will not be difficult to show that there has been a change of attitude. It is not for me to say how far this change should go, but there has been a decided change of attitude. I have already said that the year 1906-07 was the last year in which full provision was made for special expenditure on the scale originally contemplated in 1904-05. In 1907-08, the Government of India reduced the special grant by half a million. In 1908-09, they discontinued their practice of re-granting lapses. In 1909-10, they abolished the special grant altogether, and the meaning of that change, as I take it, my Lord, was first that they no longer regarded themselves as bound to provide some minimum amount yearly for the financing of special measures but left themselves entirely free to decide the amount each year with reference to the financial position: and secondly, as I understand their decision, they no longer regarded themselves as bound to carry out the programme of 1904-05 to the full. Every measure which had not at that time been carried

[*Mr. Brunyate ; Mr. Mudholkar.*] [25TH JANUARY 1911.]

out or was not in progress when it now comes up with a view to being undertaken, is reconsidered on its merits and with special regard to the conditions now existing. Now this change in attitude is, I think, Sir, clearly reflected in the figures. In 1906-07, the new special expenditure amounted to £2 millions. In 1907-08, it had sunk to £1 million; in 1908-09, to three-quarters of a million; and in 1909-10, to one-third of a million; and even if this last figure is perhaps abnormally low, there is in any case a very great reduction. If we take the whole net expenditure for the years 1909-10 and 1906-07—without any qualification or explanation whatever—there was a decrease of £1 million. If we take the ordinary expenditure alone, it increased by £648,000. This is because the period of three years happened to include a rise in food charges due to higher prices, and also the increase of the capitation rate, and the grant of improved pay to the Indian Army. But for these specified items, the ordinary expenditure would have gone down by £256,000. My main object, my Lord, has been to lay before Council a fair and intelligible statement of facts which it would be very difficult for them to get from other than official sources. But I hope I may also claim that the figures just quoted show that there has been some real recognition in the last few years of any changes which may have taken place in financial and other conditions."

The Hon'ble MR. MUDHOLKAR : " My Lord, I think it my duty to support the Resolution which the Hon'ble Mr. Gokhale has moved in such an exhaustive, luminous and able speech. I admit the very fair tone of the replies which the Hon'ble Mr. Meston and the Hon'ble Mr. Brunyate have given to parts of his speech. We admit, my Lord, the anxiety of the Finance Department and the Finance Minister to practise economy. That successive Finance Ministers have been attempting to do all that lay in their power to introduce economies into the administration of this country is shown by what men like Sir Auckland Colvin, Sir David Barbour and recently Sir Edward Baker and my Hon'ble friend Sir Guy Fleetwood Wilson have said in regard to the efforts they are making for securing this object. But, as Sir David Barbour said before the Welby Commission, excepting the Finance Minister, every other Member of the Government of India was in charge of one or more spending departments, and pressure brought to bear by them upon the Finance Minister for making greater allotments towards expenditure. A similar statement was also made by Sir Auckland Colvin, who stated that, unless supported by the Viceroy, he found it difficult to carry out economy and to cut down expenditure. Now, I do not repeat this as a reproach against the spending departments. What I mean to say is that, so far as the Finance Department is concerned, though that department is really anxious to effect economy as far as possible, it is not able to do much. The expenditure is determined not by the Finance Department but by the general policy of Government. And what I would ask this Council to take note of, and what I would urge on the attention of Government, is that, when we are asking for reduction of expenditure, we fully recognise that that expenditure cannot be reduced, that no retrenchment can be effected, by merely finding fault with the Finance Department or by saying that the Finance Department should have cut down this or that or the other, but by getting Government to reconsider its whole administrative policy and methods. In view of the facts which have been shown so lucidly by my friend that there has been a very great increase in expenditure, the increase being far in excess of the normal expansion of the revenue—that in regard to military expenditure this has doubled itself during the last 25 years, and that in regard to civil expenditure, the increase which has taken place during the last 6 or 7 years was more than double that which took place in any preceding decade—in view of these facts, my Lord, it becomes necessary to consider whether a thorough examination of our administration and of the demands upon the State has not become necessary. That is what we ask the Government to consider. In this Council, time after time, appeals have been made to the Government by non-official members to effect economy. At the same time those persons who make these appeals also make appeals for increased expenditure on certain heads, and it has been said in reply to them that the persons who ask for economy are also the very persons who ask for increased

[25TH JANUARY 1911.]

[*Mr. Mudholkar.*]

expenditure in regard to pet matters of their own. My Lord, it is unnecessary to show that the two positions are thoroughly consistent.

“What I would like to make clear is that there is absolutely no disposition to disregard the necessary requirements of the Government of India. For instance, in regard to military expenditure, nobody who takes any responsible view would for a moment deny the necessity of maintaining the army in an efficient condition. When therefore any criticism is offered in regard to the military expenditure, what is meant is that when you find that such authorities as Sir Henry Brackenbury or Lord Lansdowne, a predecessor of Your Excellency and present leader of the Conservative Party in the House of Lords—when we find them say that the army in India is more than what is absolutely necessary, is in excess of the requirements of either maintaining internal peace or the prevention of aggression from abroad, it is a thing which really requires consideration, not by the Finance Department, I am afraid not even by the Government of India alone, but by the Government of England and the Government of India.

“Then in regard to civil expenditure nobody denies that we require our necessary civil works to be carried out, that we require the country to have all the amenities of civilised life and all that is wanted for an efficient and a reliable administration. We require the administration of law to be carried on by officers whose honesty cannot be impeached; we require an efficient police for the purpose of the prevention of crime and for the detection and punishment of offences. We require a capable and upright executive. We require all these things. We also require further the higher things which relate to the material and moral progress of the country and the people—education, sanitation, medical relief. All these things are required. What we say is this. We have—to use a homely adage—to cut our coat according to our cloth. And, my Lord, if we find that in normal times, under normal circumstances, with a normal expansion of revenue, the ordinary recurring expenditure which has been sanctioned and which is carried on year after year exceeds the revenue, then a very serious state of things is disclosed. We shall have either to impose additional taxation or we shall have soon to face a situation when fresh loans will have to be incurred for the purpose of meeting our ordinary increased expenditure.

“My Lord, the Hon'ble Mr. Meeson referred to the instances of other countries where expenditure has also doubled itself. I would only ask the Hon'ble gentleman to consider that India is a poor country—the average income according to the estimate made by Lord Curzon himself is only £2 per head per year. Now when a person is in affluent circumstances he can afford to pay a much larger proportion out of his income in the shape of taxes than those who are far poorer than he is, and that has to be taken into consideration when we compare the taxation in India with the taxation in countries more advanced.

“My Lord, Lord Salisbury pointed out in 1875 that already the Government was taking from the landed proprietors nearly half their income in the shape of land-revenue or rent or whatever it may be called, and he stated that the land-revenue cannot be expected to continue for any length of time to supply to Government any sources for substantial increase of revenue. The opium-revenue will soon disappear. Our other sources of revenue have not proved to be very expansive. And it is under these circumstances that we non-official members consider it necessary to put the matter before Government. The situation in brief is this. We do want all the amenities of civilised life, but what we have to see is whether the machinery which is very necessary, which is very desirable, and the suitability of which cannot be doubted, cannot for instance be secured at a less cost than now, and whether several items of expenditure incurred in the name of efficiency cannot, without impairing efficiency, be cut down. These are matters which I submit, my Lord, cannot be considered or discussed before this Council even if we allow days and days for such a discussion. They can only be considered by a Committee which sits down and is prepared to go into the minutiae of the matter, to take evidence and to hear what both parties have to say.

“My Lord, we have nothing to say in regard to the expenditure that has been incurred, as pointed out by Mr. Brunyate, in giving an increase to the

[Mr. Mudholkar; Mr. Madge.] [25TH JANUARY 1911.]

British soldiers. It is not that of which non-official members complain. In the changed circumstances of the day, the British soldier requires to be paid better, and the increase in the pay given to the British soldier or to the Indian sepoy are not things with reference to which any criticism is offered when we talk of the growth of the military expenditure. But the criticism that is put forward is in regard to things which to our minds appear as items of avoidable expenditure. Whether we are right or wrong is not for us to say. We say what strikes us and that is put before the Government. It is not in a cavilling or carping spirit that observations like these are submitted to the Council. We believe there are various matters in which the activity of Government will have to be even greater than what it is now. The famine expenditure is one which might for instance be considered as a contingency to be provided for even more than at present; for there is a famine or scarcity somewhere almost every second or third year. There was a time when the Central Provinces, Berar and Gujrat were considered as immune from famine. The history of the last 20 years, however, has dissipated that belief and has shown that even there the danger is present. In the Central Provinces there was scarcity in 1894-95, 1895-96, followed by the severe famine in 1896-97. Then came the greatest famine of the century in 1899-1900. Again in 1907-08 the Administration had to open relief works and had to suspend about 20½ lakhs of land-revenue out of a total land-revenue of 85 lakhs. The situation therefore is this. Our sources of income are very limited; its rise is small; the expenditure has increased in a greater ratio. What should be done, therefore, for securing in normal years a due relation, a satisfactory proportion between the normal growth of expenditure and the normal growth of revenue? That is the kind of inquiry which is wanted, and we hope that Government will see their way to granting it."

The Hon'ble MR. MADGE: "My Lord, I came here this morning with the fixed determination of opposing this Resolution because, from the indications which the Hon'ble Member who moved this Resolution gave last year, it was likely that he was going to plead for a reduction of expenditure on communications and other measures which are far better calculated to improve the happiness and the prosperity of the masses than anything that he was prepared to advocate. My Lord, I must take up a few minutes of the time of this Council to say that, without changing my principles at all or without receding from the support which I wish to give to the Government, I have been helped by the masterly exposition that Mr. Gokhale has made as well as by official defence to adhere to my own principles in a way that I did not expect when I came here. I think it is a drawback to Mr. Gokhale's statement of the case that he overlooked the rise in prices of the ordinary necessities of life. On all hands we hear complaints that salaries must be raised because people are starving, and we cannot get decent men to fill offices even in the lower grades of the administration. I do not agree at all with the Hon'ble Mr. Dadabhoj, nor do I think that lay theories on the subject of military defence are worth any serious consideration. Personally, I do not think that a single British soldier can be dispensed with in this country. Only the other day we had a huge disturbance in the capital of India, in which British troops had to be called out before it could be suppressed. And that was a small indication of how, in any single spot of this vast continent, a whole army may be required to prevent a breach of the peace, which it is the first duty of the Indian Government to maintain.

"But, my Lord, the official defence which has so far been made goes to show that all this expenditure that has been incurred can be defended. It does not, however, go to show that an inquiry will not fortify the position of the Government, and, by justifying every item of expenditure, show the world that their position is an impregnable one. For my own part, I cannot agree at all with the remarks that have been made about the difference between a Commission and an official committee of inquiry, because I should have been quite satisfied if the Hon'ble Finance Member had made the inquiry that he led us to hope last year that he might make, and had given us the results. And I do not at all agree with the proposal for an independent audit, because an auditor has simply to get some vouchers and pass

[25TH JANUARY 1911.] [Mr. Mudge; Mr. Gates.]

the expenditure whether that be justifiable or not. I would much rather trust the responsible officers of this Government, who are English gentlemen, than any mere professional auditor anywhere.

"But, my Lord, the point from which I approach this subject is this. I remember that some 15 years ago—I am not sure about the exact date, as I did not come prepared for this argument—Lord Northbrook made a statement in the House of Lords that, in consequence of the abolition of purchase in the British Army, a charge of 14 millions was thrown on the Indian Treasury. This charge was challenged in the Indian Press over and over again, and after the Welby Commission made an inquiry, special attention was called, both in the Anglo-Indian Press and by Anglo-Indian writers in the London Press, to the fact that a very significant passage in this report seemed to the public at any rate to shirk the very point of the inquiry, which was whether a fair share of military expenditure was thrown upon India or upon the British Government. My Lord, it has not been said only here—it is not an invention or a discovery of mine—but I have read it in the British Press over and over again, that when party politics prevail at home, even Cabinet Ministers are afraid to throw expenditure upon the public, and they will throw it anywhere else. The only remark that has been made by a Member to my left with which I agree at all is that sometimes India is dealt with in a way that none of the colonies would be dealt with. It is in defence of the Government of India that I think some kind of inquiry is necessary to show that the Indian Treasury is fairly dealt with both in the maintenance of the British Army and also when troops from India are sent to South Africa or China or anywhere else. I for one cannot object as an Imperialist to the Empire being maintained anywhere by any troops that can be most handily got hold of. We owe the salvation of the Indian Empire itself to the diversion of the troops in Lord Elgin's time, when they were going to China, and I look upon that as a providential occurrence. In the same way I think our troops should be sent anywhere to serve the needs of the Empire, but I also think that a fair proportion of the charges should be laid upon the British Exchequer.

"My Lord, I have no means of finding out whether justice is done in this matter to the Indian Empire or not. All that I can say is that I have seen details of expenditure challenged in the Anglo-Indian and British Press, and no satisfactory reply given. I feel, my Lord, that I am walking rather over thin ice on this delicate matter; but I think that every loyal supporter of the Indian Government may very well ask that, if any doubt on any point of this sort exists anywhere at all, it should be cleared up by necessary inquiry."

The Hon'ble MR. GATES: "My Lord, the Council may perhaps be willing to listen for a few minutes to the views of an official from an outlying Province upon the motion of the Hon'ble Mr. Gokhale. The Hon'ble Member moved for a Committee to enforce economy where necessary and practicable. I am heartily in favour of economy where necessary and practicable. But is the Hon'ble Member's proposal to appoint a Commission the best method of achieving this result? Is it the best method of preventing the incurring of unnecessary expenditure in future or of retrenching any unnecessary expenditure which now exists? We are not without experience of Committees and Commissions in India. We have had them for various purposes. Representatives of the Supreme Government and representatives, non-official or official, of the various Provinces, not of Burma of course (I cannot remember an occasion on which a representative from Burma was found necessary), but representatives of the other Provinces, the more important or more clamorous Provinces, are got together and their united wisdom is applied to the subject put before them. The circumstances of India are varied and complex. The Committeemen or Commissioners are assiduous and zealous. The witnesses—I think the Hon'ble Mover contemplated a public inquiry—the witnesses are numerous and eager and voluble. A great deal of time, not a little money, are spent on the task, and eventually the report is prepared. During all this time no suggestion on the subject of the report can be entertained. The reply is that the issue of the report must be awaited. Well, the report appears, it is criticised by departments of the Supreme Government, by Local Governments, by public

bodies, Chambers of Commerce and the like, and perhaps another year or two elapse, and during all this time nothing can be done in connection with that subject. If economy is an urgent need, the method which the Hon'ble Mover proposes does not seem calculated to apply an urgent remedy. Take the case of the Welby Commission, to which the Hon'ble Mover referred. That was appointed in 1895 and it reported in 1900. By the end of 1901, or perhaps it was the beginning of 1902, orders were passed on its report. That was a Commission of great authority; upon the subjects with which it dealt its authority is not likely to be surpassed nor its knowledge equalled. I will recall to the Council the names of the members :—

Lord Welby.
 The Right Hon'ble L. Courtney.
 The Right Hon'ble W. L. Jackson.
 Sir William Wedderburn.
 Field Marshal Sir Donald Stewart.
 Sir Edward Hamilton.
 Sir Ralph Knox.
 Sir James Peile.
 Sir Andrew Scoble.
 Mr. Ryder.
 Mr. Buchanan.
 Mr. W. S. Caine
 Mr. Dadabhoy Naroji.
 Sir Robert Mowbray.

"I gathered from something which the Hon'ble Mover said that he wished to reopen the subject of audit, which was one of the questions dealt with by the Welby Commission. Well, that is a point on which opinions may reasonably differ; but we do not want a Committee to take evidence about it. All the evidence is already extant in the report of the Welby Commission. It appears to me that the Hon'ble Mover is neglecting the machinery which lies ready to his hand. There is the Hon'ble Finance Member, full of zeal, desirous of enforcing economy where necessary and practicable. Here is the Hon'ble Mover, full of ideas as to the directions in which necessary economies can be effected. The proper place for the junction of these two forces, and the proper time, are this Council when in Committee on the Budget. This Council is the machinery which has been set up for criticising the financial administration of the Government of India. Why does not the Hon'ble Member move definite Resolutions on the subject of the audit and on other points which he has in mind? Let them be discussed in this Council and let us arrive at a definite result which need not take five or six years to be attained. It appears to me that the Hon'ble Mover entertains a distrust of this Council, which we may hope it does not deserve. Behind his persuasive accents I seem to see the spirit of the Jacobin, of the authoritarian anxious to impose his will by a short way. To my mind, the way which he proposes is not likely to be short and thus, I think, vanishes its only merit. The Hon'ble Member seems to me unconstitutional in another way. The Government of India has handed over to the Local Governments a portion of its revenue and expenditure, and Provincial Legislative Councils have been set up who are charged with the function of criticising and controlling the Local Governments in the administration of that expenditure and in the collection of that revenue. Does not the Hon'ble Mover think that it would be wise to give the Provincial Councils a chance of exercising their functions? Does not he think that the Committee which he proposes to set up is likely to rouse unprofitable discussions as to the limits of the legitimate independence of the Provincial Governments? Surely these are matters which are best left to the Councils which have been established for that purpose. We officials are often reproached with our passion for uniformity; but the Hon'ble Mover outstrips us. This Committee is to roam over the whole of India and inquire into

[25TH JANUARY 1911.] [Mr. Gates; Pandit Madan Mohan Malaviya.]

every detail of expenditure. I suppose that in Burma our officials will have to explain over again that they cannot get a punkha-coolie for less than Rs. 10 a month, or a chuprassi for less than Rs. 12; and so on through the whole scope of the administration. Really, my Lord, these are matters which the Local Councils can deal with, and deal with very much better. I said that I was in favour of economy. Perhaps the Hon'ble Member is sceptical on the subject; but I assure him that we in the Provinces are very conscious of each other's shortcomings, and I have looked at the bloated budget of Bombay, and longed to make economies there and to apply them to the needs of Burma. Even in Burma I daresay that there are directions in which retrenchment of expenditure is possible. But in advocating economy I should like to advocate judicious expenditure as well as positive retrenchment. Do not let us forget the example of Egypt which started its career of retrenchment and reform with a new loan. In my own Province, much money, which has been wasted on temporary buildings and other makeshifts, might have been saved by judicious expenditure at the outset. The Hon'ble Member, if he concentrated on definite cases and on vital points, might expect to reach at an early date some useful end; but the Committee which he proposes seems to me calculated to cause an enormous dissipation of energy and to achieve an insignificant result."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "My Lord, I rise to give my humble support to the Resolution which has been moved by the Hon'ble Mr. Gokhale. My Lord, the remarks that have been made by the official members on the subject do not indicate an attitude of opposition to the Resolution. The remarks of the Hon'ble Mr. Meston were directed only to offering an explanation of the great increase that has undoubtedly taken place in expenditure, and the remarks of the Hon'ble Mr. Brunyate went in the same direction. That being so, I take it that the Government of India are satisfied that the rise of expenditure which has taken place is a matter for explanation, and possibly for an inquiry. The situation then is this. There has undoubtedly been a very high increase of expenditure. This is obviously a matter for inquiry to see if all the increase is justifiable and also to see if there is any room for economy in it. It is not proposed that a Committee should be appointed to consider whether economy cannot be effected in such a trifle as the salary of a peon, as the last speaker somewhat lightly suggested it was; but it is recommended that the Committee should consider the propriety of the expenditure of millions of money—expenditure which means money diverted from purposes which would go directly to benefit the people, expenditure, the justice or injustice of which might be examined, might be established or disproved. My Lord, the reason for the inquiry is furnished by two circumstances which my Hon'ble friend Mr. Gokhale very clearly brought out. In the first place, there is the extraordinary rise in the expenditure—I would not refer to the figures which my friend has put so lucidly before the Council—there has been a very great rise both in military expenditure and in civil expenditure. The answer given by the Hon'ble Mr. Meston in that connection, namely, that there has been a similar increase in other countries in expenditure, overlooks one important point. My friend the Hon'ble Mr. Mudholkar has already drawn attention to the fact that in this country the average income is very low. In England, where during the same period the expenditure increased to almost double its previous figure, the average income is nearly £20 per year, whereas the average income in India is only £2 a year according to the statement of Lord Curzon. That being so, the fact that a richer brother has spent quite as much money during the period that has elapsed as a very much poorer one, furnishes, I submit, a very strong and unanswerable argument in favour of an inquiry. Why should India with its low income of £2 per annum double its expenditure in the same period in which England with its income of £20 per annum has doubled it? It has not been suggested that there has been any corresponding increase in the national income of the people here. On the contrary, there is a large body of opinion which has time after time submitted that this income has been diminishing. Whether it has been diminishing or not is a fact about which no one can be positive; but the fact does remain that there is a large body of opinion which thinks that it has been diminishing.

[Pandit Madan Mohan Malaviya.] [25TH JANUARY 1911.]

The economic inquiry which has been asked for many times has not yet been ordered, and so nobody can say that the income has not been diminishing as nobody can positively say that it has been diminishing. But be that as it may, the fact that in this poor country expenditure has doubled itself during the last 25 or 30 years as it has doubled itself in England and France is a circumstance which supports the proposal for an inquiry.

“ My Lord, so far as military expenditure is concerned, the remarks of the Hon'ble Mr. Brunyate were directed to explaining the actual amount that has been added to the expenditure and in pointing out in what directions it has gone. That is no doubt satisfactorily explained. I have no doubt that every item that has been spent by the Government of India has been legally spent and could be satisfactorily explained in the sense that it has been devoted after consideration, after deliberation, by the departments which spent it, and after the sanction of the Government of India, to some useful object. The whole point, my Lord, is whether, in incurring that expenditure, a larger sum has not been spent than might have been spent, having regard to the fact that there are far more pressing demands for expenditure for objects which more directly affect the weal and woe of the people; and for that purpose, I submit, nothing is more urgently needed than an inquiry such as that suggested by my Hon'ble friend. My Lord, it is now fourteen years since the last inquiry of this kind was held. If an inquiry is now ordered, it would prove one of two things; it will either prove that the expenditure which has been incurred has, as is suggested by some members, been absolutely justifiable, that it was expenditure which could not be avoided, that it was expenditure which could not be incurred in a smaller measure. In that case, my Lord, the position of the Government will be very much strengthened, and the people at large will feel satisfied that there is no reasonable room for complaint on this score. If, on the other hand, the result of the inquiry will show that expenditure, though it has of course been incurred on objects which have been sanctioned, might have been avoided or incurred in a smaller measure, and if it recommends a reduction of such expenditure, it will be entirely to the advantage of the Government and the people. The fact that expenditure has run up very high being there, that circumstance in itself would furnish a justification for an inquiry; but there is in addition to this, my Lord, the great need of finding money to finance the many schemes that are before the Government for promoting the well-being of the people. There is the claim of education, there is the claim of sanitation. My Lord, I cannot at present recall the number of deaths that have taken place from plague during the last twelve years or so; but one thing I grieve to think, and that is that while there has been this appalling number of deaths from plague, the expenditure that has been incurred on sanitation throughout the country has been nothing like what the circumstances called for.

“ There is a widespread feeling in the country that the army is being maintained at a higher cost than is justified either by the resources of the people or by the requirements of the situation. I will not trespass upon technical military ground; but we have the fact, referred to by the Hon'ble Mr. Gokhale, of the addition of 10,000 British troops and 20,000 Indian troops to the army in 1886. Your Lordship will be pleased to remember and other members of the Council will remember that two members of the Government of India, Sir Auckland Colvin and Sir Courtenay Ilbert, recorded a minute of protest against the addition of 10,000 British troops and of 20,000 Indian troops to the Indian army. My friend suggests a reconsideration, after these many years, of the question as to whether that number of troops which was added may not now, in the changed circumstances of the country, be safely taken off. He does not, my Lord, suggest it with a light heart. I suppose there is no man who is more anxious to put forward only such schemes as will be considered reasonable, only such as will safeguard and promote the best interests of the country, than my Hon'ble friend. My Lord, there is a large party, which includes several eminent officers of Government, who have spoken or written in support of the proposition which my friend has put forward, and I submit that it is an eminently reasonable prayer that the Government should

[25TH JANUARY 1911.] [*Pandit Madan Mohan Malaviya; Mr. Subba Rao.*]

be pleased to reconsider the situation with regard to the number of troops. The circumstances have greatly improved since 1886; the bugbear of a Russian invasion has been laid low, and I hope finally too. The Anglo-Russian Convention and the alliance which the Government of India has entered into with Japan have greatly strengthened the chance of the permanent maintenance of peace in India and elsewhere. When we think of this and of the need of promoting education, sanitation and industrial development among the people of this country, I submit the case for an inquiry seems to me to be very strong. My Lord, time after time, when requests are made to the Government to find money to be spent on education or other objects, we are met by the answer that there is no money to be had. But I submit that without ordering such an inquiry, without satisfying the public and itself that there is no room for reasonable retrenchment, the Government cannot be satisfied that it has made a correct answer to the many prayers that are brought before it for financial help. It may be that the Government should find it necessary to impose extra taxation to finance such schemes. But obviously the Government will not feel itself justified in resorting to that course, unless it has satisfied itself and the public, by a previous inquiry, that that is the only means of furthering the well-being of the people. On both these grounds, I submit, an inquiry is just the thing that is needed, and I hope that the Government will be pleased to take the matter into consideration to see whether a Committee of the kind such as has been suggested should not be appointed.

“My Lord, the four points which my friend has urged are clear and definite proposals. In the first place he asks for a reconsideration and reduction of the military expenditure; in the second place he asks for a reduction of the civil expenditure. My Lord, it is undeniable that in the civil expenditure also there has been a very large amount of increase. What will be the harm then if the Government will appoint a Committee to look into expenditure and to find out whether it cannot be retrenched? His third suggestion is the substitution, or rather larger employment, of indigenous agency for European agency wherever it is practicable. And, fourthly, a provision for an audit of India's accounts by an auditor independent of the Government of India. My Lord, if that kind of audit has been found beneficial and necessary in the case of England, if it has been found to be beneficial in France and other countries, it is eminently desirable that such an audit should be instituted of the accounts of the Government of India. I hope, my Lord, that the proposals will receive that consideration which they deserve, and I hope that the result of this discussion will lead to the institution of such an inquiry into the finances of the country as will leave the Government in a better position to do its duty to the people in all that most directly affects them.”

•The Hon'ble MR. SUBBA RAO: “My Lord, with Your Lordship's permission I shall make a few observations on the Resolution before the Council. I may say at the outset how deeply the public are indebted to the Hon'ble Mr. Gokhale for his eloquent and masterly exposition of the financial position of the country. The Hon'ble Mr. Meston with his usual eloquence, I venture to say, has not touched the main point of the Hon'ble Mr. Gokhale's contention. He has given us figures explaining how the expenditure has grown up from 1898 to 1909. So also the Hon'ble Mr. Brunyate. He has not only explained the figures but tried to justify the increase on the military side.

“My Lord, there are two questions that arise out of this discussion. The first is whether there is any necessity for an inquiry, and the second whether, if there is a necessity, the inquiry should be made departmentally by the officials secretly, or whether it should be an open and public inquiry with which non-officials are associated. These are the two questions we have to decide. With regard to the first question the fact has been conceded on all hands that the rate of increase in expenditure is shown to be much more than the rate at which our income is expanding. Further, in a normal year, as in the last year, additional taxation was resorted to when apparently there was no cause for anxiety. And another important point is that, even assuming that all this growth of expenditure is perfectly justifiable, the question remains, how to keep down

[*Mr. Subba Rao.*]

[25TH JANUARY 1911.]

expenditure within our income? That is an important question which has to be considered. Lastly, we find that large sums of money are necessary for the spread of education, sanitation and various other projects. The Under Secretary of State recently, at the last discussion of the Budget in the House of Commons, held out hopes of a great advance in education, so much so that it would be felt in the nooks and corners of India. It appears to me, therefore, that if there is any chance for a rapid advance in education, large funds must be forthcoming to keep up the new Department which has been inaugurated. I submit, therefore, that an inquiry into the present financial position of the country seems to be urgently called for. The fact that the Finance Department itself has undertaken this inquiry practically concedes the case put forward by the Hon'ble Mover of the proposition. I may take it, therefore, that, so far as the first question involved in this Resolution is concerned, namely, the necessity for an inquiry, it is practically conceded.

"The only question before us then is whether this inquiry should be purely a departmental, official, secret inquiry, or whether it should be an open, public inquiry by a Committee with which non-officials are associated. In this connection I may refer, my Lord, to the observations that have fallen from the Hon'ble Mr. Gates. He seems to think that these matters ought to be left to the Provincial Councils and that we need not trouble ourselves about these things. I submit that there is apparently a misunderstanding on the part of the Hon'ble Member as to the powers and functions of the Provincial Councils. Now, large items of expenditure, whether in the budget of this Council or in the budgets of the Provincial Councils, involve principles which have after much discussion gone up to the Secretary of State and obtained his sanction, and unless these principles are changed or modified, such items of expenditure can in no way be interfered with, and therefore so far as the reduction of expenditure is concerned—I dare say some peons may be dispensed with, some clerks may be dispensed with and some minor reductions of expenditure may take place—but so far as the bulk of the expenditure, the Civil and Military expenditure, is concerned, they have practically no voice in the matter. Therefore it is altogether wrong in my opinion to say that these matters could be disposed of by the Provincial Councils. Another point about which he seems to have been under a similar misapprehension is that the questions involved in this inquiry can be easily disposed of by the Finance Department. No doubt the Department has got ample materials at its disposal, but it cannot interfere with the basic principles in accordance with which expenditure has been incurred. Several items of expenditure have been under correspondence for a long number of years between the Provincial Governments and the Supreme Government and the Secretary of State, and they have been sanctioned after much discussion. Can it be expected that the Finance Department can interfere with these principles of policy and vary them or annul them by a stroke of the pen as the Hon'ble Mr. Gates seems to think? I submit that it is beyond the scope of the Finance Department to interfere with the general principles in accordance with which Civil and Military expenditure is incurred. Assuming that the Finance Department comes to the conclusion that the broad principles of policy according to which expenditure is incurred should be modified, I submit that the hands of the Finance Department would be very much strengthened if a Committee were appointed and if the opinion of the officials in the matter is supported by the opinions of non-officials as well. It seems to me, therefore, that when we deal with large questions of policy affecting the financial position of the country, the only just and proper way to deal with the subject is by the appointment of a Committee. Besides, as I have already submitted in connection with the necessity for a large increase of expenditure under the head of Education, Sanitation, etc., if we find that there is no possibility of substantially reducing the expenditure in the Civil and Military administration of the country, as it is now going on, if there is no possibility of providing funds for a further advance in the above directions, it might become necessary to submit to this Council proposals for additional taxation. If such proposals are made, would it not strengthen the hands of any departmental Committee if they were associated with non-officials in this matter,

[25TH JANUARY 1911.] [Mr. Subba Rao; Babu Bhupendra Nath Basu.]

and if officials and non-officials, after thorough inquiry into the question, formulated proposals, if necessary, for additional taxation? In such a case I submit, my Lord, the country would better welcome such proposals from a Committee than if they came from an official body alone. I submit, therefore, that the departmental inquiry which is now set on foot would not give satisfaction to the country, and the only way to deal with the matter satisfactorily is by the appointment of a Committee. I submit further that under the Act powers are given to this Council to scrutinise the Financial Statement; how can we be expected to discharge our duties properly unless our request to have a Committee appointed for inquiry into this matter is granted? I submit, therefore, that if our duties are to be efficiently discharged, facilities must be afforded to us for investigating this and other questions which may be brought before this Council.

"The Hon'ble Mr. Meston tells us that we may trust the Government to deal with this matter satisfactorily. It is hardly necessary to say that we put our trust in them, and we have no doubt that the Government of India is anxious to do its duty in the matter. But there are certain points of view from which these questions have to be looked at—standpoints from which officials as such cannot be expected to view. It is said: 'if you have got anything to be placed before the Government, you can make representations to us, and we shall weigh them carefully and do full justice to them.' By all means, according to their lights, we have no doubt that the experts who are charged with the administration of the country will give due weight to the representations made to them; but we feel that it is one thing to hear representations made to them, and it is quite another thing to discuss the matter with non-officials associated with them. We see the difference every day in the Select Committee. Representations which are made to the Hon'ble Member in charge of a Bill do not carry that weight with him as when it is brought home to him in the Select Committee.

"I may draw the attention of the Council to a recent instance in connection with the Patents and Designs Bill. Certain representations were made to the Government that the clauses relating to the compulsory working of patents in the English Statute should be introduced into this country; but the Government were unable to accept them at first. In the Select Committee there was a discussion on the subject, and I am glad to say—we are indeed grateful to the Hon'ble Mr. Robertson and to the Government for acceding to our request—I am glad to say that a similar clause has been introduced into the Bill. I am sure that the Hon'ble Finance Minister will not take up in this matter the attitude of the Poor Man's Friend, so graphically described by Charles Dickens:—'You need not trouble yourself to think about anything. I will think for you. I know what is good for you. What man can do, I do. I do my duty as the Poor Man's Friend.'

"I submit, therefore, that this question involves so many considerations that it is necessary that it should be placed before a Committee where non-official opinion also is represented. The Committee may be small. We should be quite content to have one Indian member along with two officials. A Committee of three, so far as I am concerned, would be quite sufficient to investigate the whole question and formulate proposals necessary to meet the pressing demands which are now made for the extension of sanitation, for the spread of education of all kinds—elementary, technical, agricultural, scientific. As I have pointed out, hopes are held out by the Under Secretary of State that a distinct and rapid advance would be made in this country for the spread of elementary education. I submit that the time has come when we must grapple with these questions and formulate proposals. It may be that these proposals will lead to additional taxation. Whatever they are, let them be formulated in association with Indian public opinion. Whatever may be the result, my Lord, it will not be so unwelcome to the public as it would be if the Government acted alone on its own responsibility."

The Hon'ble BABU BHUPENDRA NATH BASU:—"My Lord, I wish to make a few observations in support of the motion of my friend, the Hon'ble Mr. Gokhale. We all admire the great moderation and the great ability

[*Jiabu Bhupendra Nath Basu.*] [25TH JANUARY 1911.]

with which my friend has brought this motion forward. It will be impossible for me to follow him on the lines which he has sketched out for himself. The Hon'ble Mr. Meston replying for Government also assumed a very sympathetic attitude; but he advanced arguments which would seem to him, if he was not advocating a particular line of action, absolutely fallacious. It is a common fallacy in logic to take only one of the deductions without inquiring into the premises, and I regret that my friend the Hon'ble Mr. Meston should have fallen into this common fallacy of logic. He has admitted the enormous increase in expenditure which has been referred to by the Hon'ble Mover of the Resolution, but in defence and in answer he gives the figures of expenditure from other countries—England and other European countries. My Lord, he forgets that before he can ask us to come to a conclusion upon the figures that he has adduced, he ought to satisfy us that the conditions of the European countries to which he has referred and of India are similar, that the resources of the people are similar, that their capacity is similar and that their necessity is similar. Unless all these premises are established, it is useless and futile to say that because heavy expenditure has been incurred in these countries, it must also be incurred in India. Then, my Lord, while dealing with that aspect of the question, is it necessary, the question arises, is it necessary, that expenditure in India should also be incurred, I will not say in that extravagant style in which it has been incurred in the past, but should it be incurred at the rate at which it has been incurred in the past? There is no doubt, my Lord, that efficiency, great efficiency, should be our goal. But should not that efficiency be reached by slow stages and slow degrees? Have not many Governments in the past come to grief because the rulers for the time being have sought to attain an unattainable degree of expediency by shortcuts? Shortcuts will not pay in any country, much less in India. And, my Lord, I may say with confidence that efficiency has been a fetish which was set up in the administration of Lord Curzon to the great prejudice of the people of India. But apart from that, my Lord, my friend suggests an inquiry into the causes which have led to this great expenditure, I will not say that this expenditure has been extravagant; that is a point upon which we may agree to differ. My friends on the Government side may think that the expenditure has been wholly justified; we may choose to think that that proposition is not entirely correct. But that the expenditure has taken place and that it is a matter which calls for inquiry has been admitted by Government itself. Our genial Finance Member in his last speech when introducing the Budget said:—

'As regards the cost of the Civil administration proper, I think that it requires careful watching and that we must very seriously examine whether we are not committed to a standard of expenditure which will ultimately be beyond our means. We cannot expect our revenues to advance with the same rapidity as they did up to 1907. That alone would be a sufficient reason for steadying the pace of the increase in our charges. * * * If we are going to do anything at all for education and industrial progress, we have heavy liabilities impending. However much therefore or however little we do for these new requirements, a readjustment of expenditure is in my opinion clearly indicated.'

"My Lord, all that we press for on this occasion is that the sentiments to which my friend gave expression on that occasion should be realised. I admit that the Government of India, probably in the secrecy of its own Departments, will hold an inquiry away from public gaze and come forward with some scheme of readjustment. My Lord, these Departmental inquiries, these inquiries which take place away from the public gaze and the public ken, are, if I may venture to say so, a great source of trouble. I am using a studiously moderate expression. For, my Lord, we do not know what is happening. It is like the creations of our own ancient Hindu divinity. He sleeps and thinks, and new worlds are created out of his brain. He has not got to take the trouble which the Jewish God did to create the worlds. And that is what we feel. The Department thinks we know not what; our ideas are not there; our opinions are not there. There is no discussion between us and the Departmental heads, and things are done which might have been better done if a little outside light had been thrown into the dark corners of the Departments. I think, my Lord, the time has come when the public ought to be taken into greater confidence in arriving at the solution of questions like this. My Lord, then it

[25TH JANUARY 1911.] [Babu Bhupendra Nath Basu.]

strikes one—'Is it quite a settled thing that the items of expenditure upon which such enormous sums of money have been spent are such that their readjustment is not feasible, I will not say not possible?' My Lord, take, for instance, the Public Works Department. I will say nothing about the railways and irrigation which are Departments which must be maintained. But the other Departments of the Public Works, is it necessary that they should be maintained now in the same force and strength that they are? My Lord, the Public Works expenditure on Civil works has risen from two crores and eight lakhs in 1876 to six crores and eight lakhs now. We, my Lord, who are looked down upon as demagogic agitators, our views on these questions may be called into question, but I shall quote the authority of one whose authority I am sure will not be questioned at least by the Civil Service of India, upon whom he has lavished well-deserved if not extravagant praise. I am referring to Mr. Chirol. Speaking of the Public Works of India, he says:—

'The time would also seem to have arrived when, with the development of Indian trade and industry, private contracts might with advantage be substituted for the more expensive and slower activities of the Public Works Department. Work done by that Department is bound to be more expensive, for an enormous establishment has to be maintained on the same footing whether the financial conditions allow or do not allow Government embarking upon large public works expenditure. And when they do not, the proportion of the establishment charges to the actual cost of the work is ruinous.'

"My Lord, that is what Mr. Chirol says. That is what we have all along been saying for many years, crying in the wilderness as it were. If this Committee were appointed, would not the Public Works Department have an opportunity of justifying its existence in the manner in which it is maintained at present? We, on the other hand, would also have an opportunity of showing that much of the expenditure of this Department at least might be curtailed.

"Then, my Lord, there is another head. It is very difficult to express oneself, mere laymen as we are, upon anything connected with the administration of the Indian Army. But, my Lord, our grievance has always been that that Army is maintained on a footing not only for the protection and preservation of India against internal commotion and outside aggression, but also for Imperial purposes. We do not complain. If India has to contribute towards Imperial purposes, so long as we form an integral part of that Empire to which we have the pride to belong, we are bound in honour and in duty to contribute to the best of our ability and our means. But, my Lord, it has been said that a large part, a great part, of that Army is maintained for purposes unconnected with India, and, so far as that part is concerned, we certainly are entitled to some relief. The Welby Commission gave us relief when our forces were employed outside the frontiers of India as defined by that Commission. But, my Lord, I will again quote an authority, the authority of the Government of India itself upon this question. In a Resolution the Government of India lays down:—

'The Imperial Government keeps in India and quarters upon the revenues of that country as large a portion of this army that can possibly be required to maintain its dominion there; that it habitually treats that army as a reserve force available for Imperial purposes; that it has uniformly detailed European regiments from garrisons in India to take part in Imperial wars whenever it has been found necessary or convenient to do so; and more than this that it has drawn not less freely upon the Native Army of India towards the maintenance of which it contributes nothing to aid in contests outside of India with which the Indian Government has little or no concern.'

"My Lord, I have called Your Lordship's own Government as my witness in this connection, and I think we may very justly claim that the Indian revenues should be relieved of a considerable portion of the burden that is now imposed upon it of maintaining the army on this footing.

"My Lord, then again, a perennial, and I will not say an unjust, source of complaint to us is that while all the Colonial Governments have their offices in London maintained out of the British Exchequer, it is India alone which pays for the entire cost of keeping the India Office in England. That is a subject upon which this Committee may have had something to say.

[*Babu Bhupendra Nath Basu; Mr. Mazharul Haque.*] [25TH JANUARY 1911.]

"My Lord, one subject was referred to by my friend, the Hon'ble Mr. Gokhale, that there are Departments where Indian agency might be more profitably and cheaply substituted for the European agency at present existing. I know it is blasphemy in certain quarters to suggest that great Departments of State may be manned and managed by Indian agencies. I will not make that suggestion, I will not be guilty of that blasphemy; but I will say that a larger admixture of the Indian element might very profitably be made. In 1904, my Lord, Lord Curzon's Government gave figures which showed the percentage of Indians employed in the higher ranks of the services of this country. I shall not on this occasion go into those figures. But, my Lord, notwithstanding the extravagant boast of Lord Curzon when he gave those figures to the world that in employing the Indian agency which he showed had been employed, the Government of India had shown unexampled liberality, it is very easily shown that these figures conclusively prove that the pledges given to India by Her late Majesty Queen Victoria still remain unredeemed. The last word on these figures has not yet been said. My friend, the Hon'ble Mr. Gokhale, at a subsequent meeting of the Council gave certain figures to which no answer has yet been given. I maintain that the retention of a large element of European agency is necessary for the best interests of the country. I also maintain that a larger admixture of the Indian element that now obtains may be easily made without any sacrifice of efficiency and at a considerable saving.

"My Lord, there are other questions which may be considered, questions which having regard to the warm days through which we are passing I am afraid to approach. The exodus of the various Governments to the hills and their stay in the hills for the greater part of the year is a question upon which Indian opinion is greatly divided. The expenditure that it involves is a matter which ought to be considered, and the time has come with modern appliances for comfort in the hot weather to decide as to how far that exodus may without inconvenience be curtailed. These are questions which ought to be dealt with.

"Coming to Bengal, my Lord, as I tried to point out on another occasion, the creation of a new Province has entailed heavy expenditure. My friend the Hon'ble Finance Member has said that it has led to fresh taxation. The tax which the Indian poor pays upon petroleum is due largely to the creation of this new Province. These are matters and things which should be considered. I do not think that my friend, the Hon'ble Mr. Meston, would suggest that in his own Department, these large questions of policy, these large questions affecting large masses of men, could be considered adequately having regard to all the bearings on the subject. And therefore, my Lord, with great deference to the opinion of Government, I respectfully support the motion of my friend, the Hon'ble Mr. Gokhale."

The Hon'ble Mr. MAZHARUL HAQUE: "My Lord, I rise to support the Resolution of my Hon'ble friend, Mr. Gokhale, and in doing so I associate myself with every word that has fallen from his lips in this Council. My Lord, there is a lurking suspicion in the minds of the people that in the financial administration of this country every thing is not right and that economy can be practised if the Government of India, and especially my Hon'ble friend the Finance Member, gave a little more attention to the representations of the non-official members of this Council. I do not intend to enter into details, but I may say as regards one item, *i.e.*, the military expenditure of the country, that the time has come, and greatly through the agency of Your Excellency's work that I go to the length of saying, that the Indian Army should be reduced. We have not got the scare of the Russian bogie that we had some time ago; we are now on good terms with Russia. The Anglo-Russian Convention, in the framing of which Your Excellency has had such a great share, has made it possible that the Indian Army should be reduced.

"Then, my Lord, as regards the civil expenditure, I may say, as my friend the Hon'ble Babu Bhupendranath Basu has pointed out, that the Public Works Department does require looking after, and that we shall take good care next March to deal with this Department rather severely.

[25TH JANUARY 1911.] [Mr. Mazharul Haque; Maharajadhiraja Bahadur of Burdwan; Sir G. Fleetwood Wilson.]

"My Lord, money is wanted, and wanted very badly, for very many necessary things in India, especially free primary education. In the last session of the Council, when I was speaking in support of the Resolution of my Hon'ble friend Mr. Gokhale as regards this subject, I went to the length of saying that I was prepared to submit to fresh taxation, although the country is very poor, for the purpose of achieving this object. This year, during Christmas week, two such important associations in India as the Indian National Congress and the All-India Moslem League have both passed Resolutions supporting free primary education; and we may take it that, barring a few solitary exceptions, the country is practically unanimous on educating the masses. My Lord, we are very keen about it, and if it be possible to retrench some of the extraordinary expenditure of the Government of India, I think that this ought to be done, and money should be found for providing free primary education for the people of this country.

"My Lord, with these few remarks I support the Resolution of my Hon'ble friend."

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN: "My Lord, Mr. Gokhale's Resolution has my entire sympathy, but I have no desire to go to any length to emphasize the necessity of curtailing expenditure. There is only one point on which I wish to speak, and that is regarding the army. Belonging to a race who in the ancient days belonged to the army, I may say that I do not think that a very strong case has been made out for curtailing that particular item of expenditure, *viz.*, the army. I do not agree with those who think that because at present peace is prevailing and because the Russian bear is no longer visible near the foot of the Himalayas that you should reduce your army in any haste; but on the other hand, I certainly think that economy should be the order of the day, especially in the Finance Department, and I hope that the matter which Mr. Gokhale has brought before the Council to-day will receive the most favourable consideration of the Government of India."

The Hon'ble SIR G. FLEETWOOD WILSON: "On rising to reply to a debate of great interest and importance, I should like to express my sense of the obligation under which my Hon'ble friend, the mover of this resolution, has placed the Council by affording them this opportunity of considering a subject which vitally concerns the welfare of India. No one can possibly complain either of the tone or of the manner in which the Hon'ble Mr. Gokhale has presented his case. Both were alike admirable. The matter with which my Hon'ble friend has dealt would appear to lend itself to consideration from two standpoints—the statistical and the general. Mr. Meston has dwelt on the first section of the subject with his usual lucidity and with ability. I propose to deal with the more general aspect of the case. The Hon'ble Mr. Gokhale sees, as we all see, the remarkable strides that this country has made in the last 35 years. He acknowledges the great progress in its resources, and the great development in its revenues. But he believes that its expanding income has been fully hypothecated for its expanding needs, and he warns us that the optimism based on our great advance on the past ought not to blind us to the dangers inherent in an equally rapid growth of expenditure. In particular, he fears the effect of certain new conditions to which he thinks our financial arrangements have not yet adapted themselves. On the one hand, our desire to co-operate with China in her efforts against the opium habit will probably involve us in a heavy sacrifice of revenue. On the other hand, we shall have to meet the indeterminate, but probably heavy, claims on the public exchequer for progress in education, sanitation and the like. The former consideration indicates a slackening in the growth of our revenues. The latter suggests the wisdom of establishing a wider margin between our normal resources and our normal expenditure. It is therefore time to look into the future and to set our house in order before these difficulties become acute. That is, I take it, the view of my Hon'ble friend, and I think it must be the view of every right-thinking man who has the interest of India at heart. I will not go over the detailed arguments which the Hon'ble Mover has laid before the Council. Nor is it necessary for me to recapitulate the lessons to be

derived from a review of our financial policy of the past. I need only express my general concurrence with much that has been said to-day as to the great importance of the economic question in this country.

"It would be improper to occupy the time of the Council by a further analysis of our financial position when all that is pressed upon us is the importance of economy in the future. I do not understand Mr. Gokhale to suggest that we should put back the hands of the clock. The machinery of administration is not built up in a day, and if we wish to modify and simplify the machinery, whether on its military or on its civil side, our action must be steady and gradual. Sudden retrenchment hardly ever results in permanent economy; and the difficulties attending it are particularly great in India. What we require is to keep economy constantly in sight, to guard zealously against the unnecessary spending of a single rupee; and to place a curb upon all tendencies to increase public expenditure which is proposed with a view merely to theoretical efficiency or administrative symmetry.

"I hope I have said enough to convince my Hon'ble friend how entirely I agree with him on the need for caution in the future, and for such ordering of our public expenditure as will enable us, without haste or embarrassment, to deal with the new situation as it arises. Further than that, however, I cannot go. I must part company with my Hon'ble friend when we come to consider the machinery which is to lay down the lines of our future financial policy. That duty is, to my mind, essentially a duty of the Executive Government; and I cannot agree that it should be handed over by us to a Commission. I have been associated all my official life with Commissions and Committees. However well constituted they may be, they generally contain one or two weak vessels whose ability is in inverse ratio to their obstinacy. The outcome is that the report is generally the result of a compromise, and compromise is not good when a serious principle is involved. But there is another objection to the appointment of such bodies except as a last resource. They are apt to set those entrusted with the expenditure of public funds against the inquiry, and tend to create an unconscious but very decided hostility to proposals for retrenchment or reform. We recognise that it is important that we should set our own house in order. The Government of India has at its head a Governor General whose varied and distinguished career has been characterised by a marked regard for economy as well as efficiency in administration. Until the contrary is proved, we are entitled to hold that, under his able guidance, the Government of India does not lack the ability to put its own house in order without turning to extraneous agencies for assistance. The tendency to do so has in the past been perhaps somewhat unduly marked, and I believe this Council will not be unwilling to await the result of the unassisted efforts of the Government of India before pressing for the creation of an inquisition.

"I have listened with interest to what Mr. Gates has told the Council regarding the Commissions which have reported upon Indian expenditure in the past. It would be difficult in India or out of India to bring together a stronger body of official and non-official opinion than the Commission over which Lord Welby presided: and yet it would be impossible to pretend that they have left any enduring mark upon our public finance. There are unquestionably occasions on which a Commission is a most valuable agency. When public affairs are being influenced by obscure causes, or when the issue involves technical considerations which require much expert consultation, the case for a Commission is strong. On the present occasion, however, the causes which have led to our growing expenditure are patent to us all, and it is not expert advice, so much as common sense and the economic instinct, that we require to consult. As Mr. Gates has told the Council, a Commission of inquiry into expenditure would hang up much which we are ready to undertake and which we are anxious to pursue. It might shift the responsibility from the proper shoulders; and it would tend to complicate issues which at present, in my judgment, are reasonably simple.

"Mr. Gokhale has indicated some of the instructions which he advises us to give to a Commission if it were appointed. This also has been done by other

[25TH JANUARY 1911.] [Sir G. Fleetwood Wilson.]

members who have spoken. Apart from the improvement of the audit, a subject to which I shall return later, each of the instructions which my friend would impose upon the Commission involves considerations of grave political import. He will not expect the Government of India to indicate their views upon those subjects to-day.

"The Hon'ble Member has alluded to the more extended use of indigenous agency in the public service. The question is to be raised in a definite form. I understand, by the Hon'ble Mr. Subba Rao. I shall not therefore, at the present time, state in detail what has already been done in my Department in that direction. My personal sympathies in regard to the larger employment of Indians in the public service of the Crown cannot come under review in this Council, but as Finance Member it is permissible for me to say that, from the economic standpoint, it seems to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian. Indians are not called upon to meet anything like the heavy expenses which are unavoidable in the case of Europeans. Their very religion is conducive to a simpler habit of life, and it is not incumbent upon them for health considerations to pass long periods out of India. Again, an Indian can live and live well on a smaller pension than is essential in the case of an Englishman living at home. All this points to a potential saving in the event of its being found possible to extend the employment of Indians in some branches of the military and civil public service. I revert now to a subject which is particularly my own, and which I am grateful to the Hon'ble Member for raising, namely, the audit of public expenditure in India. I may say at once that I welcome what has been said by my Hon'ble friend, both as a recognition on his part of the importance of an object which I have always had much at heart, and as giving me an opportunity of indicating what has been under discussion in the penetralia of the Secretariat. I speak in this matter as one who has viewed the question from both sides—as an auditor and now as a Finance Minister. It is indeed to the Finance Member that the point appeals most strongly. I recognise in India, as it has been recognised in England, that the auditor is the most valuable ally of the Finance Department: it is through the auditor that the Department learns that its own regulations are observed, and it is the auditor that enables it to enforce the financial order for which it is responsible. It has, therefore, been my endeavour to increase the independence and efficiency of our audit. A step of no small importance in this direction has been taken by the recent publication of what is known as the Audit Resolution, defining the classes of expenditure which require the Secretary of State's sanction. The Resolution does not enumerate any new principle, but it gathers together, it codifies and emphasises principles hitherto scattered or indeterminate. This marks a distinct advance. Another question which has been taken up is appropriation audit, by which is meant the watching of expenditure against budget grants. In this connection I may refer to our annual Appropriation Report. The report is published, and is available to Hon'ble Members. It deals in comprehensive and minute fashion with departures from budget provision, and with the changes from year to year in revenue and expenditure. I recognised, however, some time ago, that the form of the report was capable of improvement, and I took steps to effect alterations which will be apparent in the next report. The provincial reports, from which a general report is compiled by the Comptroller General, are due in October: my examination of the question could not be completed by that time, and any further alterations of form that may be found necessary cannot, therefore, take effect for another year.

"Lastly, I may allude to the amalgamation recently effected between the Public Works and what are called the Civil Accounts. I may explain very briefly that while the ordinary provincial departments are subject to the audit of accounts by officers subordinate to the Finance Department, the chief account officer for Public Works and Railways used to be attached to other Secretariats of the Government of India. This divergence of system has now ceased. Both branches of the Accounts are equally under the Finance Department, and from their fusion I anticipate good and far-reaching results.

[Sir G. Fleetwood Wilson.] [25TH JANUARY 1911.]

You cannot bring into close contact two systems of accounts which so far have developed separately, without giving rise to new ideas, and the range of these ideas is apt on examination to expand until a great deal of ground is covered. The amalgamation to which I have referred took place only on the 1st October, and it would be premature to go into details, but in the mere fact of some adjustment being necessary between the system of accounts in the civil and Public Works Departments, I may say I have found a point *d'appui* for some wider questions which will be fully examined after the pressure of the Calcutta Session is over and when the wickod cease to trouble and the weary are at rest.

“ There remains the question of the position and functions of the Comptroller and Auditor General. This is a question on which for the present I can only lightly touch. There are, however, three things I should like to say. The first is that there is a great deal of spade work to be done in connection with the amalgamation of our accounts system. Secondly, I have a fairly intimate knowledge of the English system of audit and I fully appreciate its great advantages. But audit must to some extent follow administration, and I recognise, and I think my Hon'ble friend will recognise, that the systems of administration in the two countries are so different that the greatest caution is essential in adapting to Indian conditions the results of English experience. Lastly, I have to point out that this question has been considered between the Secretary of State and the Government of India on three separate occasions since 1881, and the conclusion on each occasion was that no radical change was necessary. I do not, I may say, accept that conclusion as final. Circumstances may change, and have changed; but it is obvious that a decision thrice repeated cannot be reversed without the most serious deliberation. While therefore I have made it clear that I do not regard our audit system as a closed and perfect circle, I deprecate haste in the decision of a question, the importance of which is equalled only by its complexity. I ask for time to mature proposals; and I do so the more confidently because what has already been accomplished is an earnest of our intentions. I claim that in quite recent years there has been a distinct improvement in our audit system, and the Hon'ble Member has my assurance that I shall do my best to complete the work which is already in progress.

“ My Lord, I shall not trespass longer on the time of the Council. Economy in public expenditure is the duty of all Governments; it is the especially sacred duty of the Government in this country. I would remind the Council of a remark which I made in my Budget speech last year. It was to this effect:—

‘ I am sure that it is absolutely essential to introduce greater sobriety in our public expenditure if we are to avoid deficits and consequent enhanced taxation.’

“ This is no longer a pious expression of an individual opinion. The Government of India share that view and are prepared to carry it into effect.

“ I am empowered to announce that all the Members of the Government of India will, during the current year, subject the expenditure for which they are individually responsible to close scrutiny with a view to effecting all possible economies. In regard to Army expenditure in particular, I think it only fair to state that the Commander-in-Chief volunteered *proprio motu* to institute a thorough inquiry into the question of military expenditure, recognising the necessity for it and expressing his intention to reduce all unnecessary expenditure and duplicate forces (as well as extravagance in administration) and to get the best work out of those retained. At the same time the Commander-in-Chief naturally insists on thorough efficiency in regard to armament. We cannot accept the Resolution as it stands. I do not know whether, after the assurance I have been able to give him, my Hon'ble friend will wish to press it to a division. I hope he will not do so, because I think that a division might be misunderstood as an implication that we are not at one on the subject of economy. We certainly are. The assurance has not been lightly given and the intention is to carry it into effect. I recognise, and I am very grateful for, the assistance of all those members who have rendered me such marked assistance to-day in the

[25TH JANUARY 1911.] [Sir G. Fleetwood Wilson; Mr. Gokhale.]

interests of economy. I am not one of those who believe that a Resolution is necessarily framed with a view to embarrass the Government. On the contrary I think Resolutions are often framed with a view to assisting the Government, and I accept Mr. Gokhale's Resolution as one framed in that spirit.

"Last year I extended to the Hon'ble Member my sympathy. This year I am able to go a step further. I am in agreement with him as to the object he has in view, but I disagree as to the method by which he proposes to arrive at the result we both wish to attain. Next year I may even find salvation and whole-heartedly agree with him from first to last. On one thing we are all of one mind; that it is an intellectual treat to hear Mr. Gokhale give an exposition of his views. He and I seem to be proceeding not on parallel but on converging lines, and that is as it should be; for antagonism should have no place between a Finance Minister and Indian Members who desire the good of their country."

The Hon'ble Mr. GOKHALE: "My Lord, I must crave Your Lordship's indulgence a second time, because I think I ought to reply to some of the criticisms, which have been offered, before this discussion is brought to a close.

"I must begin with my Hon'ble friend Mr. Meston, whose remarks I am almost sorry to criticise in view of the extremely generous reference that he has been so kind as to make to myself. But, my Lord, I must say at once that I am not convinced by what the Hon'ble Member has said, and I am not quite sure how far the Hon'ble Member himself is convinced. I have a shrewd suspicion, my Lord, that if I could have access to some of the notes which my Hon'ble friend, as Financial Secretary, must have been writing from time to time during the last few years, I think I could make a much stronger case in favour of this Resolution than I have been able to do to-day. My Hon'ble friend began by saying that, if expenditure in this country has doubled itself in 35 years, the same thing has happened in other countries. I had almost anticipated this argument, and I therefore carefully avoided comparing the expenditure of this time with the expenditure of 35 years ago. What I did was that I divided the period into four smaller periods and took each time one of these, so that the years compared should not be separated by too long an interval. In the first place, therefore, my Hon'ble friend must treat the expenditure of other countries in the same way before the analogy can apply. Moreover, let him not forget that this analogy from foreign countries can cut both ways. I am quite willing that this country should provide for a standard of expenditure, such as obtains in other countries, if the Government of India will accept for itself all the responsibilities and all the standards of administration that the Governments of other countries have accepted. Let the Government, for instance, to mention only one instance, give us free, universal primary education in this country, and then it will be time for us to consider how our expenditure compares with that of other countries. My Hon'ble friend prefers to take the year 1898, as the starting year for his comparison, to the year 1901-02. I too had thought at one time of taking 1898-99, for the simple reason that that was the commencement of Lord Curzon's administration; but I found afterwards that the year was unsuitable, though it would really have been more favourable for my purposes. I wanted scrupulously to avoid anything that was unfair, and I saw that that year would not do, because it was midway between two great famines, the famine of 1897-98 and the famine of 1899-1900, and the revenue in that year therefore was larger on account of the arrears that were collected from the previous famine. Moreover, as both 1899-1900 and 1900-01 were years of extensive famines, the level of expenditure had no opportunity during those years to rise as it would otherwise have done. As regards my friend's explanation of the increase, the amount of which he admits, I really do not know how to describe it. The explanation comes to this:— I had said that there had been an increase of 9 millions; 'yes,' says the Hon'ble Member, 'there has been that increase; but it is made up of so much more spent under this head, so much under that head, and so on, the total coming to 9 millions!' Now this would have been a good answer, if I had said that I did not know how or where to find the items, of which these 9 millions were

made up. If, for instance, I had said that somebody had walked away with our 9 millions a year, this explanation would have been perfectly sound. Surely the details, which he has given, could have been put together by any one of us from the financial returns of the Government; or if I had experienced any difficulty in that, I could have drawn on the ample courtesy of my Hon'ble friend, on which, as a matter of fact, he has permitted me to draw so liberally during the last few days. To the real question which I have raised, the Hon'ble Member has attempted practically no answer. I will refer only to two items to illustrate the way in which he has been compelled to argue in this matter. The Hon'ble Member says that establishments have been largely increased during the last few years; now that is exactly my complaint. What the Hon'ble Member should have told the Council is—should they have been so increased? He has, however, nothing to say on that point. Again, take the increase under 'Stationery.' The Hon'ble Member's explanation is—'I suppose we have been writing much more than we used to do.' Now, in the first place, I am not so sure about that. If the officials have been really writing much more than they used to do, then they have been disobeying the orders of the Government of India; for one of the orders issued by Lord Curzon during his time was that official writing should be curtailed; and he even took great credit to himself on a subsequent occasion for having reduced the voluminous mass of official writing. But apart from that, last year, when I raised this very question of increased expenditure on Stationery, my Hon'ble friend, Mr. Robertson, who was then in charge of the Department of Commerce and Industry, admitted that there had been a great increase during the last twelve years, the increase amounting to no less than 60 per cent. in 12 years! And he assured the Council that his Department had been making inquiries and he hoped to make substantial reductions. Not a word of this, however, have we heard from Mr. Meston to-day. The last point which I would like to notice in the Hon'ble Member's remarks is about remission of taxation. My Hon'ble friend says that while expenditure has increased a good deal during the last 8 or 9 years, there has also been a remission of taxation of about four millions. Now, my Lord, no one denies this, and I admitted it myself in my first speech. But when the fact is used to convey the idea that the taxpayers have no ground to complain of the increased expenditure, the statement is not quite fair. There has undoubtedly been this remission of taxation, but I want the Council to remember that it was no more than was in common fairness due to the people of this country on account of the savings that the Government effected in the charges on their Home remittances. During the previous ten years, there had been successive additions to the taxation of the country, amounting to about 4½ millions, owing mainly to the continuous fall in exchange. When, therefore, exchange again rose to and steadied itself at 1s. 4d., the Government were bound to return to the people the 3½ millions, saved on their remittance charges, and this was practically all that the Government did by their remission of taxation, on which the Hon'ble Member has laid so much stress.

"I will next turn to the speech of the Hon'ble Mr. Brunyate. I really have no quarrel with the Hon'ble Member's statement of the case, as he has placed it before the Council. His argument briefly amounts to this. The country is getting good value for its money. Now I do not dispute that. I feel I am not qualified myself to express an opinion on that subject. Moreover, I recognise that for seven years we had one of the greatest soldiers of our time at the head of the Indian Army, and he was specially well-known for his economical administration. It is true that there are those who do not quite accept this view; but that is a matter which must be left to military experts. My question was solely about policy. After the profound change that has taken place in Central Asian and Frontier affairs, is it fair, is it just to the people of the country that the military expenditure should still continue on the same high scale on which it has been incurred all these years? For thirty years and more, our military expenditure has been dominated by the fear that Russia was drawing nearer and nearer to this country. My Hon'ble friend, Mr. Haque, has referred to the Anglo-Russian Convention, in the framing of

[25TH JANUARY 1911.]

[Mr. Gokhale.]

which, as he has reminded the Council, Your Excellency had such a great part. If the Anglo-Russian Convention is a reality, I think we are entitled to the benefit of it, and the only way in which this benefit can be brought home to us is by relieving us of a part of the burden that we have borne for so many years, in order that funds may be set free to spend on primary and technical education and such other objects. In this connection I would like to quote certain observations of Lord Mayo, made 40 years ago. In a celebrated minute, which has been published, Lord Mayo wrote as follows:—

‘Though the financial necessities of the hour 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.’

“My Lord, this is as true to-day as it was 40 years ago, and I earnestly trust that something will be done to reduce our present over-grown military expenditure.

“I will now say a word in regard to the speech made by the Hon'ble Mr. Madge. I am glad to have his support, even though he offers it in his own way. But one or two things in what he said I must notice. He seemed to imagine that I had given up my criticism of Railway expenditure of last year. Nothing of the kind. I did not bring it up again to-day, because I took the Commercial Services not for purposes of my comparison. My objection last year was not to the construction of railways out of capital, but to the percentage of working charges going up by leaps and bounds without any satisfactory reason. Last year, my Hon'ble friend, Sir T. Wynne, gave the Council a somewhat lengthy explanation; but I am not sure that it satisfied the Council. I understand, however, that the working expenses are being kept down this year. I sincerely hope that this is true. In any case we shall know it soon, when the Financial Statement is presented. Mr. Madge has told the Council that, in his opinion, not a single European soldier in this country can be reduced. This emphatic observation was preceded by the statement that laymen ought not to be dogmatical in these matters. If only the Hon'ble Member had remembered his own counsel, we should have been spared a proposition so extreme as that which came from him. My friend spoke of the recent riots and of troops being requisitioned for service on the occasion. My Lord, it is difficult to take an argument like that seriously. If, unfortunately, there was real internal trouble in the country on a large scale, would an Army of sixty to seventy thousand troops suffice to quell it? The Army, from that point of view, is either too small or too large. The policy of the Government is to govern the country with the confidence and the attachment of the people. In that view of things, I think it is most unfair that these occasional riots should be brought forward as an argument for maintaining the Army on its present scale. Lastly, the Hon'ble Member has expressed the view that the system of independent audit that I proposed was unnecessary. Well, in this he and I differ, which is a small matter. But he should realize that he also differs from some of the greatest statesmen of England, Germany, France and Austria. If he likes that singular distinction, I have no quarrel with him.

“My Lord, I now come to the extraordinary speech of the Hon'ble Mr. Gates. For easy confidence that everything is for the best in this best of lands and for the polite suggestion that those who demand an inquiry into how Government spend the money, raised from the taxpayers, are guilty more or less of something approaching presumption, I think that speech would be hard to beat. However, the Hon'ble Member himself has supplied to the Council a part of the explanation of that speech. He has told us that he comes from Burma! But, my Lord, whatever may be thought of the rest of his speech,

I do not think there was any excuse for the Hon'ble Member misunderstanding me on one point. I never asked for a Commission like the Welby Commission. It is true that I mentioned it along with other bodies that have inquired into the administration of Indian finances from time to time, but I distinctly stated that I wanted an inquiry, not by a body sitting at Simla or Calcutta, or in London, but by a Committee that could go round the country, like the Finance Committee of Lord Dufferin. And Lord Dufferin's Committee was the one Committee which really did achieve solid results. That Committee went all over the country, took valuable evidence and submitted within three years its recommendations, calculated to effect a saving of about 60 lakhs, and most of the recommendations were carried out. It is a Committee of that kind, with one or two non-officials put on it, that I want. My Lord, it is quite true that if the Government do not want to enforce economies, the Committee will not achieve anything. Lord Curzon once said in this Council—"There are inquiries and inquiries; there are inquiries to shelve and inquiries to solve." If the Government wish to shelve this problem, they will deal with it in one way. If, however, they want to find a solution for it, they will deal with it in another way. What the Committee does or does not do, will depend upon the keenness or otherwise of the Government in the matter. Then the Hon'ble Member asked why it was necessary to refer the question of an independent audit to a Committee of inquiry. My Lord, I never suggested that it should be so referred. I merely mentioned it as one of the remedies that the situation required. If the Government will themselves examine the proposal and adopt it, so much the better; if the Government do not want to do this, they may refer it to the proposed Committee. Of course it is open to me, as the Hon'ble Member says, to bring this matter before the Council in the shape of a Resolution. And I certainly will do it, if it becomes necessary. But as to when I should do it, of that I must be the judge. Then the Hon'ble Member said I had adopted an unconstitutional course in bringing this Resolution forward. My Lord, the Hon'ble Member is Financial Commissioner of his Province. I do not know what his views are of the financial relations between the Government of India and the Provincial Governments. But I think he should know that it is only in this Council that discussions of this kind can be initiated. Any matter which refers to all Provinces in common, any matter which involves considerations of policy, with which the Government of India alone can deal, can be raised only in this Council and nowhere else. Comparatively small matters, relating to particular Provinces, may be raised in the Councils of those Provinces. I will not ask if they do even that in the Burma Council. But does the Hon'ble Member imagine that questions like economy in military expenditure, questions even like civil expenditure, involving large policies, such as the wider employment of Indians, can be raised in Local Councils? These questions must be raised here, if they are to be raised anywhere at all in India. One more observation, my Lord, on Mr. Gates' speech, and I will have done with it. The Hon'ble Member spoke of the bloated budget of Bombay, and he suggested that we should look for economies there and not trouble other Provinces. My Lord, if the budget of Bombay is a bloated budget, in any case we pay every penny of it ourselves. We have not lived on other Provinces or on the Government of India for nearly 20 years as Upper Burma has done. When Upper Burma refunds to the Government of India all that it has drawn from other Provinces, it will be time for it to speak of the bloated budgets of other Provinces.

"My Lord, I now come to the last speech, which of course was not the least—that of the Hon'ble Sir Guy Fleetwood Wilson. I am grateful to my Hon'ble friend for the courtesy of his remarks and on the whole for the very friendly tone of his speech. If it had been only the courteous and friendly tone, my satisfaction would not have been so real. When the Hon'ble Member adopts a specially friendly attitude or a specially conciliatory tone, I don't mind confessing that I grow somewhat suspicious. That was my experience last year; while he was giving us verbal sympathy without stint, he was putting on the country tax after tax. However, in consideration of the definite assurance he has given to-day and in deference to what has fallen from him towards the close of his speech, I am quite willing to withdraw this Resolution for this year. I withdraw it for this one year only, because by this time

INCREASE IN PUBLIC EXPENDITURE; ADJOURNMENT 215
IN COUNCIL.

[25TH JANUARY 1911.]

[Mr. Gokhale.]

next year we shall be in a position to see how far the Hon'ble Member has been able to carry out what he has practically undertaken to do. And I do this all the more readily, because the Hon'ble Member has laid stress on one circumstance, to which it is necessary to attach special weight, and that is the fact that Your Excellency has just assumed the reins of office, and that it is only fair that you should have time to look into this question for yourself. The Hon'ble Member has drawn the attention of the Council to the fact that Your Excellency, if I may repeat what he said without impertinence, has a great reputation for economic administration, and the Council may well leave this matter in Your Excellency's hands for the present. On one point, however, I must express my dissent from the Hon'ble Member. I do not agree with him as regards the undesirability of the machinery which I have suggested—the machinery of a public inquiry. I think public inquiries from time to time serve a special purpose of their own. Apart from the economies, that may actually be effected as a result of such inquiries, every department is put on its defence, and that in itself is something to achieve. The fact that there is going to be an enquiry, so to say, shakes every department and makes it put its house in order, and that, to my mind, is no small advantage in such matters.

“As regards audit, my Hon'ble friend's remarks were highly encouraging. I hope that he means even more than he says, and that it is his official position and his responsibility that have made him use that cautious language. One observation of the Hon'ble Member in this connection, however, calls for a brief comment. I think I caught a suggestion of the argument in his speech that there is a good deal of difference between the condition of India and the condition of Western countries, and that, therefore, what has answered very well there may not answer equally well here. I quite admit that; at the same time it should not be forgotten that this view that an independent audit would do good to India was a view taken successively by the Government of India and by the Secretary of State. The Welby Commission went into this question carefully. It was not able to make a unanimous recommendation, because the Commission was equally divided on the point. One section, headed by Lord Welby, strongly supported an independent audit. The other section, however, opposed it, and, among other arguments, urged that the creation of an audit officer, independent of the Government of India, would lower the prestige of the Government in the eyes of the people of this country. This, however, is an argument which I think is not worth considering. The man in the street does not understand what an audit officer is for and what are his relations with the Government of India. And those Indians who understand these things also understand why an independent officer is not created, if one is not created. Therefore the non-creation of this officer does not mean any special prestige for the Government, neither can his creation involve any loss of prestige.

“My Lord, with these observations, and thanking the Hon'ble Member once again for his very friendly reply, I ask for leave to withdraw my Resolution.”

His Excellency THE PRESIDENT:—“Permission is granted to the Hon'ble Member to withdraw his Resolution. I think, gentlemen, now we have arrived at the end of all the work that is before us for the time being, and I propose that the Council should adjourn till Tuesday, the 31st instant. The meeting on that occasion will be of a purely formal character for the presentation of a report on the Factories Bill. The presence of the Hon'ble Additional Members of Council who are not resident in Calcutta will not be necessary. It may, however, be convenient for Hon'ble Members to know that after the adjournment on the 31st the Council will not meet till the 1st of March when the Financial Statement will be presented to the Council. The Council, gentlemen, is now adjourned.”

J. M. MACPHERSON,

Secretary to the Government of India,

Legislative Department.

CALCUTTA; }
The 3rd February 1911. }