

C O N T E N T S.

1. First Report: Select Committee on East India Finance, with Proceedings, 29th April, 1873. (Chairman: Mr. Ayrton.) (179.) 1873. pp.1-4. X7:8.2.M736 A87 1
2. Second Report: do.(with Proceedings and Appendix.) 25th April & 9th May, 1873. (194.) pp.5-9. X7:8.2.M736 A87 1
28. The Relation between Government and the Civil Funds. A Note by James Westland. May 1874. pp.10-18. X7:9585.2.M7 A87 1
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58. The Royal Commission on Indian Expenditure. Evidence-in-Chief of the Five Indian Witnesses. (Congress Green-Book, No.II.) 1898. pp.369-427. X76.2.M85 C 5
68. Return to the H. C. The Resolutions of the Government of India regarding Grant of Exchange Compensation Allowance to European Officers of the Indian Service. (338.) 1906. pp.428-441. X76.2.M85 C 5
710. Financial Advances made by His Majesty's Government and the Government of India to the Persian Government. (Cd.7053.) 1913. pp.442-443. X76.2.M85 C 5
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F I R S T  
R E P O R T

FROM THE

Rare section

SELECT COMMITTEE

ON

EAST INDIA FINANCE;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE

Upon TUESDAY, the 29th APRIL 1873.

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*Ordered, by The House of Commons, to be Printed,*  
*2 May 1873.*

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*Friday, 7th February 1873.*

*Ordered, THAT a Select Committee be appointed "to inquire into the Finance and Financial Administration of India."*

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*Monday, 10th February 1873.*

*Ordered, THAT the Committee do consist of Thirty Members.*

*Committee nominated of—*

Mr. Ayrton.  
Mr. Stephen Cave.  
Mr. Crawford.  
Mr. Baring.  
Mr. Fawcett.  
Mr. Beckett Denison.  
Sir Charles Wingfield.  
Mr. Eastwick.  
Mr. Dickinson.  
Mr. Bourke.  
Mr. Candlish.  
Sir James Elphinstone.  
Mr. Lyttelton.  
Mr. Birley.  
Sir David Wedderburn.

Mr. Beach.  
Sir Thomas Bazley.  
Mr. Hermon.  
Mr. M'Clure.  
Mr. Cross.  
Mr. John Benjamin Smith.  
Mr. Grant Duff.  
Mr. Robert Fowler.  
Mr. Haviland-Burke.  
Mr. Charles Dalrymple.  
Sir Stafford Northcote.  
Lord Edmond Fitzmaurice.  
Mr. Ballie Cochrane.  
Sir George Balfour.

*Ordered, THAT the Committee have power to send for Persons, Papers, and Records.*

*Ordered, THAT Seven be the Quorum of the Committee.*

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*Friday, 21st March 1873.*

*Ordered, THAT Mr. Campbell-Bannerman be added to the Commi*

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*Tuesday, 1st April 1873.*

*Ordered, THAT it be an Instruction to the Committee to consider and report whether the Indian financial year which now terminates on the 31st March, should be altered to the year ending on the 31st December, in order that the Secretary of State for India may be enabled to make his Financial Statement to the House before the Easter Recess.*

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*Friday, 2nd May 1873.*

*Ordered, THAT the Committee have power to report their Observations, from time to time to The House.*

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## FIRST REPORT.

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THE SELECT COMMITTEE appointed "to inquire into the FINANCE and FINANCIAL ADMINISTRATION of INDIA," and who were instructed to consider and report whether the Indian Financial Year which now terminates on the 31st March, should be altered to the year ending on the 31st December, in order that the Secretary of State for India may be enabled to make his Financial Statement to the House before the Easter Recess;—HAVE made progress in the Matters to them referred, and have agreed to the following FIRST REPORT:—

THE practice of making the Indian Financial Statement appears to have been revived in 1853, when the President of the Board of Control, in submitting to the House the measure which subsequently became law, for improving the administration of the Government of India, proposed that the President should make an annual statement to the House on the finances of India. On the 9th of August of the following year, the House having resolved itself into a Committee of the whole House on the Accounts of the Indian Revenues for the year ending the 30th of April 1852, the President of the Board of Control made a comprehensive exposition of the financial condition and prospects of India, and concluded with moving a series of Resolutions recording the total amounts of the receipt and expenditure of the Government of India, of the several subordinate Governments, as well as of the Home Government, for the year ending 1852, a period of more than two years before the Resolutions were passed.

The same course was adopted yearly until 1857, when it was suspended; but in the meantime the completion of the annual accounts had been accelerated, so that the Committee of the House could consider those of the year preceding its appointment.

The transfer of the Government of India to the Crown then engaged the attention of Parliament, and the measures then adopted materially affected the relations of the House of Commons to the revenues of India. It was provided by the Act passed in 1858 that the expenditure of the revenues of India, both in India and elsewhere, should be subject to the control of the Secretary of State for India in Council, and no grant or appropriation of any part of such revenues or of any other property coming into the possession of the Secretary of State in Council, was to be made without the concurrence of a majority of votes at a meeting of the Council. In 1861 the powers of the Legislative Council of India were greatly extended, and the power of disallowing any laws which might be passed, was reserved to the Queen.

In 1860, a member of the Council of the Governor General was charged with the superintendence of the finances of India, and undertook the duty of making an annual statement of the condition of the Indian finances, and proposing in the Legislative Council such measures as might be necessary to provide for the public expenditure on account of the Government of India.

In the years 1859, 1860, and 1861, the Secretary of State made an exposition of the condition of the finances of India in proceeding with Bills for the purpose of raising taxes to meet the increase of expenditure which had been incurred in repressing the disturbances in India. It was not until 1862 that the practice

of the House resolving itself into a Committee of the whole House was resumed. In 1866 the general resolution recording the totals of the whole revenue and expenditure in England and in India was substituted for the several resolutions formerly passed by the Committee. In 1867, the period for which the accounts were made up, was changed from the 30th of April to the 31st of March, and the resolutions of the Committee of the House have since been passed upon the accounts for the financial year ending the 31st of March preceding the commencement of the Session.

The audited accounts on which the Resolutions of the House have been based have been accompanied by approximate accounts, known as the regular Estimate, for the following financial year; and in order to enable them to be revised at the close of that year, as well as to admit of the Secretary of State obtaining an estimate of the probable income and expenditure for the ensuing year, known as the Budget Estimate, and embracing it in his financial statement, it has been the practice to defer the financial statement in the House of Commons until after the month of April; but in consequence of the precedence given by successive Governments to other business, the time for the appointment of the Committee of the House has not been fixed before the last days of the Session. In 1871, in consequence of the repeated complaints at the lateness of the period when the affairs of India were brought under the notice of the House, the Under Secretary of State undertook to make his financial statement at the commencement of the Session, based upon the audited accounts for the year ending in March 1870, the estimated accounts for the year 1871, revised as far as was practicable, up to the 21st of February 1871, and on such further information respecting the financial policy for the ensuing year as could be obtained.

Your Committee are of opinion that no arrangement will prove satisfactory which does not admit of the appointment of the Committee on the Indian Accounts within the first three weeks of the Session, so as to afford adequate time for the discussion of Indian affairs without interfering with the other business which engages the attention of the House later in the Session; but it appears to your Committee that this object can be best attained by adhering to the course pursued by the Under Secretary of State in 1871, and they therefore recommend that there should be laid on the Table, and distributed to Members, on the opening of the Session, the audited accounts for the financial year ending on the 31st March preceding, together with the estimated accounts for the current financial year, revised as far as circumstances will admit, and that the House should resolve itself into a Committee on the accounts within three weeks after the commencement of the Session. These accounts, with such information respecting the financial condition of India as the Secretary of State may be enabled to communicate to the House, will no doubt be found sufficient to enable the Committee to discuss the state of the finances of India, and the administration of its affairs.

Entertaining these views, your Committee have deemed it undesirable to pursue an inquiry into the expediency of altering the period of the financial year in India. It cannot be doubted that such an alteration would be attended with inconvenience and embarrassment, and if the close of the year were altered from the 31st of March to the 31st of December, as suggested by the instruction to your Committee, there would be no efficient guarantee that the accounts for the year ending the 31st of December preceding the opening of the Session, or that the Estimates for the ensuing year would be laid upon the Table of the House at the commencement of the Session, without which no advantage would be gained by the proposed change. But whilst the House can, by altering its own arrangements, without inconvenience to itself, afford a sufficient opportunity for an adequate discussion on the finances and affairs of India, your Committee think it would be unreasonable to require that an important change should be made in the financial administration of India, and they do not, therefore, recommend that the Indian financial year should be altered to the year ending on the 31st of December.

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PROCEEDINGS OF THE COMMITTEE.

*Tuesday 29th April 1873.*

MEMBERS PRESENT :

Mr. AYRTON in the Chair.

<p>Mr. Dalrymple. Sir T. Bazley. Mr. J. B. Smith. Lord E. Fitzmaurice. Sir G. Balfour. Mr. Eastwick. Sir Stafford Northcote. Mr. Bourke. Mr. R. Fowler. Mr. Crawford.</p>	<p>Mr. Cross. Mr. Birley. Sir C. Wingfield. Mr. Lyttelton. Mr. Fawcett. Mr. Hermon. Mr. Candlish. Sir J. Elphinstone. Mr. Cave.</p>
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Motion made, and Question proposed, That the Committee do now proceed to consider the Draft Report proposed by the Chairman.

Amendment proposed to leave out from the word "That," to the end of the Question, in order to add the words: "in order to comply fully with the instruction given to them by the House (to consider and report whether the Indian financial year should be altered to the year ending 31st December), the Committee shall hear the arguments that can be adduced for or against the expediency and practicability of the suggested change, and shall proceed to examine gentlemen now in England who have held high financial position in India, and ask the Secretary of State for India to favour them with his views, and those of the Government of India, on the subject"—(Sir C. Wingfield)—instead thereof.—Question put, "That the words proposed to be left out stand part of the Question."—The Committee divided :

<p style="text-align: center;">Ayes, 9.</p> <p>Sir D. Wedderburn. Mr. Dalrymple. Sir G. Balfour. Mr. Lyttelton. Mr. Eastwick. Sir Stafford Northcote. Mr. Bourke. Mr. R. Fowler. Mr. Fawcett.</p>	<p style="text-align: center;">Noes, 8.</p> <p>Sir T. Bazley. Lord E. Fitzmaurice. Mr. Grant Duff. Mr. Crawford. Mr. Cross. Mr. Birley. Sir C. Wingfield. Mr. Smith.</p>
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Main Question put, and *agreed to.*

DRAFT REPORT, proposed by the Chairman, read the first time, as follows:—

"The present practice of making the Indian Financial Statement appears to have originated in 1853, when the President of the Board of Control, in submitting to the House the measure which subsequently became law, for improving the administration of the Government of India, proposed that the President should make an annual statement to the House on the finances of India. On the 9th of August of the following year, the House having resolved itself into a Committee of the whole House on the Accounts of the Indian Revenues for the year ending the 30th of April 1852, the President of the Board of Control made a comprehensive exposition of the financial condition and prospects of India, and concluded with moving a series of Resolutions recording the total amounts of the receipt and expenditure of the Government of India, of the several subordinate Governments, as well as of the Home Government, for the year ending 1852, a period of more than two years before the Resolutions were passed.

"The same course was adopted yearly until 1857, when it was suspended; but in the meantime the completion of the annual accounts had been accelerated, so that the Committee of the House could consider those of the year preceding its appointment.

"The transfer of the Government of India to the Crown then engaged the attention of Parliament, and the measures then adopted materially affected the relations of the House

of Commons to the revenues of India. It was provided by the Act passed in 1858 that the expenditure of the revenues of India, both in India and elsewhere, should be subject to the control of the Secretary of State for India in Council, and no grant or appropriation of any part of such revenues or of any other property coming into the possession of the Secretary of State in Council, was to be made without the concurrence of a majority of votes at a meeting of the Council. In 1862 the powers of the Legislative Council of India were greatly extended, and a member of the Council of the Governor General who was charged with the duty of superintending the finances of India, was appointed a member of the Legislative Council for the purpose of making an annual statement of the condition of the Indian finances, and proposing in the Legislative Council such measures as might be necessary to provide for the public expenditure on account of the Government of India, the power of disallowing any laws which might be enacted being reserved to the Queen.

"It was not until 1862 that the practice of making an annual statement of the financial condition of India in a Committee of the House was resumed by the Secretary of State for India. In 1866 the general resolution recording the totals of the whole revenue and expenditure in England and in India was substituted for the several resolutions formerly passed by the Committee. In 1867, the period for which the accounts were made up, was changed from the 30th of April to the 31st of March, and the Resolutions of the Committee of the House have since been passed upon the accounts for the financial year ending the 30th of March preceding the commencement of the Session.

"The audited accounts on which the Resolutions of the House have been based have been accompanied by approximate accounts for the following financial year; and in order to enable them to be revised at the close of that year, as well as to admit of the Secretary of State obtaining an estimate of the probable income and expenditure for the ensuing year, and embracing it in his financial statement, it has been the practice to defer the financial statement in the House of Commons until after the month of April; but it has then been found impracticable, in consequence of the pressure of other business, to fix a time for the appointment of the Committee of the House before the last days of the Session. But in 1871, in consequence of the repeated complaints at the lateness of the period when the affairs of India were usually brought under the notice of the House, the Under Secretary of State undertook to make his financial statement at the commencement of the Session, based upon the audited accounts for the year ending in April 1870, the estimated accounts for the year 1871, revised as far as was practicable, and on such further information respecting the finances for the subsequent year as could be obtained.

"Your Committee are of opinion that no arrangement will prove satisfactory which does not admit of the appointment of the Committee on the Indian Accounts within the first three weeks of the Session, so as to afford adequate time for the discussion of Indian affairs without interfering with the other business which engages the attention of the House later in the Session; but it appears to your Committee that this object can be best attained by adhering to the course proposed by the Under Secretary of State in 1871, and they therefore recommend that there should be laid on the Table, and distributed to Members, on the opening of the Session, the audited accounts for the financial year ending on the 31st March preceding, together with the estimated accounts for the current financial year, revised as far as circumstances will admit, and that the House should resolve itself into a Committee on the accounts within three weeks after the commencement of the Session. These accounts, with such information respecting the financial condition of India as the Secretary of State may be enabled to communicate to the House, will no doubt be found sufficient to enable the Committee to discuss the state of the finances of India, and the administration of its affairs.

"It is, however, deserving of consideration, whether it is expedient to continue the practice of passing a resolution in Committee, recording merely the results of bygone accounts. Parliament having delegated to the Legislative Council of India the supervision over the receipt and expenditure of the Government in India as incident to its legislative functions, in providing the means required to meet the expenditure, the House of Commons is not called upon to record the results of the financial proceedings of the Governor General in Council; but the position of the Secretary of State for India in Council is entirely different. It appears that he has to perform the duty of dealing with public monies in this country, with the aid of his Council, amounting to upwards of 12,000,000 £ yearly, in regard to which they are subject to do control or supervision. It would therefore be more consistent with the proper functions of the House of Commons, that it should pass a resolution not merely recording the result of these accounts, but exercising some control over them. Your Committee therefore recommend that the resolution to be passed in the Committee on the Indian Accounts should be limited to the Home Accounts, stating the result of them, and expressing the approval of the Committee or any other opinion thereon.

"Entertaining these views, your Committee have deemed it undesirable to pursue an inquiry into the expediency of altering the period of the financial year in India. It cannot be doubted that such an alteration would be attended with inconvenience and embarrassment, and if the close of the year were altered from the 31st of March to the 31st of December, as suggested by the instruction to your Committee, there would be no efficient guarantee that the accounts for the year ending the 31st of December preceding the opening of the Session, &c. that the Estimates for the ensuing year would be laid upon  
the

the Table of the House at the commencement of the Session, without which no advantage would be gained by the proposed change. But whilst the House can, by altering its own arrangements, without inconvenience to itself, afford a sufficient opportunity for an adequate discussion on the finances and affairs of India, your Committee think it would be unreasonable to require that an important change should be made in the financial administration of India, and they do not, therefore, recommend that the Indian financial year should be altered to the year ending on the 31st of December."

Draft Report proposed by the Chairman, read a second time, and considered paragraph by paragraph.

Paragraphs 1—5, amended, and agreed to.

Paragraph 5.—Amendments made.—Another Amendment proposed, to leave out the words "pressure of," in order to insert the words "precedence given by successive Governments to"—(Sir *Stafford Northcote*)—instead thereof.—Question put, That the words proposed to be left out stand part of the paragraph:—The Committee divided :

Ayes, 4.  
Sir T. Bazley.  
Mr. Grant Duff.  
Mr. Crawford.  
Sir C. Wingfield.

Noes, 14.  
Mr. Hermon.  
Sir D. Wedderburn.  
Mr. Dalrymple.  
Lord E. Fitzmaurice.  
Sir G. Balfour.  
Mr. Lyttelton.  
Mr. Eastwick.  
Sir Stafford Northcote.  
Mr. R. Fowler.  
Mr. Fawcett.  
Mr. Cross.  
Mr. Birley.  
Mr. Candlish.  
Mr. J. B. Smith.

Words inserted.—Paragraph, as amended, agreed to.

Paragraph 6.—Amendments made—Question, That this paragraph, as amended, stand part of the proposed Report:—The Committee divided :

Ayes, 18.  
Mr. Hermon.  
Sir D. Wedderburn.  
Mr. Dalrymple.  
Sir T. Bazley.  
Lord E. Fitzmaurice.  
Sir G. Balfour.  
Mr. Lyttelton.  
Mr. Eastwick.  
Mr. Grant Duff.  
Sir Stafford Northcote.  
Mr. R. Fowler.  
Mr. Fawcett.  
Mr. Crawford.  
Mr. Cross.  
Mr. Birley.  
Mr. Candlish.  
Sir J. Elphinstone.  
Mr. J. B. Smith.

Noes, 1.  
Sir C. Wingfield.

Paragraph 7, agreed to.

Paragraph 8, agreed to.

Question, That this Report, as amended, be the First Report of the Committee to the House,—put, and agreed to.

Ordered, To Report.

[Adjourned till Friday next, at Twelve o'clock.



F I R S T  
R E P O R T  
FROM THE  
SELECT COMMITTEE

EAST INDIA FINANCE;

TOGETHER WITH THE  
PROCEEDINGS OF THE COMMITTEE

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## S E C O N D R E P O R T

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THE SELECT COMMITTEE appointed "to inquire into the FINANCE and FINANCIAL ADMINISTRATION of INDIA:"—HAVE made further progress in the matters to them referred, and have agreed to the following SECOND REPORT:—

1. Your Committee in their Report of the 18th of July 1871, observed that the evidence already taken had been chiefly derived from official sources; but they would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who might desire to appear before them for the purpose of giving accurate and useful information which, by its comprehensive intelligence, might be likely to assist the Committee in their inquiries and future deliberations.

2. No witnesses attended before your Committee during the last Session in accordance with the intimation expressed in their Report; but at the commencement of this Session they received a communication from the Acting Honorary Secretary of the East India Association, pointing out the importance of obtaining native evidence from India, and stating that the Bombay and Poonah Native Association were prepared to depute a Native gentleman to give evidence before the Committee.

3. It appeared to the Committee, from these and other circumstances, that their desire to receive evidence from competent Natives of India might not be sufficiently known in India, or that some difficulties with which the Committee were not acquainted might have arisen which prevented Natives of India from coming to this country for the purpose of being examined, your Committee, in order that no misapprehension might exist in the minds of the native inhabitants of India respecting the desire of the Committee to receive evidence, deemed it expedient that steps should be taken by the British Government in India to make known their views, and they, in consequence, directed a letter to be sent to the Secretary of State for India in Council to call his attention to the intimation of the Committee of 1871, above quoted, to suggest to him the expediency of taking steps to make the views of the Committee generally known to those who were likely to respond to them, and to afford whatever facilities might be deemed necessary to enable them to do so.

4. The Secretary of State for India in Council replied, that a copy of the communication to him would be forwarded to the Government of India, with a request that measures might be taken in such manner as they might deem advisable to make the intimation of the Committee as widely known as possible in India. The Secretary of State in Council, however, was of opinion that few, if any, Natives of India would be induced to come to this country, unless some arrangement were made for the defrayal of their expenses, but he did not understand that the Committee recommended, nor could he approve of throwing on the resources of India the expenses of witnesses who might avail themselves of the Committee's invitation.

5. Your Committee, however, learnt with regret that the Governor General on receiving the communication from the Secretary of State for India had

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Mr. Beckett Denison.  
Sir Charles Wingfield.  
Mr. Eastwick.  
Mr. Dickinson.  
Mr. Bourke.  
Mr. Candlish.  
Sir James Elphinstone.  
Mr. Lyttelton.  
Mr. Birley.  
Sir David Wedderburn.

Mr. Beach.  
Sir Thomas Bazley.  
Mr. Hermon.  
Mr. M'Clure.  
Mr. Cross.  
Mr. John Benjamin Smith.  
Mr. Grant Duff.  
Mr. Robert Fowler.  
Mr. Haviland-Burke.  
Mr. Charles Dalrymple.  
Sir Stafford Northcote.  
Lord Edmond Fitzmaurice.  
Mr. Baillie Cochrane.  
Sir George Balfour.

*Ordered, THAT the Committee have power to send for Persons, Papers, and Records*

*Ordered, THAT Seven be the Quorum of the Committee.*

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*Friday, 2nd May 1873.*

*Ordered, THAT the Committee have power to report their Observations from time to time to The House.*

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PROCEEDINGS OF THE COMMITTEE.

Friday, 25th April 1873.

MEMBERS PRESENT :

Mr. AYRTON in the Chair.

Sir C. Wingfield.	Mr. Eastwick.
Sir T. Bazley.	Mr. Bourke.
Sir D. Wedderburn.	Mr. Cave.
Lord E. Fitzmaurice.	Mr. Dalrymple.
Mr. J. B. Smith.	Sir G. Balfour.
Mr. Grant Duff.	Mr. Beach.
Mr. Birley.	Mr. McClure.
Mr. Fawcett.	Mr. Cross.

... cleared.—The Committee deliberated.

...ion made, and Question put, That the following Resolution be now considered, the expenses of such witnesses as may be approved of by the Committee, and may be requested to come from India to give evidence before the Committee, should be borne by Public Funds"—(Sir T. Bazley).—The Committee divided :

Ayes, 14.	Noes, 2.
Mr. Hermon.	Mr. Grant Duff.
Sir T. Bazley.	Sir Stafford Northcote.
Mr. J. B. Smith.	
Lord E. Fitzmaurice.	
Sir G. Balfour.	
Mr. Bourke.	
Mr. R. Fowler.	
Mr. Fawcett.	
Sir D. Wedderburn.	
Mr. Dalrymple.	
Mr. Birley.	
Sir C. Wingfield.	
Mr. Beach.	

...ion made, and Question proposed, "That the expenses of such witnesses as may be approved of by the Committee, and may be requested to come from India to give evidence before the Committee, should be borne by Public Funds"—(Sir T. Bazley).—Amendment proposed, at the end of the Question, to add the words, "and should be paid out of the Public Funds of the United Kingdom"—(Mr. Fawcett).—Question proposed, That those words be added.—Whereupon Amendment proposed to the proposed Amendment, to add the words "United Kingdom," in order to add the word "India"—(Mr. Fawcett).—Instead thereof.—Question put, That the words, "United Kingdom," stand as proposed.—The Committee divided :

Ayes, 13.	Noes, 3.
Mr. Hermon.	Mr. Grant Duff.
Sir T. Bazley.	Mr. Bourke.
Lord E. Fitzmaurice.	Mr. J. B. Smith.
Sir G. Balfour.	
Mr. Eastwick.	
Sir Stafford Northcote.	
Mr. R. Fowler.	
Mr. Fawcett.	
Sir D. Wedderburn.	
Mr. Dalrymple.	
Mr. Birley.	
Sir C. Wingfield.	
Mr. Beach.	
... added.	

Another Amendment proposed, after the words "United Kingdom," to add the words "and India jointly"—(Mr. Hermon).—Question put, That those words be there added.—The Committee divided:

Ayes, 3.  
Mr. Hermon.  
Mr. J. B. Smith.  
Mr. Eastwick.

Noes, 13.  
Sir T. Bazley.  
Lord E. Fitzmaurice.  
Sir G. Balfour.  
Mr. Grant Duff.  
Sir Stafford Northcote.  
Mr. Bourke.  
Mr. R. Fowler.  
Mr. Fawcett.  
Sir D. Wedderburn.  
Mr. Dalrymple.  
Mr. Birley.  
Sir C. Wingfield.  
Mr. Beach.

Another Amendment proposed, after the words "United Kingdom," to add the words "to an amount not exceeding 10,000 l."—(Mr. Hermon).—Question, That those words be there added,—put, and *agreed to*.

Main Question, as amended, put.—The Committee divided:

Ayes, 13.  
Mr. Hermon.  
Sir T. Bazley.  
Mr. J. B. Smith,  
Lord E. Fitzmaurice.  
Sir G. Balfour.  
Mr. Eastwick.  
Mr. R. Fowler.  
Mr. Fawcett.  
Sir D. Wedderburn.  
Mr. Dalrymple.  
Mr. Birley.  
Sir C. Wingfield.  
Mr. Beach.

Noes, 3.  
Mr. Grant Duff.  
Sir Stafford Northcote.  
Mr. Bourke.

*Resolved*, "That the expenses of such Witnesses as may be approved of by the committee, and may be requested to come from India to give evidence before the Committee, should be borne by Public Funds, and should be paid out of the Revenues of the United Kingdom, to an extent not exceeding 10,000 l."

*Friday, 9th May 1873.*

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Denison.  
Mr. Hermon.  
Sir T. Bazley.  
Mr. J. B. Smith.  
Sir J. Balfour.  
Mr. Candlish  
Mr. Cross.  
Mr. Fowler.  
Sir D. Wedderburn.  
Mr. Birley.  
Mr. Dickinson.

Sir C. Wingfield.  
Mr. Baillie Cochrane.  
Mr. Grant Duff.  
Mr. Fawcett.  
Mr. Lyttelton  
Mr. Beach.  
Mr. Eastwick.  
Mr. Bourke  
Mr. Cave.  
Mr. Campbell-Bannerman.

DRAFT REPORT proposed by Sir T. Bazley, read the first and second time, and *agreed to*.

Question, That this Report, as amended, be the Report of the Committee to—put, and *agreed to*.

*Ordered*, To Report.

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## A P P E N D I X.

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CORRESPONDENCE referred to in the SECOND REPORT of the COMMITTEE.

Appendix.

LETTER from the Secretary of the East India Association to the Chairman of the  
Select-Committee.

20, Great George-street, Westminster.  
London, 8 February 1873.

Sir,  
I AM directed by the Council of the East India Association to solicit your attention to the following circumstances:

When the Finance Committee of the House of Commons was first appointed, the members of the East India Association hailed the measure with unmixed satisfaction, believing that the Government had adopted the best method of placing on record complete evidence of the working of the Indian Administration in its practical details.

They assumed at that time that the attendance of a sufficient number of able and experienced native witnesses would be secured, and they unfortunately did not foresee any especial difficulties in carrying out this object.

To their great regret, however, they find a complaint made in India that the labours of the Committee are likely to prove comparatively fruitless for want of such native evidence, although there is a strong feeling of gratitude for the work it has done with the means at its command.

The complaint is expressed by the Bombay Association in the following terms:—

“The Parliamentary Select Committee on Indian Finance have been engaged in taking evidence chiefly regarding the land revenue, forest conservancy, taxes, customs, and excise duties, and receipts from telegraph and other miscellaneous sources. Thirty-four witnesses were examined, of whom 28 were Government servants, and six non-official witnesses, of whom only one was a native of India. The character of the evidence that has been given before the Committee is, for the most part, such as to demonstrate the necessity of adducing independent non-official evidence. Most of the witnesses have clearly exhibited a bias in favour of Government, and have therefore given testimony in favour of the administration of affairs as conducted at present by Government authorities. The want of independent, impartial, and unbiassed testimony is greatly to be deplored, as it may possibly prevent the Select Committee from reporting the real state of matters as they exist in India under the present administration.”

And a member of the Indian Finance Committee has, in consequence of this complaint, reminded the East India Association that in their First Report “the Indian Finance Committee expressed a wish that the natives of India should come forward to give their opinions to the Committee,” adding the expression of his hope, “that the East India and other Associations of India, who have hitherto neglected this invitation, will be prepared to bring forward intelligent natives to give evidence before the Committee this Session,” concluding that this Association “must feel, if they fail to do so they will have no just cause to complain that your neglect may possibly prevent the Select Committee from reporting the real state of matters as they exist in India under the present Administration.”

The East India Association regret that no Native evidence has been obtained in this country, but they are informed that the Bombay and Poona Native Associations are prepared to depute Mr. Nowrojee Furdoonjee to this country to appear before the Committee, and I am to ask whether, if he comes over, the Committee will allow him to give evidence on all matters relating to revenue, taxation, and expenditure on which evidence has already been taken in the last and previous Sessions.

I have, &c.

(signed) *W. C. Palmer*, Captain,

Acting Hon. Secretary.

To the Right Hon. Acton Smee Ayrton, M.P.,  
&c. &c. &c.

Chairman of the Indian Finance Committee.

Appendix.

LETTER from Mr. Stone, Clerk of the Committee, to the Secretary of the East India Association.

Sir, House of Commons, 17 February 1873.

I AM directed by the Select Committee on East India Finance, to acknowledge the receipt of your letter dated 8th February, and in reply to inform you that the Committee will be happy to receive the evidence of any Native gentleman who may be deputed to give important information upon the subjects under the consideration of the Committee.

To Captain Palmer, &c., &c.

I have, &c.  
(signed) Geo. J. Stone.

LETTER from Mr. Stone, Clerk of the Committee, to the Under Secretary of State for India.

Sir, House of Commons, 18 February 1873.

I AM directed by the Select Committee appointed "to inquire into the Finance and Financial Administration of India," to call the attention of the Secretary of State for India in Council to the following paragraph in the Report of the Select Committee on the same subject, presented to the House in the year 1871: "It will be observed that the evidence already taken has been chiefly from official sources, but your Committee would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who may desire to appear before them for the purpose of giving accurate and useful information, which by its comprehensive intelligence may be likely to assist the Committee in their inquiries and future deliberations." The Committee regret to find that no natives of India have availed themselves of this intimation to come before them for the purpose of giving evidence, and that they have not received any communication on the subject, except an application in the present Session from the East India Association, of which they desire me to forward you a copy, together with their reply thereto, for information of the Secretary of State.

It appears to the Committee, from these and other circumstances, that their desire to receive evidence from competent Natives of India may not be sufficiently known in India, or that some difficulties with which the Committee are not acquainted, may have arisen which prevent the Natives of India from coming to this country for the purpose of being examined; the Committee therefore direct me to request that the Secretary of State will be good enough to call the attention of the Governor General to the intimation of the Committee of 1871, above quoted, and to suggest to his Excellency the expediency of taking steps to make the views of the Committee generally known to those who are likely to respond to them, and to afford whatever facilities may be deemed necessary to enable them to do so.

I am at the same time desired to point out that it would tend to afford the Committee the best means of judging of systems of Indian Finance if Native witnesses could come before the Committee who have had experience in administering the finances of important Native States, as well as those who are conversant with the systems pursued in the territories directly under British administration.

The Under Secretary of State  
for India.

I have, &c.  
(signed) Geo. J. Stone.

LETTER from Mr. Herman Merivale to Mr. Stone.

Sir, India Office, S.W., 6 March 1873.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 19th ultimo, and to acquaint you in reply that a copy of your letter, with its enclosures, will be at once forwarded to the Government of India, with a request that measures may be taken, in such manner as they may deem advisable, to make the intimation of the Committee as widely known as possible in India.

The Secretary of State for India in Council is, however, of opinion that few, if any, Natives of India will be induced to come to this country unless some arrangement be made for the defrayal of their expenses; but he does not understand that the Committee recommends, nor could the Secretary of State approve of throwing on the revenues of India the expenses of witnesses who may avail themselves of the Committee's invitation.

G. J. Stone, Esq.

I am, &c.  
(signed) Herman Merivale.

COPY of TELEGRAM from the Viceroy, received 10th April 1873.

Witnesses for Committee: suggest that announcement should not be made, as it would be ill received unless expenses are paid. Committee might circulate questions.

## Appendix.

LETTER from Mr. Stone, Clerk of the Committee, to the Secretary of the Treasury.

Sir,

House of Commons, 25 April 1873.

I AM directed by the Select Committee on East India Finance to request that you will bring under the consideration of the Lords of the Treasury that, in order to give effect to their wishes to examine natives of India, the letter, of which a copy accompanies this, was addressed by me, by their direction, to the Secretary of State for India, requesting that steps might be taken to make their wishes known in India; to which a reply, also accompanying, was received, stating that, in his opinion, "few, if any natives of India will be induced to come to this country unless some arrangement be made for the defrayal of their expenses; but he does not understand that the Committee recommends, nor could the Secretary of State approve of throwing on the Revenues of India the expenses of witnesses who may avail themselves of the Committee's invitation."

The Secretary of State has now communicated to the Committee the opinion of the Governor General, the announcement desired by the Committee should not be made, as it would be ill received unless the expenses of the witnesses are paid.

The Committee, having taken these circumstances into their consideration, have come to the following Resolution, which they have directed me to forward, in the hope that their Lordships will be good enough to concur in their opinion, and provide the amount which may be required to pay the expenses of the witnesses, within the prescribed limits.

*Resolved*, That the expenses of such witnesses as may be approved of by the Committee, and may be requested to come from India to give evidence before the Committee, should be borne by public funds, and should be paid out of, the revenues of the United Kingdom, to an extent not exceeding 10,000 *l*.

To the Secretary of the Treasury,  
&c. &c. &c.

I have, &c.  
(signed) *Geo. J. Stone.*

LETTER from Mr. W. Law, C.B., to the Chairman of the Committee.

Sir,

Treasury Chambers, 1 May 1873.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to acquaint you, that they have had under consideration Mr. Stone's letter of 25th ultimo, enclosing copy of a Resolution of your Committee:

"That the expenses of such witnesses as may be approved of by the Committee, and may be requested to come from India to give evidence before the Committee, should be borne by public funds, and should be paid out of the revenues of the United Kingdom, to an extent not exceeding 10,000 *l*."

I am to express to you their Lordships' regret that they would not feel justified in agreeing to the proposed expenditure from Imperial funds.

To the Chairman of the  
Select Committee of the House of Commons  
on East India Finance.

I am, &c.  
(signed) *William Law.*



SECOND  
REPORT  
FROM THE  
SELECT COMMITTEE  
ON  
EAST INDIA FINANCE;  
TOGETHER WITH THE  
PROCEEDINGS OF THE COMMITTEE  
Upon FRIDAY, the 25th APRIL, and FRIDAY, the 9th  
May, 1873,  
AND  
APPENDIX.

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*Ordered, by The House of Commons, to be Printed,  
9 May 1873.*

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