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H = General Literature

(Pamphlets in all 14)

18786

1) The Cotton Industry of India and the Cotton duties.  
X9(M71).2.N D2

2) Vencatasaiyer(s): Salt tax; the working of salt  
tax in the Madras Presidency. Pp. 68 to 116  
X72; 41171.21.N D7

3) Parekh (Gokuldas kahandas): Evidence relating to  
improper practices in the collection of land revenue with  
covering letter submitted to the Govt. of Bombay.  
Pp. 119 to 149. X723.2316.N DO

4) Bose (B.K.): A note on irrigation in the Central  
Provinces. Pp. 150 to 154 D26.271.N DO

5) Ranade (M.G.) and others; A note on the growth  
of Marathi literature. 0155.N DO

18786

Factories.	Approximate yield.
Vallur and Athipet ... ..	15 Laks maunds.
Voyalur and Kattur ... ..	7½ „
Kristnapatam ... ..	6 „
Covelong and Vadasamanjeri ... ..	6 „
Total ... ..	34½ „

The manufacture of Vallur and Athipet should be of the Bombay method and utilized solely for competition with Bombay Salt.

*Question.*

*Answer.*

(h) Is it a fact that the Ennore salt gets crushed by its transit in boats to Madras, and thereby suffers in quality and weight?

(h) It is a fact that crystals get crushed to some extent, but the quality is not affected nor is the weight apart from the wastage.

(i) Is it possible by any means to avoid the storage of Ennore salt in the Madras Salt Depot?

(i) Yes. By storing at the factories themselves.

**Explanation.**

It has been admitted that the crystals get crushed to some extent, but the quality is not affected nor the weight, apart from wastage. In regard to this, I beg to contend, that when the measurement system of sale has been followed, the crushing of crystals renders the salt lose its measurement and unfit for competition, and as regards quality, it is immaterial. Since it has been said that wastage occurs, surely, there must be a loss in weight, and though this is no loss to Government, yet as the licensees are paid on the quantity stored at the Madras Salt Depot, the occurrence of wastage is so much less in the Kudivaram paid to them. Further it has been admitted, that this evil can be avoided by storing at the factories themselves locally, and this should come into force at an early date so that the poor man's salt may be cheapened, which fact alone, caused the India Government to reduce the duty from Rs. 2-8-0 to Rs. 1-8-0 per maund.

*Question.*

*Answer.*

(j) Will the storage of salt in a central place between Athipet and Vayalur near Minjur prevent the crushing of the salt and make it sell cheaper?

(k) Will the opening of a tramway to Ennore be possible; and will this secure the end of getting the Madras salt sell cheaper and of its successfully competing with Bomay salt?

(j) (k) and (l) The answer in the negative.

Regarding this question, there has been elicited a negative answer; but the figures given above, will convince that the Ennore factories with all their wastes included, will yield more than 30 Laks, and the consumption for half the Presidency, works out to say  $32\frac{1}{2}$  Laks; so it is evident, than in an ordinary year, the Ennore factories alone, may meet the demand of the said half the Presidency. It should not be lost sight of, that the imported quantity of Bombay salt alone, excluding the South Canara consumption, which mainly depends upon Bombay salt, and which will be impossible to be supplied from the Madras factories, works out to about 16 Laks. Seeing that it has been asserted, that the Madras salt could compete with Bombay salt, it is high time for the salt Department to find means to produce the largest quantity of salt demanded for consumption on Ennore and the neighbouring factories, which mainly depend upon the Madras Railway for conveyance; and unfortunately for this Company, their traffic jurisdiction forms the means of supply from the Ennore factories. As it is, as their salt traffic receipts approximately, is falling short by 50 per cent., and consequently, in the interests of the poor consumers and Government, in the interests of the poor manufacturers, in the interests of the laboring classes, and lastly in the interests of the Madras Railway Company, whose co-operation is necessary to cheapen the salt of the consumers, ways and means must be devised to reclaim all the wastes in Ennore, and manufacture on an extended scale, taking care to scrape marketable good salt only without let or hindrance to meet this demand, with a view to keep out the foreign Bombay salt from Madras, and to make it; self supporting and it has been admitted in answer (a) that it is possible, and if such possibility be carried into effect the consumers and Government, as well as the other parties concerned, will be greatly benefitted.

If local storage be introduced, the sale of Ennore salt will be so very heavy as to interfere with that of the Nellore District factories. To meet all these contingencies, it would be advisable to allow the storage of Covelong and Vadasamanjeri salt at the Madras Salt Depot, as was done prior to 1889. These ancient factories, which are noted for the manufacture of light and good salt, and which supplied salt to far distant markets, in spite of the want of transport facilities, are capable of producing about 6 Laks of maunds of salt of greater measurement than those of Ennore. These are situated in a more advantageous position than the factories of the Nellore District, and any encouragement given to them would tend to the production of salt fit for competition with Bombay salt. The cost price delivered at the depot would be less than that of the Ennore salt, and consequently, when the factories are fit to be utilized for important purposes, it will be very hard that they should be so neglected, as to close themselves at their own accord. The factories can be taken over under the monopoly system at a reasonable Kudivaram, and if this cannot be done, the licensees will work the factories on their own account, and store the salt at the Madras Salt Depot, instead of allowing them to meet their end.

Thus therefore, the required quantity of salt for half the Districts of the Presidency including the imports of Bombay Salt, can be met with by the yield of the following factories, if it should be considered that the Ennore factories alone are not capable of meeting the entire supply :—

*Bellary, Anantapur and Kurnool.*—The stations on the Southern Mahratta Railway, have been supplied with salt from Bombay and Nellore and Kristna Districts, while those on the North West Line with the Madras Depot, Tada, and Kristnapatam salt.

*Mysore Province and Bangalore.*—The former has been supplied wholly with Bombay salt, and the latter both with Madras and Bombay, the Madras salt being in stray consignments during the slackness of imports.

*Chingleput.*—The stations bordering on the Madras Railway as well as those up to Conjeevaram, have been supplied partly with Madras salt.

The quantity of salt required per year for consumption in the following Districts depending on the Ennore and the North East Line factories.

Districts.	Madras Depot.	N. E. Line factories Nellore and Kistna Districts.	S. I. Ry factories South Arcot, Tinnevely, and Tanjore Districts.	Bombay Salt.	Total
Malabar ... ..	1,731	...	752	606,951	609,434
Coimbatore and Nilgiris ... ..	189,359	216	49,363	173,014	411,952
Salem ... ..	176,237	114	1,040	186,257	363,648
Mysore Province and Coorg ... ..	58,687	...	...	428,794	487,461
North Arcot ... ..	345,490	48,962	6,523	251	401,226
Chingleput and Madras ... ..	332,036	33,118	2,597	2,605	370,356
Cuddapah ... ..	70,543	124,541	1,315	449	196,848
Bellary and Anantapur ... ..	63,628	6,835	108	151,428	222,049
Kurnool ... ..	217	138,477	...	51,768	190,462
Total ...	1,237,928	352,313	61,698	1,601,517	3,253,456

The total consumption including the Madras Depot, North East Line, South Indian Railway factories and Bombay salt, comes to about 32½ Laks of maunds, of which deducting the quantity brought in by the North East Line and South Indian Railway, which must be allowed to maintain their supply, the balance that has hitherto been supplied amounts to 28,39,445 maunds, which deducting the quantity supplied by the Covelong factory, will be almost equal to the yielding capacity of the four factories of Ennore. It will be seen, that against 1,601,517 maunds of Bombay Salt, the Ennore factories had been able to put forth only about 12 Lakhs of maunds including the local consumption, and what effect the conversion of the factories into monopoly had on the increasing imports of Bombay salt into the far interior Districts, and if the North East Line factories had not taken a part in the supply, the Bombay salt would have probably taken up their place as well.

N. E. Line ... ..	MDS.	352,313
S. I. Ry. ... ..	61,698	
Total ... ..	414,011	

Madras Depot and Chingleput factories ... ..	MDS.	1,237,928
Bombay Salt ... ..	1,601,517	
Total ... ..	2,839,445	

and partly excise system, instead of the whole as either monopoly or excise. There will be much scope for competition in the excise system, if solely followed, but the partial observance of both of them, has discouraged the excise system to such an extent, as to make the manufacturers lose all freedom and assurance of a continued good manufacture; while in Bombay the system followed has been almost wholly excise, which has emboldened solvent capitalists to undertake manufacture on a large scale, and to work in Foreign Presidencies against all competition.

*Question.*

*Answer.*

(e) Is it by any means possible to stop the import of Bombay salt into Madras and make Madras self supporting?

The answer in the affirmative.

### Explanation.

No other factories of the Presidency than those of Ennore can make itself supporting, because the burden of competition with Bombay salt rests on them, vide answer to question (a); and since the Bombay salt has encroached upon the Districts depending on them for their salt supply, they should be made to produce such quantity of salt as to make the Presidency self supporting.

*Question.*

*Answer.*

(f) Are the factories at Ennore capable of producing the quantity required for half the Presidency, as also the quantity now imported from Bombay?

The answer in the negative.

(g) If not, what fraction of the demand of the Presidency will the Ennore factories be able to meet?

About 23 per cent. of the demand.

### Explanation.

(f) & (g) The Districts depending on the Ennore factories for their salt supply are :—

*Malabar.*—Wholly supplied with Bombay salt.

*Coimbatore and Nilgiris.*—Coimbatore town and its surroundings, as also Nilgiris, have been supplied with Bombay salt, and the other stations of the Coimbatore District with the Madras salt.

*Salem.*—The town of Salem with Bombay salt, and the other stations with that of Madras, but stray consignments go to Namakal at the commencement of the import season on the West Coast.

*North Arcot and Cuddapah.*—Supplied partly with the Madras Depot Salt and partly with that of Kristnapatam.

(a) In the case of the consignments weighing less than 324 mds., by which a bag would contain less than 2 mds., it may naturally be presumed, that the consumers would be charged as 2 mds., apart from the other usual profit of the merchant; and since the full Rail charge on the carrying capacity of the wagon will have to be paid, whatever may be the weight of its contents, the difference of Rail charge will be added to the cost price of salt and charged to consumers. In the case of consignments weighing more than 324 mds., apart from the consumers being charged with the excess Rail charge at double the ordinary rates, a high margin of profit will be collected on a comparatively short measuring salt.

(b) In either of these cases—one is intentional and the other natural—the measurement of the salt will be so low, as to produce a general impression that the Madras salt is heavy, so as to render it incapable of competing with Bombay salt. As the consumers are the persons who must necessarily have recourse to all salt, whether light or heavy at whatever price they may be charged by the middlemen, the merchants do not care for the quality and quantity of salt, nor of its cost price, so long they are able to make a margin over and above their investment.

*II. To the system of issue in the order of storage.*

(a) The salt suited to different markets cannot be had so as to enable the merchants to have the assurance of continued business, which would tend to give room for Bombay salt to appear in large quantities.

(b) The advantageous working of the credit system cannot be relied upon, and it will not tend to raise competition to cheapen the salt of the consumers.

(c) The successful competition with Bombay salt cannot be depended upon, owing to which it will have the facilities of monopolizing the sale in several centres, and oppress the consumers with high rates.

(d) Since sufficient quantity of salt suited to different markets cannot be had so as to embolden the merchants to venture into the business, or those who are already in that line, to increase the credit order system, no sort of enterprise can be expected among the merchants, and consequently, in the midst of such disadvantages, the Madras side merchants have no scope to carry on salt business with enterprise, and their doing the same will be merely to maintain their profession.

*Question.*

(d) Have the discontinuance of the excise system and the establishment of the monopoly system in parts of the Presidency had any effect on the competition between the two salts?

*Answer.*

The answer is in the negative.

**Explanation.**

The reason for want of effect on the competition between the Madras and Bombay salt in this Presidency has been due to the existence of partly monopoly

### Explanation.

The Bombay salt has been working in two ways in this Presidency (1) Solely by itself and (2) Simultaneously with Madras salt.

It has been said that the absence of competition with Bombay salt in certain localities is due to trade preference and enterprise. In my humble opinion where the Bombay salt has been purely working, the absence of competition has been due to the consumers preference to have large uncrushed grains, and where it has been working simultaneously with Madras salt to trade preference, as the traders are not guaranteed unrestricted sale of Madras salt, which is a bar to their enterprise. The consumers preference applies to salt imported by sea, and trade preference to that imported by Rail, and consequently in the case of the former, the competition will be attended with difficulty, while in the latter case, it will be possible with light salt. In either case, the want of enterprise is essential. In the case of Bombay salt, the manufacturers are solvent men, who trade on their own account in this Presidency, and their mode of working has been such as to make the leading merchants of their several centres and their constituents to work in combination with them; while in regard to Madras salt, the manufacturers are of poor classes depending on the capitalists and salt credit merchants for the disposal of their salt; and these mediators only confine themselves to places where they can dispose of the salt without any competition. Hence, the indiscriminate issue of Madras salt to the Bombay salt centres, will not be productive of enterprise, but the contract system of sale by independent capitalists would carry out this object.

It is presumed, that the reply "in certain localities," is meant to refer to places, where Bombay salt has been working, but nothing has been said about those, which have been accustomed to Madras salt, and which sometimes have to give ingress to Bombay and other salt, owing to the Madras salt not being able to come in continuous and sufficient quantities. The reasons attributed for this are —

#### *1. To the weighbridge system of sale followed at the Madras Salt Depot.*

Under this system, first, the tare weight of the wagons are taken on the weighbridge, and secondly, the empty gunnies are put in the wagons and the weight taken again. Then the salt is filled in bags by marakals, 7 or 8 as the case may be in each bag according to the requirements of each market, and then each wagon is loaded with 150 to 170 bags, and on the gross weight of each wagon ascertained, the nett weight is calculated to determine the duty payable on each consignment. The bags are so filled, as not to exceed 324 mds., which is the carrying capacity of the wagon, and particular care is taken to fill up the bags in such a way, as not to make the nett weight of each consignment to exceed 310 to 315 mds. on the average, which the merchants generally consider as being the light salt, and if the nett weight should exceed 324 mds., then the salt is considered to be heavy. This system of sale has evidently been intended to facilitate the speedy execution of the daily orders, while on the other hand, it has not been ascertained how far it is prejudicial to the interests of the consumers.



Against such large surplus stock, the average yearly imports of Bombay Salt both by Sea and Rail, are only 17,88,926 maunds, exclusive of the imports into Travancore and Cochin. The quantity of Bombay Salt imported into the Hyderabad State is far too high, and the approximate quantity contributed by the Madras side factories of Godavari, Kistna, Nellore and Chingleput and Madras Districts comes to 2,11,437 maunds, of which about 1,56,000 maunds have been consigned from the Kistna District, the major portion from the Pandraka factory producing Quasi spontaneous salt, which is specially reserved for the state, and only a small quantity has been sent from the Manginipudi factory. A much greater quantity of Madras Salt can be introduced into the state from the factories of Chinna Ganjam and Kanuparti, which are placed in a very advantageous position, and which produce salt suited for the state, if the monopoly price be reduced to 2 annas per maund. As only a small quantity is consumed in the Districts in which they are located, the major portion of same must be utilized in the state, as otherwise, there will be an accumulation of stock to the obstruction of further manufacture.

Turning to the imports of Bombay Salt both by Sea and Rail, now the question for consideration is, that when the imported quantity is something like a drop in the ocean, why it has been allowed to pave its way into the far interior Districts of the Presidency?, and it is most singular, that it has been working only in those centres, which are far beyond the reach of those factories that are capable of producing salt fit to compete with it; and consequently the large stocks reserved in all the factories scattered in the different parts of the Presidency, have been found to be unfit for competition with the imported quantity of Bombay Salt. Thus therefore, the question of short fall of manufacture arises from the fact of the large imports of Bombay Salt into the far interior Districts, both by Sea and Rail, against all competition. As all the other factories of the Presidency situated on the S. I. Ry., N. E. Line of the Madras Railway and B. N. R. have been found to be only capable of producing salt suited for the Districts situated on the respective lines, and not fit for the competition of Bombay Salt imported into the S. W. and N. W. Line and Bangalore Branch, it is immaterial whether they produce enough of salt required for the consumption of the Presidency, so long they are able to keep up the demand of the Districts depending on them; but the cause for the outcome of the non production of the required salt for the Presidency, has arisen from the absence of competition with Bombay Salt, for which the Ennore factories are solely responsible. The Bombay Salt has encroached upon the Districts depending for the supply of salt on the Ennore factories, which must necessarily produce the required salt for these Districts, as also to cover the imports of Bombay Salt. Thus therefore, the factories that have brought on the Presidency the slur of non production of enough of salt for it, are those of Ennore.

*Question.*

(c) Is Madras salt able to compete with Bombay salt, and, if not, why not?

*Answer.*

The explanation of the fact that Madras salt does not compete with Bombay salt in certain localities is mainly trade preference and enterprise.

# Replies to Questions and Answers in the Madras Legislature of the 14th November 1905 in connection with the Salt Administration of the Madras Presidency.

*Question.*

*Answer.*

It is impossible to answer the Honorable Member's questions satisfactorily except by a lengthy dissertation on the whole Policy of the Madras Salt Administration for which this is not the proper occasion.

(a) Is the Presidency of Madras capable of manufacturing the entire quantity of salt required for its consumption?

(a) and (b) The answer in the affirmative.

(b) Does it actually produce it, and, if not, why not?

## Explanation.

(a) and (b). The average yearly stock, manufacture, and disposal under several heads, of salt of all the factories of the Presidency, both monopoly and excise, are as below:—

Particulars.	Stock, Manufacture and Disposal.	Total.	Balance.
<b>STOCK.</b>			
	MDS.	MDS.	MDS.
Monopoly ... ..	4,463,561		
Excise ... ..	5,326,118	9,789,679	
<b>MANUFACTURE.</b>			
Monopoly ... ..	2,828,865		
Excise ... ..	5,777,685	8,606,040	
Total ... ..		18,505,719	
<b>DISPOSAL.</b>			
Inland consumption ... ..	8,830,306		
Fish curing ... ..	192,524		
Wastage and Destruction ... ..	186,712		
Supply to French Government ... ..	52,310		
Exports to Straits Settlement and other Foreign Ports ... ..	420,910	9,883,764	9,061,955

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## SALT-TAX II.

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plies to Questions and Answers in the Madras Legislature of the 14th November 1905, in connection with the Salt Administration of the Madras Presidency.

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expenditure. It may be asked, that the rolling stocks and rails will cost something, to which my answer is, that the present rolling stock and the stacked up rails will answer the purpose. Should you kindly fall in with my view, I beg that you will move the Board to do the needful, and the Salt Department has to contribute towards the line construction charges. There is no acquisition of land required as the whole thing is with the Salt Department. If a 5 feet Railway be considered as too expensive, the construction of a Tramway, will be enough to answer the purpose. In course of time, when the factories have their full manufacture, utilizing the available waste lands in Vallur and Athipet factories, it may be found that the outturn of the two factories would be enough to satisfy all demands, and that of Voyalur and Kattur can be discontinued, and in which case, probably, the continuance of the Railway line to the latter factories, will be considered as unnecessary.

S. VENKATASAIYAR.

## INTRODUCTION.

1. The present paper is founded on an inquiry into the condition of the Mill Industry of India, the origin of which is thus explained in the last Report of the Bombay Mill-owners' Association :—

“ Mr. Jamssetjee N. Tata, who has constantly taken keen interest in the mill industry of India and in the efforts to obtain the repeal of the duties levied by Government on Indian manufactured cloth, addressed the Committee on 11th May 1901, asking for their co-operation in a statistical investigation which he had undertaken for the purpose of accurately determining the effects of the duty on the mill industry of the country. With this object in view, Mr. Tata addressed a Circular letter to the agents and owners of cotton spinning and weaving mills in India desiring information on the following points :—

“ Paid up capital; number of spindles and looms; expenditure on land, buildings and machinery; total amount set aside for depreciation of buildings and machinery; reserve fund; total of depreciation, reserve and other funds held by the Company and used on the mill; interest credited to these funds during the year; value of stock; including shipments and goods in shops; cash and investments; liabilities—debenture debts, deposits, loans on security of stock; expenditure on cotton consumed during the year; value of yarn and cloth produced; value of goods on which excise duty was paid; amount of excise duty; commission paid to agents; total amount of interest paid during the year (including amount credited to the reserve and other funds held and used by the Company). Net profit after deducting agent's commission; distribution of profits—dividends, depreciation fund, reserve fund; approximate division of net profits on yarn and cloth; if profit or loss unusual, cause of the same.

“ In compliance with Mr. Tata's request, the Committee addressed a Circular to members of the Association inviting them to co-operate with him and furnish him, as far as possible, with the particulars he desired.”

2. The object of the inquiry is correctly stated in para 1, (Part I) of the paper as a study of the *facts* of the Mill Industry, particularly as modified by the Cotton Duties. The animating motive of the study, no doubt, was the pinch supposed to be gratuitously inflicted on the industry by the Cotton Duties in hard times which had arisen independently of the Duties; nevertheless there was no desire to criticise the policy of the Duties as a whole, and no hope of securing the reversal of that policy. Had there been any such hope, it would be promptly dissipated by the following paragraph from the Report of the Mill-owners' Association for 1901 (p. 20) :—

“The reply of the Bombay Government to the Association’s further representation, dated 5th March 1901, urging the abolition or suspension of the excise duties on Indian manufactured goods, did not reach the Association until the end of May, and it was therefore too late to do more than include it in the printed appendices to the Report for last year. It was explained in the reply of Government that, so long as the Customs duties on cotton goods were maintained, it was not possible to abolish the excise duties; that the Customs duties on cotton goods formed part of the general Customs duties imposed after much deliberation; and that the Governor-General in Council could not entertain a proposal to abolish the duties on cotton goods while retaining the other duties. It was further stated that the abolition of all the duties, including the Cotton duties, would be the only means of meeting the wishes of the Association, and that, with regard to that large question, the policy of the Government of India was to maintain the *Customs Duties as a permanent part of the fiscal arrangements of India.*”

“This reply was so explicit and final in its statement of intention to retain the Import and Excise duties conjointly as a “permanent part of the fiscal arrangements of India” that the Committee did not consider at that time that any useful purpose would be served by approaching Government again in the matter.

“For this reason the Committee did not see their way to support the Upper India Chamber of Commerce when that body, on 8th April 1901, addressed the Association suggesting a joint memorial to the Government of India for the entire repeal of the duties, or at least a remission of them in cases where it could be demonstrated that a mill had not conducted its weaving at a profit. (Appendix D.)”

3. The real result of the inquiry, then, can only be a systematic study of the facts relating to the mill industry, derived from an analysis of the balance sheets of the Mills for the 10 years closing the 19th century. It seemed to Mr. Tata that impressions were prevalent relating to the profits of the Mill industry as a whole which deserved to be verified or refuted by comparison with the balance sheets. The methods of analysis and the conclusions are explained in the body of the paper, and need not be reproduced here. All that need be stated here is that no claim is made that anything is conclusively *demonstrated*. The limitations of the statistical method are throughout borne in mind, and only indications of *tendencies* are presented. Perhaps it would be more accurate to describe the paper as a statistical verification, so far as such verification was possible, of an *a priori theory* of the incidence of the Excise Duties on cotton goods.

4. The present publication is the second edition of the paper, a first edition of 200 copies having been previously circulated confidentially among Mill-owners and competent critics. At the suggestion of one of the latter the paper was submitted to expert criticism which is annexed to this second edition (p. 39) and at the suggestion of Mr. Noel Paton, Secretary of the Bombay Mill-owners' Association, a further study was made of the condition of the Mills on a sterling basis on the lines of the argument in para 3 (Part I). The result of this is also given separately in this edition (pp. 36—8). Further attention has been paid also to the problem of the relative profits of spinning and weaving, and the conclusion of this investigation is briefly adverted to at the end of para 27 (Part II) and in the foot-note.

5. So much by way of explanation. It is not claimed that the statistical portions of this paper are absolutely accurate; the difficulties involved in the collection of the information have been too great for more than approximate accuracy. Nor is it claimed that all the deductions based upon them are infallible; for my own part, I differ from the author upon the subject of depreciation, though I do not profess to have expert knowledge of such a complicated question. But this I can say with confidence, that the statistics have been prepared with laborious care and patience and have involved work extending over many months. I know something of the diligent sincerity of the author, and I am sure that his figures deserve acceptance. It has been suggested that the Bombay Mill-owners' Association should organise a series of committees to investigate some of the controversial points raised in the paper, such as, for instance, that of depreciation. Upon this point I do not feel competent to offer any suggestion, though it is permissible to emphasise the principle that the cotton mill industry in India needs reorganisation upon a more systematic basis. Such a basis can only be reached after preliminary investigations conducted in a strictly scientific spirit.

6. But the real reason why I have consented to write this preface—which is necessarily largely explanatory—is because I understand that the paper is to be widely circulated among English politicians. An opportunity is thereby presented to direct attention afresh to the political aspect of the broader question which lies at the back of the paper. The principles upon which the British Parliament interferes in questions of Indian finance need reconsideration. The story of Parliamentary intervention during the last few years reveals glaring anomalies. In deference to the representations of Lancashire mill owners, India was compelled to impose an excise duty upon her own cotton manufactures. That is to say, she was forced to tax an internal industry, at a peculiarly inopportune time, for the benefit of Lancashire. She was practically sacrificed to

the political exigencies of the moment. The British Parliament has now imposed a duty—not large, but enough to be felt—upon imported corn. India sends corn to England, just as Lancashire sends piece-goods to India. If the British Parliament really desires to render that justice to India which it so frequently professes, its only logical course must be to place an excise duty upon its home-grown corn. Such a proposition is naturally impossible, but it serves to throw into strong relief the essential injustice of the present treatment of the Indian cotton industry. The British Parliament is willing enough to thrust taxation upon Indian mill owners for the benefit of their Lancashire brethren; but it places a protecting arm around the British farmer as against India. Again, when the Indian tea growers and traders protest, through the Viceroy, against the suggested imposition of an additional tax upon tea, they are curtly reminded that the British Budget is no concern of the Government of India. The logical converse of this doubtless excellent principle is cynically forgotten when the Lancashire vote is endangered. Finally, the British Parliament, cheerfully forgetful of its desire to do justice to India, has actually proposed to impose a great additional charge upon the military expenditure of this country, to enhance the pay of the soldier, without even going through the preliminary formality of consulting the Government of India. I will not allude to the miserable question of the charges for the Indian Coronation guests, because it is difficult to believe that the notion of saddling India with the cost of British “hospitality” would ever have been approved by the bulk of the members of both Houses of Parliament. The incident is only noted here, because it helps to illustrate the attitude adopted at Whitehall towards the finances of India.

7. It is hoped that this paper will convince those who take the trouble to examine it that the excise duties levied for the benefit of Lancashire really constitute a serious additional burden upon an industry which is already handicapped by many disabilities. If it produces renewed discussion of a signal injustice, the continued existence of which the British Parliament seems only too anxious to forget, the object of its industrious author will have been served.

8. Discussion is asked for, because in India we are daily receiving fresh evidence of the benefit that ensues from the free discussion of Indian questions. The obsolete tradition, which flourished so long in the Indian Administration, that the utmost secrecy and reticence are inseparable from successful government, has been finally shattered. At home, Mr. Chamberlain has frankly explained his plans and ideals, and has aroused in England an interest in the Colonies never before witnessed. In India, Lord Curzon has consistently pursued the same course. Ever since he entered upon the Viceroyalty, he has systematically taken the public into his confidence whenever circumstances permitted. The conse-



quence is that his luminous expositions of the policy of the Administration are now eagerly read and constantly discussed. It is not too much to say that by this effective innovation, the Viceroy has furnished India with a valuable substitute for Parliamentary institutions; and it might even be contended that if adhered to and judiciously developed, there might be evolved from the practice a system by which popular views would gain just that amount of hearing which an Oriental country like India needs in its present stage of development. A strong central bureaucracy, keenly sensitive to public feeling, discriminating enough to be selective, and wise enough to wish to be popular, is perhaps the best form of rule which India can receive to-day. No symptom of public life in India just now is more remarkable than the keenness, the vigour, and the ability with which each fresh project of reform is taken up and debated by the public in all its aspects; unless it be the constant responsiveness of the Government of India to the views and desires of the various communities, whenever those views present points and ideas which are reasonable, and are possible of adoption. In this way a profound and vitalising influence has been at work among the non-official section of Indian public men, with the best possible results to Government and to the country.

9. Only last week Lord Northcote, the Governor of Bombay, who has always been keenly desirous of establishing closer relations between the rulers and the ruled, made a remarkable announcement tending in the same direction. Speaking at Ahmedabad, His Excellency said that during the troublous times through which the Western Presidency has recently passed, Government have learned "the need for taking the people more fully into their confidence, and of making an effort to spread abroad some conception of the principles underlying the actions of Government." Those who are familiar with the Indian system will recognise the novelty and the importance of this candid and statesmanlike avowal. And as free discussion is now encouraged and approved in India, with results that have proved highly beneficial, so it is hoped that this paper may undergo some discussion in Great Britain, and that the principles it is written to support will obtain recognition at no distant date. In the matter of the Cotton Duties, India asks for that justice which has been hitherto denied her.

THE EDITOR OF THE "TIMES OF INDIA."

*Bombay, November 28th, 1902.*

# *Memorandum by Mr. B. J. Padshah on the Profits of the Textile Industry of India.*

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## **PART I.**

1. The present paper proposes to study the Mill Industry of India with the view of determining (a) the profits of spinning, (b) the profits of weaving, and (c) the abatement of profits, if any, consequent on the Cotton Duties Legislation of 1896. It is not expected, and therefore it is not suggested, that the outcome of this study shall be the repeal of the duties imposed in virtue of considerations entirely extraneous to those dealt with in this paper. The present memorandum does not discuss whether India should be an independent fiscal and economical entity, or whether it should submit to its economical interests being treated as a part of the economical interests of the British Empire; nor does it concern itself with the discussion of Free Trade as a suitable policy for the Indian Empire, or the further controversy whether a true interpretation of the doctrine of Free Trade invariably necessitates, against a Customs Duty for revenue, a countervailing excise duty. These questions must no doubt be debated before a correct judgment on the Excise Duties on cotton goods can be given. But it is the object of this study, not to pass judgment upon the Cotton Duties, but to investigate the general condition of the Mill Industry, and the effect of the Cotton Duties on its profits. These are questions of fact rather than of policy, and lend themselves all the more to an exact treatment.

2. At the time when the Cotton Duties were sanctioned, two impressions appear to have been generally prevalent:—that the average profits of the Mill Industry are high; and that the Cotton Duties would be really paid by the consumer of cotton goods and not the producer. It is probable that both impressions co-existed in the minds of the same individuals; nevertheless, it is demonstrable that if the profits of an industry are much higher than the average of other industries, a burden on the producers in that industry cannot be transferred to the consumer.

3. The impression of very prosperous times for the Mill Industry appears to have been shared by the general public, and to a large extent justified by the rapid increase in the number of looms and spindles, and the building up of considerable reserve Funds by the good mills. But to some extent, at least, this prosperity must have been apparent only, the appearance arising from a depreciating currency. Had there been an obligation to pay the dividends in gold, as

on the capital of the guaranteed railways, the rosy tints would have seemed more subdued than they did in the later eighties. Currency changes continue to complicate the problem in the nineties ; but they have been omitted from any consideration.\* The purchasing power of money is a formidable problem ; it may here only be observed that sterling exchange was about 18d. in 1890, and is stable round 16d. since 1897.

4. But whatever was the condition of the Mill Industry in the eighties, in the closing decade of the last century its profits taken as a whole were certainly not extraordinary. The average earnings of 58 mills examined in the second part of this memo. are found to be just 6 per cent. ; the borrowings of the mills are also obtained at about that rate : even for such a mill as the Central India, the average dividend is about  $7\frac{1}{4}$  per cent. of the *market value* of the shares.

5. This figure of 6 per cent. is, moreover, obtained by taking a set of mills whose average position is better than that of all the mills of the country. The omission of *one* good mill (whose profits are miscellaneously derived from spinning, weaving, ginning, dyeing, financing, and trading by the establishment of shops) pulls down the average earnings to 5 per cent.

6. This last figure of 5 per cent. is rather what *would be* the income if the Agents' commission had been taken not at the amount actually paid, but at about 60 per cent. of this sum, corresponding to what popular opinion appears to pronounce to be just. If the *whole* commission actually paid had been debited to profits, this memo. would have recorded an average earning of 4 per cent. only.

7. These earnings are the averages of profits ranging from 20 per cent. per annum to negative figures. The mills have been divided into 4 classes ; 3 mills in the first class on an average earn 16 per cent., 13 mills in the 2nd class earn 10 per cent., 19 mills in the 3rd class earn less than 6 per cent., 23 mills of the fourth class earn nothing at all. In the three years (1897-99), the first class earned 17, the second 7, the third 1, and the fourth *lost* 7 per cent. per annum.

8. The last paper in the Parliamentary Blue-book on the Cotton Duties is a statement about 63 Indian Mills, from which Mr. Whittaker, a Lancashire Manufacturer, deduces the conclusion that " the owners of Indian Cotton Mill shares have been enriched by no less than Rs. 1,600,000 by this advance which

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\* But see Appendix F added in this second edition.

has occurred." The advance referred to is in the market-value of Mill shares between April '94 and June '95. The years 1895-96 were exceptionally booming for the Spinning Industry, chiefly owing to the extraordinary demand for yarn from China ; but the real condition of these mills is studied in the table below. One mill became a private concern in 1894 ; one was stopped in 1896 ; the particulars of a third cannot be obtained. Of the remaining 60 mills, the Central India is shown apart for reasons explained in para. 5. It will be seen that the dividends of the remaining 59 mills are less than 7 per cent. of the paid-up capital ; and that the market value was 80 per cent. of the fully paid-up capital in 1890, 110 per cent. in 1895, and 68 per cent. in 1900 ; the average market value in the decade being 91 per cent. of the fully paid-up capital. Taking the difference between the paid-up value and the market value in 1900, there is a loss to the shareholders of nearly 2 crores of rupees in capital. Moreover, these figures are derived from newspapers whence it may be presumed Mr. Whittaker took his. The figures are quite unreliable ; out of these 59 mills, it was possible to test the statement about dividends in the case of 40 mills from their published reports. The newspaper statement (confusing in many ways, but as interpreted in the table) would give a dividend of 7·7 per cent. ; whereas the published reports give only 6 per cent. If the mills for which no reports are available for this memo. be corrected similarly the dividend actually paid would be, not 7 per cent. as stated above, but only 5 per cent. And probably the market values, entirely taken from the newspapers, are similarly exaggerated. The truth is that in the case of the less paying mills, the market quotations are only nominal, and probably those who prepare the Commercial Intelligence columns of newspapers do not trouble to correct the old statements of dividends.

TABLE.

	Paid-up Capl.	Average (90-99) Market Price of the Total No. of Shares.	Market Price of the Total No. of Shares (1890.)	Market Price of the Total No. of Shares (1895.)	Market Price of the Total No. of Shares (1900.)	Total amount of Dividend supposed to have been paid (90-99.)	Dividends Estimated as actually paid (90-99.)
	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)
59 Mills ...	566	520	445	625	387	302	287
Central India.	15	94	40	123	132	62	68

9. It is not quite clear whether Sir James Westland had any illusions about the high profits of the Mill Industry. He was quite explicit that the producer would pass the duty on to the consumer. " We discuss the question on false lines," he said, " when we deal with it as a question how much Manchester mills will pay, and how much Indian mills. The real payer in each case is eventually some person quite different from both. In fact, it is quite

unnecessary for revenue purposes to call in the Indian Mill-owner at all. . . .” The public meetings in Bombay and elsewhere which protested against “the proposal to re-arrange the Cotton Duties in such manner that the poorer classes hitherto exempt will have to pay  $3\frac{1}{2}$  per cent. duty on the coarse cloths manufactured in India which form their wearing apparel, while the rich, &c., &c.”—must be held to endorse Sir James Westland’s view that duties, and every burden on the cost of production, must be transferred to the consumer.

10. It is pertinent to remark, in the first place, that whoever holds the immediate transferrability of a burden on cost to the consumer cannot possibly hold that the profits of the Industry are higher than the average (all things being considered). The machinery relied on to transfer a burden is the increase of price; the consumer pays the higher price because he urgently wants the goods, and because the producer can transfer his capital to the production of other things, if he got less than the fair profit attainable elsewhere. But if the producer is getting such high profits that even a considerable diminution would keep them higher than what he could get elsewhere, there would be no temptation to him to withdraw capital, and no pressure on the consumer to pay a higher price. If the higher price can be obtained at all, it would be because the producers are monopolists able to exact any price they please. That this higher price was not exacted before the duty shows that they were afraid of a diminished demand which would make the higher price less profitable than a lower one. Either, then, the profits are normal before the duty; or after the duty, the price cannot be advanced to recoup the duty to the producer. The State may, as a silent partner in all industry, claim to levy a toll on excessive profits; but it may not claim both that the profits are excessive, and that the toll will be passed on to some one else.

11. Sir J. Westland, then, must have really reckoned on no excessive profits to be shorn down by his scissors. Has his calculation that, with normal profits the Cotton Duty would be passed on to the consumer, been verified by experience? The table given below shows firstly that cloth has *fallen* in price by 12 per cent. after the duty, that the margin\* between cloth and yarn has fallen,

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\* The difference between price realised per lb. of produce and the cost of production per lb. of produce constitutes the profit per lb. of produce. Of the cost of production of yarn, the most important and fluctuating element is the cost of cotton spun; of the cost of production of cloth, the most important and most fluctuating element is the cost of yarn woven. The other items of the cost of production—such as the charges for coal, labour, stores, repairs and depreciation of plant, interest—are more or less stable. Therefore, practically profits rise or fall with the margin between yarn and cotton, or between cloth and yarn. The margin between yarn and cloth is calculated by remembering the following facts. For spinning 1 lb. of yarn, 1.18 lbs. of cotton are required, 18 p.c. of cotton being the allowance for loss in weight and wastage up to the spinning point. 784 lbs. of cotton make one candy.

while the margin between yarn and cotton has increased. The producer has not, then, recouped himself by the higher price of cloth, nor from the cheapness of yarn; if he has been compensated at all, it must be in the reduction of cost in such articles as coal, labour, stores, interest charges, etc. Now if there had been such a reduction of cost, it would have equally affected the margin between yarn and cotton, which (on the doctrine of the immediate transferability of benefits and burdens to the consumer) should have been reduced. That this margin has *increased* instead indicates that the transferability is not so rapid as is assumed, or that there is no such reduction in cost to be transferred. In fact, the Boer war must have raised the charge of English and Bengal coal alike; plague must have increased the labour-charge, and for a time also the interest-charge; the import duty must have made stores dearer.

TABLE DEDUCED FROM THE STATISTICAL ABSTRACT, No. 193.

Period.	Average price of cotton (Broach) per candy.	Yarn 20s. per lb.	Imported Grey shirtings cloth per lb.	Margin between cotton and yarn per lb. of yarn.	Margin between yarn and cloth per lb. of cloth including sizing.
	Rs.				
1890-94	227	74 pies	99½ pies	13 pies	32 pies
95	178	69 pies	95 pies	21 pies	32 pies
96-99	190	67 pies	89 pies	15½ pies	28 pies
96	239¼	76 pies	93 pies	11¼ pies	24 pies
97-99	173	64 pies	88 pies	17 pies	30 pies

12. It is now seen that the transferability is not verified by such experience as is given by the Table. But the items of the Table are only rough, relating to Broach cotton, 20s yarn (Bombay), and the Calcutta prices of *imported* grey shirtings, stated to be 8 to 9 lbs. in weight, from which the price per lb. is deduced by taking the piece to be 8½ lbs. It is, therefore, thought advisable to examine the *actual profits*, and their course.

13. [Before the statistical examination on these lines is resumed, it would be of advantage to ask whether the inevitable intelligent anticipation of events was a transfer by the producer of the burden of the duty on the consumer. An intelligent anticipation is a theoretical treatment of a question; such a theoretical treatment, the only one throughout this investigation, is essential to the expression of the unity of thought underlying this paper. It is submitted that two conditions, neither of which were realised in the present instance, are indispensable to the producer succeeding in throwing off a new burden on cost; there must be a *steady* rate of profit less than which would result in a withdrawal of capital from the business; there would have to be a favouring state of demand

such that it could bear an advancement in price. The facts shown in minute detail in Part II, reveal no such *steady* rate of profit; the rate of profit fluctuates as among mills, and in the same mill in different years. The truth is that neither new capital can be brought in promptly, nor can old capital be withdrawn within 4 or 5 years after a change in the market, and therefore, the state of *demand* rules the market. A fall in price cannot be resisted by the mill-owner keeping his looms partly idle; the capital being already locked up, the more goods sold at a price which is profitable at all, the greater the profit.

The supply must be taken for granted as the full capacity of the existing looms; the price will be the one that will induce a demand that can carry off this supply. Now the Mill Industry showed a continuous increase of looms, and a reduction of about 10 per cent. in the price of cloth, during the ten or fifteen years preceding 1896. It seems natural to suppose that *some* of the new demand was induced only by a reduction in price, and that any advance in price would be met by a withdrawal of this demand. The upper India Chamber of Commerce, indeed, go further and assert (Blue Book on Cotton Duties, p. 161) that "in India all experience shows that it is difficult, if not impossible, to effect a change in prices." The tendency is, even in the case of food, to invest rather a fixed income in different articles than to buy constant quantities at any prices; therefore a restriction of demand would certainly have followed enhancement in price.\* If now, there be a *single* intelligent producer, or a reliable combination of producers, it may happen, and it may be perceived, that a higher price even with a diminished demand is more profitable; if the producer realise the same money on 5 per cent. less of goods, he would be spending the same amount on the fixed charges per spindle or loom, and he would be saving in labour, raw produce and other charges. It would be distinctly in such a case to the interest of the producer to restrict production. But a number of competing producers cannot act so. Each one would feel that his own restriction of out-put could have no appreciable effect on price, that his under-production cannot sensibly prop up price against the effect of the full continued production of his rivals; that, on the other

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\* From certain friendly criticism privately received on this paragraph as it appeared in the first edition, it would seem that some very competent people think that cloth is a necessary of life whose demand in India is not to be curtailed by an advance in price. I must, therefore, suppose that the presumptive evidence I have given for the restriction of demand has not been convincing. I shall, therefore, try the effect of statements of fact by Mr. Sly I.C.S. in the latest Report on the condition of the Central Provinces. Speaking of the Malguzars, he remarks; "The standard of living has deteriorated; grain and juar are sometimes eaten instead of wheat and rice; houses are not kept in such good repair; and clothes are not so good." And of the daily labourer: "earthen pots are more commonly used instead of brass, his cloth is not so good as formerly, and he renews it less often."

hand, his own continued full production would not sensibly depress the prices pushed up by the under-production of the others ; and that any price profitable at all would be more profitable if more is sold at that price than if less is. Therefore, the old scale of production would continue even after the imposition of the duty, and therefore price cannot advance, nor the producer be recouped for the duty, till the extension and intensification of the existing demand permit a re-adjustment which would be hastened by the gradual withdrawal of capital also. When the re-adjustment does take place, the individual Mill-owner will no longer be handicapped ; but the Industry will, all the same, be less flourishing, and fewer hands will be employed in it than would have been possible without the duty.]†

[The argument in this para. is chiefly borrowed from Mr. Sidgwick's treatment of Combination Prices.]

14. As Famine paralysed the Indian demand for Indian Cloth, which is the largest market for Indian Cloth, the favouring demand which would have helped the shifting of the duty from the weaver to the consumer did not come

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† (a) In determining *a priori* the probable course of prices of a dutiable article, the element of a non-Indian demand ought not to have been overlooked. This element would modify the reasoning to this extent. Exported cloth would be allowed a drawback ; and this drawback would make a difference of price equal to the amount of the duty to the purchaser of cloth for foreign sale as compared with the purchaser for local consumption. The foreign purchaser receiving a rebate equal to the duty is prepared to intensify his demand ; the producer is thus able to diminish the supply for local consumption, until prices rise somewhat, and until the intensification of foreign demand is arrested, and local demand is reduced. At what point the equilibrium will be brought about cannot be fixed *a priori*. The point will depend upon the importance of the foreign demand and its elasticity. If the foreign demand be small, or not easily extensible with diminished price, the Mill-owner will not only pay the duty, he will also realise smaller profits and prices on export than he did before the duty.

(b) The element of the non-Indian supply introduces little complication. If the demand at the price before the duty could not be met except by a supply from Lancashire, and if Lancashire has other fields of demand to which it can divert its supply from India, unless India consent to pay the old price free of duty, or if Lancashire has means of restricting its supply unless it got its price, then under the circumstances the duty would have to be borne by the consumer. In other words, as in (a), the incidence of the duty will depend upon the importance of the Foreign supply to the Indian consumer, the magnitude of the Indian demand as compared with the non-Indian, and the elasticity of the non-Indian demand. But if Lancashire should not compete with Indian cloth except indirectly, the question is of little interest. The important thing to remember is that in cases where supply cannot be promptly curtailed, an addition to the cost of production is fully transferred to the consumer only if the Indian demand be inelastic, or the non-Indian demand very elastic ; *i. e.* if the Indian demand should not be pulled down by increase of price, or if the non-Indian demand be immensely extended by a very slight abatement of price.



into existence ; it may be consequently expected that for 3 or 4 years after the duty, the whole of it was paid by the weaver. This preliminary expectation has now to be verified from the profits of weaving. A  $3\frac{1}{2}$  per cent. duty on cloth is equivalent to about a 7 per cent. duty on weaving capital ; since the produce per loom sells for about *twice* as much as the value of the fixed capital per loom. There are no direct figures for the determination of the profit per loom ; Part II of this paper tries to attack this problem, and gives its inconclusive results. Weaving is generally one department of a joint concern of which spinning is the other ; the fixed capital on spinning is about 4 times the size of the fixed capital in weaving in such a joint concern usually ; therefore, if spinning profits remained unchanged, and the profits of weaving fell by 7 per cent. the profits of the joint concern would show a shrinkage of  $1\frac{1}{2}$  per cent. per annum. But the profits of spinning have fallen also, in spite of the increased margin between yarn and cotton, probably owing to the higher cost of some items ; and if yarn be cheaper in the same period, this cheapness is some set-off against the burden of duty, for weaving profits ; thus the statistical verification of the theory becomes very difficult. All that can be said with certainty is that the price of cloth has *fallen* after the duty ; that the margin between cloth and yarn has fallen also ; so that even without a duty things would not have been very cheering for the weavers ; that the duty is a new incumbrance, with a diminished margin ; that the affairs of the spinning Mills seem to show that the cost of labour, coal, stores and other charges must have increased ; that in any case, the profits both of spinning and joint spinning and weaving have fallen.

15. It is useless to plead the Famine as responsible for the upsetting of Sir James Westland's benevolent intentions towards the Industry ; for such a plea would be an acknowledgment that the prompt shifting of burden relied on by the late Finance Minister operates only when there is a favouring demand. Part II gives a warning that the Mill Industry of India works at profits which are less than the Government profits on their canal works or collieries, and not appreciably greater than those of the State and guaranteed Railways ; profits which would be disdained by banks, and average money-lenders in the interior ; profits not nearly equal to what might be realised by judicious and safe investments on mortgage, or on large cultivation or in house-building. For these profits, the share-holders undertake great risks. Was the Industry in a condition to permit experiments based on conjectures about the future of demand for cloth ?

16. It might appear that too much has been proved. A reduction of 7 per cent. would completely wipe off the profits of weaving ; whereas there has been an increase both in the number of looms and in the quantity of cloth produced since the duty. The apparent anomaly can be easily explained. The

reduction would not be the whole 7 per cent. of the argument of para. 13. The cheapness of yarn would be some compensation for the duty and the increased cost of production; if a burden might not be shifted with promptitude, neither may a benefit. Again, the producer deals with the sharp middleman and not directly with the consumer; even if the price cannot be raised against the consumer, fractions of a pie which would not be insisted on in prosperous times, would now be squeezed out from the middleman to diminish the burden of the duty, and similarly small economies in production would be looked to. Next the profits of weaving would not be so low as 6 per cent. in the first and second class of mills according to the divisions in Part II; the profits of the best managed mills, even when diminished, would continue to be large. If from any cause these mills found spinning less profitable than weaving even when encumbered with a duty; if, for instance, they expected a slump in the Chinese market for yarn and a recovery in the Indian market for cloth, they would turn over their yarn to their own weaving department and increase the number of their looms.\* Finally, some of the new looms were planned before the duty was put on, and only came into work after the duty. The least profitable concerns are usually the first to show sensitiveness when a new item cuts down old profits—a slackened demand, or an unaccustomed tax. That sensitiveness has been shown by the third and fourth class of the mills examined in Part II., which have practically earned nothing after 1897 or begun to lose, and one has heard recently of liquidations.

17. This preliminary part of the enquiry, then, has brought into a focus the main inferences of this paper. It has shown that whatever the justification of the Cotton Duties, they cannot be defended, as they appear to have been defended, on the ground that they are in reality borne by the consumers; or on the supposition that the Mill-owners are so flourishing that they may bear with equanimity the reduction of their profits. The average profits of the Industry are about normal; the profits of a large class of concerns are very much below the normal. These latter concerns have been shaken severely after the duty and the slump in yarn; some have gone into liquidation; the production of cloth has increased, and its price curtailed; the curtailment in cloth has not been made good by the cheapness of yarn; the cost of production has increased. Part II is now to show how these results have been obtained; an Appendix will make clear some contentious points in making estimates of the depreciation of mills, the charge for commission, and the place of Reserve Funds and depreciation in the estimates for capital.

B. J. PADSHAH.

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\* One or two of them appear to have successfully experimented with the production of the higher cloths which had been so far the monopoly of Lancashire.

*Note.*—Nothing has been said in this memo. about hand-weavers. No exact data about them are available; there is a conflict of opinion as to whether they *can* compete with the power-loom; in so far as they can, they would retard the transfer of the burden of duty to the consumer; and in any case the Mill-owners do not appear to wish duties put on the hand-loom in the only way possible—*viz.*, by a duty on Indian and European yarn alike.

B. J. P.

### POSTSCRIPT.

The need for caution in proceeding to any inference from the Table of margins between cloth and yarn given in para. 11 is already explained in para. 12. But since the text was printed, the desirability of not relying on such Tables, and the importance of investigations such as are given in Part II and the Appendices, has been practically illustrated.

The Table of para. 11 was deduced from Table No. 193 of the Statistical Abstract for 1901. It was assumed that No. 193 was only a reproduction of No. 41 in Mr. O'Connor's Blue-book on Wages and Prices in India. A reference to No. 41, however, discloses differences in two particulars: (a) The prices of the Indian T. cloth, 44 in., 24 yds., 8 lbs. are given in successive years; so that with these prices there is no need to rely on the realization on the *imported* grey shirtings; (b) Secondly, the prices are quoted for January and July separately for each year. The Statistical Abstract reproduces only the quotations for January. "They represent," says Mr. F. J. Atkinson, "the prices, as given to the Government of India by the Bombay Mill-owners' Association, on 1st January and July of each year. The Secretary of the Association was asked to give monthly figures for the purposes of this (Mr. A.'s) paper, but declined assistance. Certain cotton mills also were requested to assist, and all refused."

The prices of imported shirtings are higher than those quoted for T. cloth; very possibly, the imported shirtings are unfinished goods, and the T. cloth is finished cloth. It is assumed that 100 lbs. of warp and 100 lbs. of weft with 20 lbs. of sizing are woven into 220 lbs. of unfinished cloth, and that with 55 lbs. more of finishing material, they are converted into 275 lbs. of finished cloth. If C be the realized price on cloth, and Y on yarn,  $220 C - 200 Y$  is the margin for the cost of manufacture, sizing, &c., and profit, on unfinished goods, and  $275 C - 200 Y$  for finished goods. Sizing and finishing may be allowed for at the rate of 14 pies per lb. There would remain, for the cost of manufacture and profit, the margin in pies, on finished and unfinished goods respectively, of  $275 C - 200 Y - 1050$ , and  $220 C - 200 Y - 280$ .

The manufacturer wants these margins to compare them with the cost of production to see what profit is left over. He will insist on the same profit per cent. on his capital whether he produce finished or unfinished goods. It is obvious, therefore, that he will need to know the margin *per pound of yarn woven*. In the Table of para. 11, the margin per lb. of cloth has been given. If the above expressions are simplified, the margins per lb. of yarn woven, for finished and unfinished goods respectively, will be found to be, in pies,

$$\begin{aligned} & (C - Y - 5\frac{1}{4}) + \frac{3C}{.8} \\ & \& (C - Y - 1\frac{2}{3}) + \frac{C}{10} \end{aligned}$$

On the basis of these formulæ, the following Table has been deduced :—

Period.	Margin in pies per lb. of yarn woven.			
	On finished T. Cloth.			On imported shirtings unfinished.
	Averaged on quotations for both Jan. and July.	Averaged on quotations for Jan. only.	Averaged on quotations for July only.	Averaged on quotations for Jan. only.
1890-94	39.5	39.2	39.8	34
1895	44	49.5	38.6	34
1896-99	42	44.6	39.8	29.5
1896	36.2	39.8	32.6	25
1897-99	44.2	46.3	42	31.5

The Table leaves no doubt about its own unreliability; the course of the margin in the different columns is shown to be different. It might be expected that if the weekly price-currents of the Bombay Chamber of Commerce were utilised, the fluctuations of the margin would be more trustworthy. And so they would be, if the volume of transactions did not become nominal when the margin shrank to too near the cost of production, and if the quality of the cloth in successive periods were comparable. In the absence of these conditions, the labour on price-currents for greater accuracy can only be labour thrown away.\*

B. J. P.

\* As the proofs of the second edition are passing through my hands, it strikes me that trustworthy statistics of the course of prices of cloth and yarn could be obtained by a very slight attention to the point in the Balance Sheets of Mills. Returns are made to the Association and Government showing the number of bales of cloth purchased and quantities of yarn and cloth sold. The Balance Sheets show the values of yarn and cloth sold and the cost of cotton. If the two returns are combined, we should not only know the course of *quoted* prices, but the *annual* fluctuations in realisations per lb. of produce. The objection made in the text would be obviated. The quoted prices would have weight only in proportion to the value of transactions at those prices.

## PART II.

1. The total number of mills in India in 1900 was 186, with paid-up Capital of about 16 crores. Only 58 of these mills with paid-up Capital equal to 5 crores have been examined in detail for the purpose of this Memorandum. Whatever information could be obtained about the remaining mills from the Commercial Intelligence columns of the *Times of India*, the *Pioneer* and the *Madras Mail*, has been also tabulated separately. This relates to 49 more mills with a paid-up Capital of about 4 crores. It will be shown subsequently (see para 44) that the earnings of these 49 mills are less favourable than the results of the 58 directly examined; the mills which find no mention in the newspapers and are not examined in this memo, may be presumed to be usually the weakest.

2. Some of these 58 mills have only come into existence recently; nor would it have been easy to obtain full information about most mills from the period of their birth. Difference of economic conditions and a continuous disturbance in the purchasing power of money would have disqualified such antiquarian information from throwing light on the present-day problems of the textile world. The actual period selected is the decennium 1890-1899; and in the case of some mills, 1891-1900. The period has the advantage of being broken nearly exactly in the middle, by the Cotton Duties legislation; so that a mere averaging for the period neutralises the disturbances both of good and evil times.

3. Had the life of mill plant not exceeded this period, the inquiry would have been further relieved of the duty of making allowance for the depreciation of this plant. But since the structural, and much of the mechanical, part of the capital of a mill, if kept in full substantial repair, would need no renewal for 30 years, it is impossible to overlook the possibility of mistakes in providing for the continuous wear and tear, and also the contingency of being supplanted by more productive contrivances. An examination of the annual Balance Sheets of mills reveals the fact that there is no uniformity of practice among mills, or even in the same mill from year to year, in providing for this necessary item. Most mills provide what they can spare; some make the depreciation appropriation only an excuse for a large Reserve.

4. Similarly in the matter of Agents' Commission, there is no uniformity of rate; and there is much newspaper criticism suggesting that the condition of the Mill Industry would show better if commission was charged on some intelligent principle of justice. As long as this contention should remain undisposed of, it would be vain to hope to gain a hearing for arguments founded on the condition of the Mill Industry.

5. The Appendix explains the principles on which this memorandum, advised by competent and expert opinion, estimates the "proper" charge both for Depreciation and Agents' Commission. Both the *actual* appropriations, and *estimates*,\* are throughout shown side by side.

6. It is interesting to observe that for the 58 mills taken together, while the actual depreciation payment falls short of the estimates, and the actual commission paid exceeds the theoretical amount payable, the joint charge for both depreciation and commission is nearly the same (taking the whole period) both in the actual payment and the theoretical estimate.

7. Depreciation and commission are only two of the charges that fall on the Gross Earnings of a mill. The earnings that remain after these charges are allowed for may be called the Net Earnings, which are divided among Shareholders and those who *lend* money to the mill, including depositors. The amount paid to Shareholders is called the dividend; the amount entered as interest is not all paid to lenders; a small part is the interest credited to certain Funds used on the mill. These two parts of the interest charge are shown separately in this memorandum.

8. The usual method of exhibiting profits is to work out the proportion of the dividend paid to every hundred of Share-Capital. But this method is not free from both theoretical and practical difficulties. A study of the condition of an industry cannot make distinctions between elements of capital according to the source from which they are derived. A practice has, indeed, grown up of Shareholders providing the Fixed Capital, and lenders the Working Capital; and we may, if we please, say that the share of Fixed Capital is so much, and that the share of Working Capital so much. But, in practice, some of the Fixed Capital is derived from mortgage; and if these mortgagees charge high rates, it would be absurd to debit to the Mill Industry the accidental financial distress of its promoters. Again, a portion both of the Fixed and Working Capital of some good mills comes from what has been called the Reserve Funds. These Funds are savings from the past earnings, further applied as investments on the mills; and the actual earnings are due not to the Share-Capital alone, but to the Shareholders' Capital including, under this denomination, all the sums provided by Shareholders either as initial Capital, or as Reserve Funds saved out of past earnings. So true is this, that one mill has *watered* its Share-Capital by reducing its Funds. The watering of capital does not affect this investigation; it is merely a transfer from one part of the Shareholders' Capital (Reserve or other Funds) to another part (the paid-up Capital.)

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\* Meaning thereby the appropriations that would have been more proper theoretically.

9. The Funds used on a mill, besides the Share-Capital and Liabilities, comprise not only the Reserve Fund. In practice, it is not possible to differentiate between the Reserve Fund and the Depreciation Fund. Some mills carry to the Depreciation Account sums so much in excess of what is needed that they are entirely unable to spend them; and when the Share-Capital is watered, the Depreciation Fund is drawn upon as well as the Reserve, and the amounts of the Depreciation Fund have been shown as an asset as against mortgage. Other mills carry both to the Reserve and Depreciation Account (which they keep separate) sums so inadequate, that the two together would not provide for sufficient Depreciation.

10. Such a Fund as the mill Insurance Fund belongs to Share-holders, not in their capacity as mill-owners, but as mill-insurers; which, in their freedom to invest anywhere they please, they invest on their own mills. The only question, then, is whether these Funds should be treated as unfunded Share-Capital of the mills, or as debenture-loan granted to the mills.

11. The different parts of the Capital of a mill will be :—

- |                          |                           |
|--------------------------|---------------------------|
| (a) Share-Capital.       | } Share-holders' Capital. |
| (b) Share-holders' Funds |                           |
| (c) Borrowed Capital.    |                           |

These will be separately shown in this memorandum; and the earnings credited to each part also. These figures will be shown, as they stand in the published balance sheets, for purposes of verification; and also as corrected so as to prevent a misleading view of the profits.

12. For instance, many mills accumulate stocks, and, therefore, have to borrow largely against them. If the accounts came to be made up when the stocks were large, the borrowings shown in the Report would be in excess of the average borrowings of the year on which alone interest is calculated, and *vice versa*. Other mills which do not accumulate stocks, have more regular borrowings throughout the year. The *actual* figure for liabilities will be corrected by a reference to the actual interest paid.

13. The Share-holders' Capital, as in the actual figures taken, includes all sums spent on the mills, including the Depreciation Appropriations. No allowance has been made for the deterioration of value. If the estimated depreciation be deducted, a fair present value of the Share-holders' Capital may be obtained; and the Share-holders' capital, as shown in the second column of corrected estimates, is the figures in the first column, *minus* an allowance for deterioration. It would be interesting to compare this with the market-value of shares; and this is done accordingly.

14. The results of the mills may now be exhibited as follows :—

				Actuals.	Corrected Estimates.
Average.	}	Share-Capital ... ..		4½ crores.	4½ crores
		Funds ... ..		2¼ "	1 "
		Total Share-holders' Capital ...		6¾ "	5½* "
		Liabilities ... ..		4½ "	4¼ "
		Total Capital ... ..		11¼ "	9¾ "
		Gross earnings... ..		95½ lacs	95½ lacs .
		Commission ... ..		14½ "	9 "
		Depreciation ... ..		23 "	29 "
		Net Earnings ... ..		58 "	57½ "
		Dividend ... ..		31 "	} 33 "
		Interest on Reserve Fund ...		2½ "	
		Interest on Liabilities ... ..		24½ "	24½ "

15. The percentages work out as follows :—

		Actual.	Estimated.
(a)	Net earnings to Total Capital ... ..	5·2 p. c.	5·9 p. c.
(b)	Dividend to Share-Capital ... ..	6·8 p. c.	.....
(c)	Dividend <i>plus</i> interest on Reserve Fund to Share-holders' Capital ... ..	5 p. c.	6 p. c.
(d)	Interest to Liabilities ... ..	5·5 p. c.	5·8 p. c.

16. The result brought out by the second column is striking, and what might have been *a priori* expected. The fact of so many good mill-owners investing in house-property is an indication that their investments in mills, averaged over a large number of years, cannot be yielding fabulous profits; or to be more accurate, the mill-owners cannot be feeling certain that more money put into mills could yield more than good house-property. Again, the result is self-consistent from whichever point of view it is observed. Ordinarily the real profits to share-holders cannot be very much in excess of the interest on debentures; nor can they fall very short. For, in the last case, share-holders would realise and lend on debentures; and in the first case, debenture-holders would buy shares, and their eagerness to buy would bring *new* mills into existence,

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\*See Appendix D. The Estimated Share-holders' Capital is the value of the site, building, plant, stocks, balances in hand, *minus* the Liabilities, in other words, it represents the Share-holders' interest in the *Material Capital* of the mills. The Total Capital of a mill includes the working capital, usually borrowed.



and pull down prices and profits. Because debenture-holders have preference-rights of property over the mills, they would be content with a little less than the expectations of share-holders; but that is all. Of course, in established mills, the disproportion would be greater; the lenders cannot buy their shares except at a premium, and cannot set up new mills without incurring extra cost equal to the value of the premium;—the premium is the price for the monopoly of the advantages of the established mills. To get the advantages possessed by an established mill as a *going concern*—a suitable battalion of workers, a trained staff, a clientele of buyers whose tastes have been successfully adapted to, machines working smoothly, &c.—a new mill would have to expend sums in experimenting; to obtain these advantages without trouble from a going concern, it should be ready to pay for “the good will” of the concern. That is the share-premium.

17. Next, the 58 mills are classified according to their average estimated rate of profit into 4 groups; and the actual and estimated percentages of each class are exhibited as follows:—

Class of Mills.	Number in the Group.	Average Dividend per cent. of paid-up Capital.	Interest per cent. of Borrowed Capital.		Income on Share-holders' Capital.		Percentage ratio of Net Earnings to Total Capital.	
			Actual.	Estimated.	Actual.	Estimated.	Actual.	Estimated.
I	3	18·4 p. c.	5·3	5·3	11 p. c.	16 p. c.	9·3	12·4 p. c.
II	13	9·4 p. c.	5·1	5·1	6·6 p. c.	9·5 p. c.	6·1	7·7 p. c.
III	19	6·3 p. c.	5·2	6·1	4 p. c.	5 p. c.	4·5	5·5 p. c.
IV	23	1·9 p. c.	6	6·4	1¾ p. c.	—1·1 p. c.	3·7	2·6 p. c.
Total...	58	6·8 p. c.	5·5	5·8	5 p. c.	6 p. c.	5·2	5·9 p. c.
Total <i>minus</i> Central India	57	5·7 p. c.	5·5	5·8	4·2 p. c.	5 p. c.	4·7	5·3 p. c.

The teaching of the tables is that the average profits of the 58 mills are about 6 p. c.; but that this average is the mean of profits over very wide ranges, some going as high as 16 p. c.; that if even one good mill is omitted from the average, the share-holders' share falls to 5 p. c.; that nearly 40 p. c. of the mills have worked at an average loss, thereby confirming the impression that the debenture-holding class started mills of its own, stimulated by booming times, but that it showed itself incapable of reaping even ordinary profits without special knowledge.

18. For 40 out of these 58 mills, it has been possible to get market quotations of shares, with the following results. The quotations, taken from newspapers, are probably exaggerated. [See end of para 8. Part I] :—

	40 Mills.	Same excluding Central India.
Original Value: ... ..	362 lacs	347 lacs
Market-value in 1890 ... ..	321 "	281 "
" " 1895 ... ..	571 "	448 "
" " 1900 ... ..	422 "	290 "
Average ... ..	459 "	365 "

19. The average dividend of these 40 mills is 7.9 per cent. of paid-up Capital; and of the same (not including Central India), the dividend per cent. of Capital is 6.5 per cent. The average dividend of all the 58 mills is 6.8 per cent.; excluding Central India it is 5.7 per cent. So that these 40 mills are better than the average. The following figures show the expectations of the investor :—

Central India :—

Original value ... ..	15 lacs.
Market value in 1895 ... ..	123 lacs.
Dividend ... ..	787 thousand.
Rate of Dividend per cent. of market-value in 1895 ... ..	6.4 per cent.
Average value in 10 years ... ..	94 lacs.
Total Dividend paid in 10 years ... ..	6,830 thousand.
Rate of Dividend per annum per average market-value. <u>7¼</u> per cent.	

39 Other Mills.

Rate of Dividend (average) ... ..	6.2 per cent.
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2 Other Mills.

Original value ... .. 14 lacs	Average Dividend per cent. of Market- value per annum.	} 6⅓ p. c.
Market-value in 1895 ... 9½ "		
" " " 1900 ... 7 "		
Average ... .. 9 "		

4 Other Mills.

Original value ... .. 27 lacs.	} Dividend, etc.	} 4.3 p. c.
Market-value in 1895 ... 16 "		
" " 1900 ... 11 "		
Average ... .. 17 "		

It will thus be seen that not many mills have kept their average value to the point of their par value; that the market-values in some cases declined

even in '95 below the point reached in '90 ; that in nearly every case, the value of 1900 is lower than that of '90 and '95 and lower than the par value. The market-value is by no means, either year by year or on an average of years, equivalent to so many years' purchase of the dividend. Even losing mills have some quotation ; so that the value, of the Material Capital of a mill and its liabilities enters into the investor's calculation ; but about 6 p. c. appears to represent his expectation on an average.

20. Of the 58 mills examined, 25 have weaving departments. They may be described as follows :—

	Actuals.	Corrected Estimates.
Average Share-Capital ... ..	2½ crores	2½ crores
Funds ... ..	1¼ "	¾ "
Average total Share-holders' Capital	<u>3¾ crores</u>	<u>3 crores</u>
Liabilities ... ..	2½ "	2½ "
Average Total Capital...	<u>6¼ crores</u>	<u>5½ crores</u>
Gross earnings ... ..	55 lacs	55 lacs
Commission ... ..	7½ lacs	4½ lacs.
Depreciation ... ..	12 lacs	<u>14.8 lacs</u>
Net Earnings ... ..	<u>35½ lacs</u>	<u>35½ lacs</u>
Dividend ... ..	29¼ lacs	} 22½ lacs
Interest on Reserve Fund ... ..	2¼ lacs	
Interest on Liabilities ... ..	13 lacs	13 lacs

21. The percentages work out as follows :—

	Actual.	Estimated.
(a) Net earnings to Total Capital ... ..	5.7 per cent.	6.5 per cent.
(b) Dividend to share-Capital ... ..	8.1 per cent.	
(c) Earnings on the whole Share-holders' Capital ... ..	6 per cent.	7.5 per cent.
(d) Interest on Liabilities ... ..	5.4 per cent.	5.5 per cent.

The omission of the C. I. Mills works out the result as follows :—

<i>Estimated.</i>	In 25 Weaving Mills.	In same minus C. I.
Net Earnings to Total Capital ... ..	6.5 per cent.	5.7 per cent.
Earnings on the whole Share-holders' Capital.	7.5 per cent.	5.8 per cent.

22. It will thus appear that the Weaving Mills have been somewhat more profitable than the pure Spinning. The result may be partly due to the

fact that whereas only 19 per cent. of the paid-up Capital of the Spinning Mills examined falls in the first and the second classes of mills, the mills which run weaving also have 52 per cent. paid-up Capital in the two classes ; or if the C. I. Mills be excluded, still 44 per cent. This is not quite *petitio principii*. A joint S. & W. concern requires larger Capital than a pure Spinning concern, and usually is under better and more economical management for that reason. Again, in so far as the profits of Spinning and Weaving can be different, as the cheapness of yarn is good for weaving, and dear yarn unremunerative, it may be expected that the profits of Spinning and Weaving Mills will usually diverge from the normal in a direction opposite to the deviation of the pure Spinning profits. The profits of the two may now be compared period by period :—

Period.	Estimated Net Earnings in			Estimated Share-holders' Earnings in		
	Spinning Mills.	Spinning and Weaving Mills.	Spinning and Weaving Mills not including C. I.	Spinning Mills.	Spinning and Weaving Mills.	Spinning and Weaving Mills not including C. I.
1890—1894	5·3 per cent.	6·8 per cent.	5·9 per cent.	4·4 per cent.	7·6 per cent.	6 per cent.
1895	9·5 per cent.	9·2 per cent.	8·4 per cent.	11·2 per cent.	13 per cent.	12·2 per cent.
1896—1899	3·7 per cent.	5·6 per cent.	4·4 per cent.	1·6 per cent.	5·5 per cent.	3·6 per cent.

A caution may here be given. The percentages of earnings in the different years are not on the same amounts of capital. Mills have added to their capital year after year ; moreover, the balance sheets or statements for all the 58 mills were not available for all the years. For instance, there are reports for only 35 mills for all the years. Had only these mills been adhered to, the base of induction would have been unnecessarily narrowed ; and logically, the profits on the added capital of the same mills would have had to be separated—which, of course is impossible. The reader may, perhaps, apprehend that if inferior mills have been admitted after 1895, the fall of profits may be partly due to this inferiority. The apprehension would be ill-founded ; the average capital is shown in para 14 to be 4½ crores, and the ultimate capital is 5 crores ; moreover, two of the finest of these mills report only after 1895, and earn exceedingly well. But, perhaps, there will remain not a shadow of excuse for mistrust if I explain that the course of profits of the weaving mills in the three periods have been worked out, *after omitting mills which were not materially represented in the 1st period* ; and the results of the above table are not modified.

23. The last table shows that the profits both of Spinning and Weaving were very high in 1895 ; that this maximum was reached after an earlier period of smaller profits, and was followed by a period of greater decline than that of

the first period. The decline of the last period would have shown more if the profits of 96 had been omitted from the average. [They were something like 9 or 10 per cent.] Up to a certain point, the profits of Spinning and Weaving move in sympathy, though in the period of decline, Weaving falls less than Spinning. This may be explained, as in the last para, on the supposition that generally, Spinning and Weaving is under better management than pure Spinning; but also on the theory that when yarn is rising or falling in value owing to causes which primarily affect its supply or cost—cotton, fuel, labour-cost—then cloth rises or falls in sympathy; a part of the pressure or good luck of the spinners is sure to be shared by the weavers. But if yarn is cheapened or made dear by a change in the Demand which does not affect the Demand for cloth then cheap yarn means prosperous Weaving, and dear yarn dull Weaving. Apparently both sets of causes have been in operation during the last years of the last century. Cotton (in 1900 and after) and coal were dear owing to the Famine or the American short crops and the Boer War; labour-cost owing to plague; the Boxer movement extinguished the demand for yarn in China; while Famine postponed the demand for cloth in India.

24. The course of profits year by year in each class of mills is shown in the table below :—

In year.	Share-holders' Profits per cent. in the Mills of Class.			
	I (3 Mills).	II (13 Mills).	III (19 Mills).	IV (23 Mills).
1890... ..	20·6	10·8	12	2
1891... ..	15	10·7	8·3	5·3
1892... ..	13·6	11·6	6·8	3·7
1893... ..	9·5	4·5	0	— 5 (loss)
1894... ..	15·8	11·5	8·3	1·3
1895... ..	18·9	18	8·4	6·3
1896... ..	17·4	12	9·2	5·4
1897... ..	20·4	8·5	5·8	— 4·4
1898... ..	17·8	7·3	0	— 9
1899... ..	12·4	6	— 2·4 (loss)	— 8
1900... ..		2	— 13 (loss)	— 14

25. It has to be remembered that in this computation the Share-holders' Capital is written down by allowing for annual depreciation, or else the percentages would have been smaller. Similarly, all the interest credited to the Reserve Funds has been counted in; and Commission has been deducted not as it *was* paid, but on the much reduced scale on which it ought to have been paid. So that there is no hope of averting losses on the inferior half of the mills by any change in the system of Commissions. Roughly, the first five years are prosperous, the next two are booming, the last three or four

ruinous for one-half the mills, just good for another half, and continuing good for three mills only. The comparison of the 2nd and 3rd groups shows that there must be many mills in the third group which originally would have deserved to be in the 2nd group, and have since deteriorated.

26. If it be sought to determine how far the advantage of the Joint Spinning & Weaving Mills is due to the greater profitableness of pure weaving, the object may be attained by taking those mills which have kindly furnished, for the benefit of this Memo., the separate profits of Weaving and of Spinning. Unfortunately, only 2 mills have furnished these data; if they be so situated that cloth is more in demand in their neighbourhood than yarn, as is certainly the case at present in Ahmedabad, then they will not correctly indicate the relative profitableness of Spinning & Weaving on an average. Such as they are the figures for the two mills are given below :—

In year.*	Profits in Mill.			
	I		II	
	Per 10 Spindles.	Per Loom.	Per 10 Spindles.	Per Loom.
	Rs.	Rs.	Rs.	Rs.
1890 ... ..	174	201	13	74
1891 ... ..	152	174	19	81
1892 ... ..	98	256	21	101
1893 ... ..	118	367	—11	104
1894 ... ..	179	272	17	139
1895 ... ..	219	119	46	59
1896 ... ..	201	65	52	61
1897 ... ..	237	151	23	61
1898 ... ..	204	215	33	105
1899 ... ..	135	184	35	84
Average 1890—1894 ... ..	144	254	12	100
1895 ... ..	219	119	46	59
1896—1899 ... ..	194	154	36	78
Total average ... ..	174	184	25	87

27. These figures have been obtained *without* deducting the charge for depreciation, but *after* deducting the whole charge of interest on borrowed Capital. The result is that the two mills are not exactly comparable; the first increases its earnings per loom or spindle, because it has less interest-charge than the normal, having large Reserve Funds; the second has more interest-charge than the normal, having a capital debt equal to  $\frac{1}{4}$  of its paid-up Capital. The interest-charge would be normal, if the working-Capital alone were borrowed

\* For Mill I, the statements relate to the years 1890-91, '91-92 &c., and not to calendar years.

Yarn is bought by the Weaving Department from the Spinning Department at the market price of the day,\* which, however, is nominal and low. It would pay the Mills to buy the yarn they require for their Weaving Department at the price they credit to their own Spinning Department. That they do not do so proves that they cannot buy that yarn at that price, though they cannot sell it at a higher.

28. Nevertheless, both mills show an identical course in the profits. In '95 and '96 the profit per spindle is highest, and the profit per loom is lowest. In the quinquennium preceding, the profit per loom is highest, and the profit per spindle is lowest. In the final period, the profits of both are intermediate. An inverse sympathy between the profits of Spinning and of Weaving would appear to be established. And very naturally. In '95 and '96 yarn was dear owing to a large China demand which made Spinning profitable for other purposes than cloth manufactured in India. The Indian weaver had to pay a proportionate price for his raw material without the advantage of similar boom in his cloth. In other years, when yarn was cheapened by a low demand from China, the weaver had a good time of it.

29. There is a clear indication that after the new Tariff on Indian cloth, Weaving profits have not reached the old height. The following excerpts about the variations of price-current (No. 194 Statistical Abstract, 1901) are instructive :—

Average prices in the years.	Of Broach cotton.	Of Bombay yarn 20's.	Imported cotton grey shirtings.
1873 ...	100	100	100
1890-1894 ...	89	72	74
1895 ...	70	67	71
1896-1899 ...	74	65	66

The columns showing the relation between cotton and yarn very clearly explain the high and low profits of the various periods. But comparing the columns for yarn and cloth (if the variations of shirtings are a correct index of the variations of Indian cloth), we do not see why cloth should be less profitable in 1895 than in the quinquennium preceding or than in the four years following. The margin between yarn and cloth is less during the duty-paying period than in the first quinquennium on an average. Thus, so far from the excise-duty or the import duty having been made up by the con-

\* These two mills, whose Spinning and Weaving Departments are under equally competent management, do not show that Weaving is more profitable than Spinning under equally good management. Since the first edition was issued, I have gone more minutely into this question and have satisfied myself of the truth of this conclusion.

sumer, there is a deficit without the excise-duty. Famine may be responsible for this lower price by depressing the demand; but there is no reason to suppose that the price would have been lower still but for the duty. The consumer *never* calculates the cost of production. A burden or benefit is passed on to the consumer only through the agency of supply; as the output of mills cannot be reduced, the consumer, with or without famine, will hold his own against the transfer of duty to him, the adjustment on the rapidity of which Sir James Westland founded the most rhetorical part of his justification of the Cotton Duties can take place only when consumption is *increasing*; and demand is strong.

30. Returning to the two mills, the same course of profits may be exhibited by studying not the profits per loom or spindle, but per cent. of the value of cloth or yarn sold. The following table will serve to show the movement of profits on cloth :—

In the years.	Profits per cent. of value of cloth sold in Mills.	
	I	II
1890-1894. ...	11'4	7
1895 ...	5'2	4'2
1896-1899 ...	8'8	6

31. The same table would be slightly modified if instead of the actual values of cloth sold, the average values per lb. prevailing in the quinquennium '90-'94 were taken for all periods :—

In the years.	Profits per cent. of value of cloth sold in Mills.	
	I	II
1890-1894 ...	11'4	7
1895 ...	4'9	4
1896-1899 ...	7'8	5'3

32. These two tables teach the same truth *viz.*, that the profits of Weaving before the duty were higher than after the duty; but, of course, too much stress should not be laid on these figures, as the value of the production per loom varies from year to year. They should be used as indications, but not as more than indications, of the direction of profits. [Depreciation is not allowed for in these profits.]

33. The profits of pure Weaving have been separately worked out by two distinct methods. Of 58 mills, in 4 classes, 33 do pure Spinning; and 25



both Spinning and Weaving. Of each of these mills in every year, the number of spindles, looms, value of production, Capital, Funds, liabilities are all noted down. Take any one year, say 1895. The pure Spinning Mills earned a profit of 11·2 per cent; if the total Capital of the Spinning and Weaving Mills for that year be divided into the part relating to Spinning, and the part relating to Weaving, and if 11·2 per cent. be allowed on the Spinning Capital, and deducted from the total profits, the balance would represent the total profits on pure Weaving, which when divided by the Weaving Capital would give the profits per cent. on pure Weaving. The method might be carried out, not for all Spinning Mills, but for each class of Spinning Mills separately. The difficulty is to precisely *divide* the Capital. No satisfactory ratio is obtainable, though many devices were employed to overcome difficulties. A rough result will be exhibited by taking the fixed capital for 17,000 spindles equal to the fixed Capital for 1,000 looms.

34. The other method is to take the number of spindles in all the pure Spinning Mills of any class, and then the profit per spindle for that class; to take the spindles only of the Joint S. & W. concerns of that class, multiply the number by the profit per spindle previously ascertained; this should give the Spinning profit of the S. & W. Mills of that class. Deduct the Spinning profit from the whole profit; the balance is the Weaving profit for all the looms of that class; this, divided by the number of looms, should indicate the profit per loom of that class. The course of the profit per loom year after year enables us to see the effect of any measure on Weaving profits. The disadvantage of this method is that unless ring and mule spindles are separated, unless old and new spindles or looms are taken apart, the result is not likely to be unambiguous; and to separate these, a much larger number of mills than are examined would be required.

35. When the capital of the Joint Spinning & Weaving Mills is divided so that the Fixed Capital on 17 spindles is taken equivalent to that on 1 loom, the following Share-holders' earnings for Spinning, and for Weaving, separately are deducible. The pure Spinning Mills are taken separately; their profits per cent. are deducted from the Spinning Capital of the Joint Concerns; the remaining Capital being taken as Weaving Capital, and the remaining profits as Weaving Profits:—

Period.	Spinning Profits* per cent.	Weaving Profits per cent.	
1890-1894	4·4	11·5	} The C. I. Mill is not considered.
1895	11·2	15·4	
1896-1899	1·6	9·6	

\* The profits in these tables are Share-holders' earnings. Depreciation has been provided for; but they include interest paid on Reserve and other Funds, but not on Liabilities.

When the method of para 34 is applied (without reference to the classification of mills) the following results are obtained :—

Period.	Profit per annum per 17 Spindles.	Profit per annum per Loom.	Profits per 17 Spindles and per Loom (omitting Class I.)	
	Rs.	Rs.	17 Spindles.	1 Loom.
1890-1894 ... ..	28'5	127	28'5	69
1895 ... ..	67	130	65	77
1896-1899 ... ..	16'3	102	13	33'4
1890-1899 ... ..	27	115	25'3	52'5

36. If the mills be taken class by class, the following results may be shown :—

Period.	Profits per 17 Spindles.				Profits per Loom.			
	Class.				Class.			
	I	II	III	IV	I	II	III	IV
		Rs.				Rs.		
1890-94 ... ..		34	41'8	7'1	...	154	15'4	50
1895 ... ..		82'5	79'2	36'5	...	194	(-97)	22
1896-1899 ... ..		48'3	17	(-10'5)	...	90'7	39	(-91'5)

The percentage earnings on Share-holders' Capital, when distributed class by class, (by the method of para 33) are shown below, both separately on Spinning and on Weaving :—

Class.	Spinning.			Weaving.		
	1890-1894.	1895.	1896-1899.	1890-1894.	1895.	1896-1899.
I ... ..	...	19'3	16'9	...	17'3	18
II ... ..	7'8	18	8	18	16'5	10'4
III ... ..	7'2	13'8	2'7	(-1)	(-17)	9'5
IV ... ..	14	7'9	(-2'2)	5'3	1	(-17)

[When thus distributed, there is no consistent excess of profits noticeable in weaving.]

37. It thus appears that the omission of Class I makes a much larger difference to weaving than to Spinning; that the Weaving Profits have been halved, when taken per Loom; that in the fourth class of mills, the fall converts

a small profit into a big loss. Nevertheless, when taken class by class, there are anomalies in the figures, as might be expected. The profit here taken is what is due to the Share-holders; but in the lower classes of mills, many must have been built on borrowed capital, and the profits due to borrowed capital are paid away as interest. A better view of the course of profits would be obtained if the interest paid be added to the profits.

The following synopsis may be instructive :—

Periods.	Profits in rupees per 17 Spindles including interest on borrowed Capital in classes.				Profits in rupees per Loom including interest on borrowed Capital in classes.			
	I.	II.	III.	IV.	I.	II.	III.	IV.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1890-1894 ... ..	...	58	62	34	...	163	59	71
1895 ... ..	163	102	100	72	387	216	(-50)	95*
1896-1899 ... ..	124	73	37	22	412	91	119	(-37)

38. The anomalies are not removed by taking interest together with the profits. The Weaving Profits, in more than half the cases, keep higher than the Spinning Profits; the third class Spinning Mills are quite as profitable as the second-class before 1895, while the fourth class Weaving Mills are more profitable than the third class in the same period; the weaving of the third class is more profitable in the last than in any preceding period. As has been observed

\* Comparing the Tables of paras 36 and 37, we find that while the profit per loom alone for 1895 in class IV is Rs. 22, profit *plus* interest, for the same loom in the same year, is given as Rs. 95. This is, of course, impossible, as interest never is negative. The anomaly arises from the method employed to obtain these figures. The interest-charge on the Spinning Mills of Class IV is excessive, probably due to the Fixed Capital also being partly borrowed; the interest-charge on the Spinning and Weaving Mills of Class IV is apparently normal. When, therefore, the profit *plus* interest per spindle obtained from the pure Spinning Mills is deducted for all the spindles of the Spinning and Weaving Mills, much more is deducted for the interest-charge per spindle than has been really paid by the Spinning and Weaving Mills; and therefore the profit *plus* interest per loom works out fallaciously smaller than it actually is. To take exact figures. The interest-charge for 1895 for the Spinning Mills of Class II and Class III is Rs. 21 per 17 spindles; that of Class IV for the same year is Rs. 35.5 per 17 spindles; the difference in the *rate* of interest is not greater than 20 per cent, or would not account for more than Rs. 5 excess; therefore about Rs. 11 per 17 spindles are probably an interest-charge due to "capital debt." From this interest-charge due to "capital debt," presumably, the S. and W. Mills of Class IV are exempt; but, on the method adopted in this paragraph, the whole of Rs. 35.5 is charged for interest on the Spinning department. In the S. and W. Mills of Class IV, there are 62 spindles to 1 loom—at the rate of Rs. 11 per 17 spindles, the 62 spindles are charged Rs. 40 for interest which ought properly to be credited to the loom for profit *plus* interest. The figure for the loom's profit *plus* interest, on this computation, would be Rs. 50, as against Rs. 22 without interest; and this is as it should be.

these anomalies might have been expected. The classification of mills, made on average profits, is not perfect; old and new spindles and looms are not differentiated; a mule has been roughly taken as  $\frac{4}{5}$ ths of a throstle or ring spindle. (See Appendix E). But the chief source of error consists in the unequal distribution of Looms and Spindles in the Joint Concern. An error of Re. 1 per Spindle in the Spinning Profits would compel an error of over Rs. 50 in the profits per Loom; or one per cent. understatement of Spinning Profits would exaggerate the Weaving Profits by 3 to 4 per cent. Taking all these circumstances into account, the Weaving Profits derived from all mills, *without classification*, (and omitting Class I for containing 3 mills, spinning for only a few years, and 2 exceptional S. & W. Mills), are to be accepted as more reliable, where inequalities compensate each other.

39. The total amount of duty paid by the 25 S. & W. Mills investigated for this Memorandum was 18 lacs, made up as under :—

Class.	Amount of duty.	Duty per Loom.	Percentage ratio of Duty to Weaving Profit.	Percentage ratio of Duty to Weaving Profit plus Interest.
		Rs.		
I ... ..	405 thousand	55	Of Central India 38 p. c.	.....
II ... ..	899 ,,	42	48 p. c.	46 per cent.
III ... ..	254 ,,	30	75 p. c.	25 per cent.
IV ... ..	238 ,,	13	Loss equal to over 7 times the duty.	Loss equal to twice the duty.

40. It now remains to ascertain how far the results obtained so far, whatever their value, may be taken to be representative of the Industry of the Country. The memo so far has reviewed 58 mills; these are mainly those whose Agents kindly furnished Reports or summary statements or both for 10 years; in 2 cases it was possible to obtain Reports, where the Agents did not choose to favour this inquiry. Recently, a sheaf of Reports about Ahmedabad Mills has been obtained; but the greatest portion of this memo had been already written, and it would have entailed too much delay to analyse this fresh batch of Reports, and incorporate them in this memo. A reference to the Commercial Columns of the *Times of India*, the *Pioneer*, and the *Madras Mail* has given information about 49 mills not referred to in the preceding discussion.

41. It is first important to make certain that this newspaper information is reliable. The newspapers between them give information about 40 other mills whose Reports have been studied for the purpose of this Memorandum. The Reports mention dividends actually paid during the periods noticed by the newspapers which also mention the dividends; and the two

statements about dividends are found to be somewhat wide apart. The dividend paid, according to the newspapers, is 342 lacs, whereas the Reports show only 275 lacs. Thus the newspapers have exaggerated the dividends by 25 per cent ; and it is quite probable that the quotations for market-values are similarly exaggerated or at least careless.

42. Such as they are, they give this information. 29 mills with the paid-up Capital of 285 lacs have paid 178 lacs in dividend, or  $6\frac{1}{2}$  per cent. These mills have been in full work for 10 years. The market-value of these in 1890 was 247 lacs or 85 per cent. of paid-up Capital ; the market-value in 1895 was 272 lacs or 96 per cent. The quotations of all are not given for 1900 ; but paid-up Capital of 250 lacs was quoted in that year at 158 lacs or 63 per cent. The average price of the period was 245 lacs or about the same as in 1890, *viz.*, 85 per cent. of the paid-up value. There is one mill which maintains its market-value at par or even more, which has kept in full work for ten years, but whose dividends are not stated ; its capital is 6 lacs.

43. 9 other mills with a paid-up Capital of 57 lacs] have worked for a shorter period, so that their average Capital is only 38 lacs ; on this they have earned a dividend of only 7 lacs in the whole period, or less than 2 per cent. per annum. Their average market-value was 44 lacs or 77 per cent.

44. Taking together these 39 mills, the dividend reported to have been paid by them is 5.5 per cent, as against the 6.8 per cent. of the 58 mills whose Reports have been examined ; and 5.7 per cent. if C. I. be omitted. The market-value of their shares, in 1890, was 84 per cent. of the paid-up Capital ; in 1895, 92 per cent ; and in 1900, 65 per cent. The market-values of 45 out of the 57 mills with Reports (Central India being omitted) were in the years 1890, 1895, and in 1900, respectively 80 per cent, 121 per cent. and 78 per cent. of the paid-up Capital. It will thus be seen that the results of this memorandum are more favourable than would be obtained by taking the generality of mills ; particularly when it is remembered that newspaper accounts are shown to have exaggerated dividends by 25 per cent. in the case of 40 other mills whose annual reports were available for comparison. The newspaper accounts, moreover, mention 10 other mills, 2 of which became private concerns, and 6 stopped work or went into liquidation. These 6 concerns had an aggregate paid-up Capital of 35 lacs.

45. The net impression on an unbiassed student of the statistics of the Indian Mill Industry would probably be this:—The profits of the Mill Industry are fluctuating, and on an average of 10 years not larger than enough

to tempt Capital; the profits of Spinning are more fluctuating and smaller than those of Weaving, but not so much smaller but that the addition of a pie per lb. in the price of yarn may equalise the profits. Both Spinning and Weaving Profits have fallen since 1896; the Spinning Profits owing to increased cost of production, more directly owing to the slump in the Chinese market for Indian yarn. Increased cost of production, from the duty as well as other items, together with the arrest of demand for cloth owing to famine, may account for the fall of Weaving Profits. But whatever the causes, that prompt adjustment, and transfer of a burden or a benefit to the consumer (which is indicated by steady profits), relied on by the defenders of the cotton tariff does not exist; and it does not exist because both the extension and withdrawal of Capital take time in this Industry. Extension becomes possible in 2 or 3 years; withdrawal in less than a decade would be very difficult. Under such conditions, the cost of production only partially rules prices; the determining factor of value is Demand. It is lucky for the Mill Industry that the Cotton Duties have affected cloth only; the Capital sunk in Weaving is a small fraction of the Capital of the Industry, and Weaving Profits have been higher than Spinning. Had the duties been imposed on yarn, matters would have become serious; with vanishing profits, the extra burden of the duty would have become unbearable. The consolation would have been that the bulk of the yarn would have escaped duty on export; and that the price of yarn sold in India could, to a large extent, have risen in response to the duty. This would have perhaps hit the hand-weavers.

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## APPENDIX.

For deducing the rate of profits with some accuracy, it is necessary to apply some corrections to the figures furnished in the Reports of the various mills. When these corrections are applied, the figures are called "estimates" in the text of this memorandum, as distinguished from "actuals" referring to the figures taken as they stand in the Reports, and shown side by side for verification.

It should be remarked that for nearly every item there is lacking a uniform practice in statement. Repairs are sometimes lumped together with wages and stores, sometimes are shown separately, and again are partially shown as a charge on the Depreciation Fund. A Reserve Fund, when a Depreciation Fund is inadequate, is meaningless, and yet is shown as Reserve. Commission is shown or disguised in various ways. Interest-charge may or may not include interest on Depreciation and other Funds. When it was observed that the actuals gave the figures in the Reports, the figures meant were really the figures after being reduced according to some uniform principle.

The corrections relate to :—

### A.

(a) Reserve and other Funds ; and (b) Liabilities.

### B.

(a) Depreciation-charge annually ; and (b) Annual Commission to Agents.

### C.

(a) "Estimated" Share-holders' income and net earnings.

### A.

The Total Capital of a mill should mean the whole capital, fixed and working, employed on the mill, whatever the source from which it is derived. If the paid-up Capital alone had been kept in mind, and the actual dividends paid, the following inaccuracies would have resulted :—

(1) The mills require to be classified according to their profits, and then compared ; but the classification would be inaccurate if the paid-up Capital were taken to represent the Capital on which dividends are earned. Some mills showing a high rate of profit per cent. of paid-up Capital have really earned so much because their capital is larger, the Reserve and other Funds having been spent in enlarging plant. Other mills show a smaller rate

of profits than they have really earned. They may be paying heavy interest on mortgage, made necessary by the scanty paid-up Capital. Their borrowings may largely represent the losses of previous years not written off against any available Fund; so that a portion of the paid-up Capital has been practically wiped off. They may have deteriorated in value, because of their diminished production—sufficient sums not having been spent in previous years on repairs and renewals.

(2) Apart from classification, though we may expect that the two classes of error may compensate each other in the final result, still it is better to verify the compensation than to assume it.

(3) The Liabilities are deceptive as stated in the Reports. They are only the liabilities on the last day, and may be higher or lower than the average according to the date of the making up of accounts, according to the practice of the mill to keep or avoid keeping large stocks, and according to the items put under the head of Liabilities—such as unadjusted bills, unpaid wages and unpaid dividends; sometimes such items as Workmen's Insurances Fund, etc. Unless care is taken, sometimes a higher class of mills will appear to pay a larger rate of interest than the lower classes.

(4) Dividends are sometimes paid out of a Dividend Equalization Fund, or the Reserve Fund, or even by starving provision for depreciation and repairs. Dividends, therefore, cannot correctly indicate the *course*—the rise and fall—of earnings. And this error would, of course, be aggravated, if meanwhile the Fixed Capital has altered without a corresponding change in the nominal capital.

To avoid these and other sources of error the paid-up Capital and the Funds are taken together as Share-holders' Capital—the paid-up Capital being called the Share-Capital. No distinction is made between Reserve and Depreciation Funds, as sometimes Reserve is only a supplement of very meagre Depreciation, and sometimes Depreciation is disguised Reserve. All Funds spent on the mill out of the Share-Capital, or savings from past earnings, belong to the Share-holders either in their capacity of Mill-owners, or Mill-insurers. In this Share-holders' Capital are included all sums that have been spent out of the Depreciation or Reserve Fund on the purchase of new Machinery, or even on the replacement of old. Supposing that the Liabilities are spent entirely as working-capital, the Share-holders' Capital thus understood will exceed the real value of the fixed capital by the amount by which it has depreciated. If the actual Depreciation, (as estimated by methods to be explained later) then, be written off, the balance would represent the accurate value of Share-



holders' Capital. Unfortunately, from the way in which Depreciation is usually understood, it cannot be said that the productive power of a mill diminishes in exact proportion to this Depreciation; and as no precise scale is known to determine the relation between Depreciation and diminution of production, *two-thirds* only of the Depreciation from year to year is deducted. The Shareholders' Capital thus estimated is about 80 per cent. of the actual figures of the Reports. If the Report Figures had been adhered to, the earnings of Shareholders would not have been brought out at 6 per cent. but only at 5 per cent. The corrections help to show the position of the mills more favourably. It is not pretended that the correction is accurate; there are other petty sources of inaccuracy; but this figure is as near the mark as any other.

(b.) There is no means of correcting the Liabilities except by a reference to the books of the mills which are not accessible. The correction made is on the principle that each class of mills would have a certain rate of interest. Where the rate of interest falls short of this anticipation, the liability is written down to bring the interest to the expected level. But, of course, the correction is very rough. The reduction made is in the proportion of 18 to 17.

## B.

The estimated rate of Depreciation is taken at  $4\frac{1}{4}$  per cent. on the value of the whole fixed capital of a mill, including site and buildings. For this purpose, the real value of the fixed capital of each mill was ascertained year after year, by downright calculation, and also checked by comparison with figures of Shareholders' Capital. The actual Depreciation so taken exceeds the annual contribution towards both the Reserve and Depreciation Funds together, in the ratio of 29 to 23. But as a matter of fact it is smaller than the amounts actually contributed by the 16 mills that are in the first two classes. It is one-half of the amount sanctioned by the 1st class mills, and 15 per cent. less than that sanctioned by mills of the 2nd class. It is less than that set apart by mills under European management; it is much less than what is recommended in a text book on Depreciation. Repairs of every kind are payable out of this estimated Depreciation Fund, so that where the item of repairs figures in the charges on Revenue Account, that item is deducted from the amount transferable to Depreciation. The amount was adopted by a reference to the actual experience in Mr. Tata's mills, and also on the advice of Mr. Bezanji Dadabhai Mehta, Manager, Empress Mills, Nagpur, as well as Mr. A. J. Bilimoria and Mr. Morris, Architect. (of Messrs. Gostling & Morris.)

## B. (b)

The Commission system is the weak spot usually fingered by the assailants of the Bombay Mill system. If only the commission charges were

not excessive, it is argued time and again, there would be no fear of Mill-profits drying up. It has been, therefore, attempted to substitute "estimated" Commission for the actual commissions paid. The Agents of mills perform undoubted services for which remuneration is due to them. The market alone can be trusted to settle, in the long run, what is adequate but not extravagant remuneration. If the scale of the better class of mills is adopted, and made more rationally grounded, there should be some hope of lighting on a theoretically just scale. Whether mills pay or not, Agents have to do a certain amount of office work, buying, selling, studying prices and credit, attending to the general conservation of a delicate organization. For this service they are remunerated only indirectly out of the commission. More than one Agent has found it needful to employ an expert (not paid out of the mill revenues) to relieve himself of some portion of this work. More than one good mill guarantees to its Agents a minimum commission. This is reasonable. In the estimated Commission, (adopted in this memorandum) there is a minimum of Rs. 6,000 a year for every mill. The rest of the commission is made proportional to net profits. In the ordinary practice of good mills, 10 per cent. on share-holders' profits is allowed; but except in some English mills the 10 per cent. is calculated on profits before Depreciation is allowed for. This distribution is theoretically faulty. Depreciation is a part of expenditure and not of profit. On the other hand, the interest paid to a mortgagee entails on the Agent as much labour and skill to earn it, as if the mortgage-Capital had belonged to the share-holders. Therefore, the commission should be a percentage on Net Profit, including under the term sums reservable for Dividends, Interest-charge and Commission,—but not for Depreciation. What should be this rate per cent? The total earnings of the Svadeshi Mills, including interest paid, during the 10 years 1890—99 were 3,473 thousand; allowing for Depreciation, they would be probably 29 lacs; the commission paid was  $2\frac{1}{4}$  lacs; deducting Rs. 60,000 as the minimum, there would be 165 thousand on 29 lacs which is nearly 6 per cent. So, six per cent. on the Net Profit (including interest) *plus* Rs. 6,000 per annum per mill as a fixed item, has been estimated as the just commission of a Mill-Agent. So calculated, it comes to about 60 per cent. of the commission actually paid on the average.

### C.

The Share-holders' earnings in a mill have been estimated in the memorandum at 6 per cent. Had the commission charged been the actual Commission paid, and not the estimated Commission, the earnings would have dwindled to 5 per cent. Had we omitted the C. I. from the reckoning, the average earnings of shareholders would have been reduced to 4 per cent; and nearly to  $3\frac{1}{2}$  per cent. if no deduction had been made on the Capital account for deterioration.

All the corrections made, therefore, with the sole exception of Depreciation, have immensely helped a favourable picture of the mills whose normal condition would have appeared gloomy but for these modifications in estimates.

#### D.

The net income per cent. on Share-holders' Capital is taken to be the ratio of the estimated profit to every 100 of the Share-holders' Capital as estimated in Appendix A. Now, this estimated Share-holders' Capital represents the Share-holders' interest in the whole material Capital of the mill. If we take the *actual expenditure* on site, building and plant of a mill, allow for its Depreciation year after year (as in Appendix A), we should get the whole fixed Capital of the mill in any year. If we take the average value of the stocks of the raw produce and the finished articles, of balances in hand, and of liquid investments, we should get the whole circulating Capital of the mill. The usual practice is for the Share-holders to supply the Fixed Capital, and deposits and debentures and loans from banks to supply the Circulating Capital. But not always. A part of the fixed Capital may come from borrowings; a part of the circulating Capital may come from the Reserve Fund; if we add the Fixed and Circulating Capitals, and deduct the Liabilities, we get the Share-holders' interest in the Capital of the mill. It is found equal (in every year for every mill examined) to the Estimated Share-holders' Capital in Part II and Appendix A.

#### E.

The 58 mills examined are classified into 4 groups according to their average profit for 10 years. The Spinning mills and the Joint S. & W. mills are separately classified. Among the Spinning mills in each class, three divisions are made according as the spindles are all mules, or all throstle or ring, or mixed. The cost of the mills with mules only in each class, with regard to site, building and plant, (Fixed Capital) for the year 1899 is compared with the number of mules in those mills in that year; an estimate of the fixed capital per mule is thus obtained. [Where land is leased, and the rent is separately stated it is capitalised at 5 per cent per annum.] A similar estimate of the fixed Capital per throstle or ring spindle is also obtained. The general applicability of these figures is verified in the mills with mixed spindles.

The general result appears to be (but very roughly) that the Fixed Capital on a throstle is about 53 rupees; that that on the Mule is  $\frac{4}{5}$ ths. of this.

With this knowledge, the Joint S. & W. Mills are examined. The spindles are reduced to their values, which are subtracted from the whole Fixed Capital of the Joint Concerns for that class. The balance is the estimated value of all

the looms in that class. Thus estimates of values of the looms in all classes are obtained.

The general result appears to be that the Fixed Capital of a mill may be so distributed that 17 ring or throstles or 22 mules make the Capital of 1 loom.

## F

Reference has been made in para 3, Part I, to the effect in the eighties of computing capital and dividends in sterling. As the statement there has been disputed, I shall re-state my position here, and illustrate it with figures of the 58 mills examined in this memorandum.

Let us start with the hypothetical premiss that the whole capital of these 58 mills had been supplied by England. As most of the mills were founded before 1881, the capital would have been remitted to India at 20d. to the rupee. Dividends would be remitted from India to England every year at the exchange-rate of the day, *c. g.* in 1894 at 13d. to the rupee. The eligibility of the investment to the English capitalist would depend upon the number of *sovereigns* paid to him as dividend for every 100 *sovereigns* he has put into the mills. To the Indian investor, on the other hand, the measure of eligibility would appear to be the ratio of rupee dividends to the rupee capital. These two views may be numerically illustrated by the following Table:—

Year.	In thousands of Rupees.		In thousands of pounds Sterling.		Percentage of Dividend to Capital.	
	Paid-up Capital.	Dividend.	Paid-up Capital.	Dividend.	In Rupees.	In Sterling.
1890 ... ..	30,138	2,101	2,518	158	7.0	6.3
1891 ... ..	36,474	3,091	3,095	219	8.4	7.0
1892 ... ..	39,098	2,598	3,289	162	6.6	5.0
1893 ... ..	40,223	1,917	3,387	120	4.7	3.5
1894 ... ..	41,137	2,904	3,511	157	7.0	4.5
1895 ... ..	45,875	4,271	3,776	249	9.3	6.5
1896 ... ..	49,098	4,167	3,988	243	8.5	6.1
1897 ... ..	48,186	3,623	3,803	226	7.5	5.8
1898 ... ..	50,297	3,163	4,062	211	6.3	5.1
1899 ... ..	51,579	2,310	4,095	154	4.5	3.7
Average ... ..	...	...	...	...	6.9	5.3

[*Note.*—The differences of capital in the successive years arise from the impossibility of securing the Balance Sheets of all the 58 mills for all these years. In every case, the capital is converted into sterling according to the average rate of the year in which it was paid-up.]

It will thus be seen that the sterling rate of earnings is on an average 25 per cent. lower than the rupee rate ; and there should be some means of reconciling the two rates. Particularly, as the bulk of the Fixed Capital of the mills is neither rupees nor sovereigns but machinery imported from England. The reconciliation is to be found in the answer to the question—What is the real value of a rupee ?

Fluctuations in sterling exchange are not only a *cause* of industrial dislocations ; they are far more certainly the *effect*, and therefore, the indicators of alterations in the purchasing power of money in the gold-using countries, or in the silver-using countries, or both. There is reason to believe that the predominant feature up till 1885 was the appreciation of gold, but that since then silver has depreciated. More or less probable evidence in support of the depreciation of silver may be briefly presented. Prices in India have shown a perceptible rise throughout the country as shown by Mr. O'Connor, and Mr. Fred. Atkinson ; money-wages, even in agricultural districts, have risen, as shown by Mr. Fuller in his account of the Central Provinces; large volumes of silver were pouring into the country before the closing of the mints, and probably not all flowing out into the Far East, or underground into the hoards ; and the process was reversed by the simple expedient of the closing of the mints\*. The quantitative theory of money is, then, true in some form only vaguely guessed at by us. The rupee has depreciated.

But if the rupee has depreciated, it follows that 7 rupees paid as dividend in 1895 on a hundred rupee share of 1875 are not 7 per cent. on the share-capital ; but less than 7 per cent. by the amount of the depreciation. If the sterling value of the rupee accurately measure the real value, then the sterling columns of the above Table would be the only ones which give a correct view of the situation of the mills. Otherwise, the real situation should be something intermediate between the rupee columns and the sterling columns.

I am far from suggesting that we can ever determine the "real" value of the rupee, or even that we can form a clear conception of "real" value. Nevertheless, it is absolutely necessary to keep the idea in mind, if only to avoid bankruptcy. The market-value of mill shares quoted in rupees is no measure of the rise and fall of the fortunes of share-holders. A part of the higher value of mill-shares is only an expression of the fact that the share-capital represents machinery which, other things being equal, ought to be worth more depreciated

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\* I am not concerned here to pass a judgment on the policy of the closing of the mints, or its effect on the Mill Industry, or its connection with the boom in financial surpluses. The issues would be irrelevant in this Note, and I have not qualified myself to deal with them.

rupees in 1895 than it was valued in the full-valued rupees of 1875. If the real value of the rupee be indicated by its sterling value, and if there be no disturbance in the relative values of iron and other things, machinery in 1895 should be worth 60 per cent more rupees than in 1875; and a share of the nominal value of a hundred should automatically be worth 160, other things being equal; the dividend of 7 on 160 is only 4·5 per cent on the real capital.

But a formidable objection has now to be met. "A Rupee is a Rupee in India," it is urged with the whole emphasis of an *argumentum ad baculum*. It was not so long ago that corn-rents were the customary form of payment to an Indian land-owner; but I never hear it remarked that "a sack of wheat is a sack of wheat". If the land-owner himself consumed the wheat, there would be some truth in the contention; but if he has to get rid of the bulk of it in exchange for other things, then the value of things the sacks will exchange for is the true measure of the receipts in the form of sacks of wheat. For the same reason nobody acts on the belief that a Russian rouble note is a Russian rouble note. Why then should a Rupee be always a Rupee, unless we wish to eat the coin, or use it to decorate the shirt-front or shirt-sleeves, or employ it as a material in the arts? If the only use we wish to make of it is as a standard and store of value, then a rupee of 1895 is no more a rupee of 1875 than gilt is the same as gold. It is the view of the baby that identifies gold and brass balls and lemons because they are all yellow. To the natural baby, colour and form are of the essence of objects; to the currency baby, the jingle of the rupee, its weight and fineness,—and not the purchasing power—are of the essence of the rupee. Or is it that the fixity of the ratio between sovereign and rupee maintained by the Latin Union for over half a century is responsible for the sentiment in favour of the fixity of the rupee?

It may, at this stage, be naturally inquired whether the fall of rupee profits in the period 1897-99 evidenced in Part II may not be only an indication of the appreciated rupee. The subjoined table of the average sterling values of the rupee disposes of any such contention:—

Period.	Average	
	Sterling value of Rupee.	
	<i>s.</i>	<i>d.</i>
1889-90 ... ..	1	4·5
1890-91 to 94-95 ... ..	1	3·6
1895-96 ... ..	1	1·5
1896-97 ... ..	1	2·4
1897-98 to 99-00 ... ..	1	3·66

The sterling value of the rupee averages the same in the concluding period as in the initial.

J. H. FISHER & Co.

TELEGRAPHIC ADDRESS

Fissure, Manchester

Telephone No. 156.

9, SOUTH PARADE,

Manchester, June 23, 1902.

DEAR SIR,

I have perused with much interest Mr. Padshah's memorandum which has been very carefully and intelligently prepared, but the absence of necessary "data" prevents me from thoroughly criticising it. The conditions of Spinning and Weaving in India are so different from those obtaining in this country that comparisons are practically impossible; but there is one very important point which calls for remarks *viz.* the question of Depreciation. The memo shows that the "Estimated" rate of Depreciation on the whole of the Plant (including Site) is taken at  $4\frac{1}{4}$  per cent per annum based upon the "real value" of the fixed Capital of each mill ascertained year by year, which I take to mean the depreciated value and not the original cost, but the actual amounts allowed seem to have fallen short of the Estimated rate in the ratio of 29 to 23. In this country it is not considered sound policy to allow less than  $2\frac{1}{2}$  per cent on the "Original Cost" of Fixed Plant *i. e.* Buildings, Boilers, Engines, Mill gearing, etc. The site is not included as the Land is usually taken on a long lease (999 years) at a fixed price per square yard per annum and the Chief Rent thus paid is taken as a part of the working expenses. Then is also allowed  $7\frac{1}{2}$  per cent per annum on the Cost of Machinery, Card Clothing, and Furnishings generally making an average of 5 per cent per annum, as near as possible, on the value of the whole plant. Where depreciation is thus allowed on the "original" cost it is customary to add to Fixed Stock (Mill and Machinery) the cost of all ordinary Repairs and Renewals, and experience has proved the soundness of this system. The practice of interfering with the rate of Depreciation in times of narrow margins of profit, either to reduce a loss or to increase a small profit, cannot be too strongly condemned from an Investor's point of view. In passing I should like to say that the system of Depreciation as adopted in this country would, if applied to Indian Mills, simply strengthen Mr. Padshah's contentions and deductions.

The object of the memorandum is intended to shew that before the imposition of Cotton Duties on Cloth, Weaving was more profitable than Spinning from 1890 to 1894 and that since the introduction of Duties profits on Weaving have been gradually diminishing. The assumption is that had similar Duties been imposed on Yarns matters would have been very serious for the Indian mill industry. It goes on to shew that the average profits of the mill industry since

1890 are not high, with which I thoroughly agree, and are not such, when taken over the decade, to encourage Mill Building. The fallacy (so-called) of the Cotton Duties being paid by the consumer and not by the producer, is no doubt true to a certain extent, but the real point is, after all, the question of supply and demand. It is more than probable that other causes than the imposition of Duties may be responsible for the vanishing profits, such, for instance, as over-production, and Famine. The profitable nature of Weaving prior to 1895 doubtless encouraged a large increase in the number of Looms, and the production of Cloth has probably been greater than the Home demand, hence where Spinning and Weaving have been combined the average earnings of such mills have decreased since 1895 in a greater ratio than where there has been Spinning only, the deduction being that the Export of Yarns has benefitted those mills with Spinning only, whilst the increase in price of Cloth, through the imposition of Duties, has curtailed the home demand. Such may be the case, but I am not in a position to discuss the point. Mr. Padshah has evidently very carefully studied the whole question as his remarks and the figures quoted prove him to be thoroughly acquainted with the whole subject.

Believe me,

Yours faithfully,

J. H. FISHER.

JAMES ATKINSON Esq. }  
 MESSRS. JEREMIAH LYON & Co., }  
 MANCHESTER.

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## SUMMARY.

The conclusion of the appendices may now be stated. The problem of this paper is twofold; one to ascertain the average earnings of the Mill-industry; the other to discuss the rise or fall of the rate of profit after the particular measure of the Cotton Duties. In the solution of both parts of the problem, it is essential to measure both capital and profits correctly; and in the solution of the second part, the course of the rate of profit, it is particularly desirable that alterations in the capital and profit from one year to another should not escape detection. Changes in the purchasing power of the rupee, the method of providing for repairs and depreciation, the method of writing off of capital from year to year are among the factors on the right assessment of which must depend the correctness of the results. These and other factors have, therefore, been analysed in the foregoing appendices; and it has been shown that the ordinary process of taking the ratio of the actually paid dividends to the originally paid-up capital could have been both crude and misleading. But it has not been held that the approximate processes substituted in this memo cannot be improved; it is, on the contrary, suggested that if the Mill-owners' Association would appoint Committees to consider these troublesome questions, they would be doing a service to the Industry the Association represents.

For instance, our English expert adviser holds that the allowance here made for depreciation is too small, and the Editor of the *Times of India* considers that a proper allowance should be nearer ten per cent than four. To both these statements my answer would be that the proper allowance for depreciation in an Industry depends on a special and full experience of the conditions of the industry—an experience not at the command of every mill-owner; that the figures adopted in this Memo were based on competent advice, and were adopted after a conference at which English principles and practice were also considered; and finally that the mills which have made a much larger provision for repairs and depreciation than here argued for have not been able to spend the whole of the depreciation fund, have, in some cases, enlarged their mills out of this fund, and in more than one case the fund has been shown as an asset along with the paid-up capital as against the capital expenditure of the mills.

A Committee of the Millowners' Association would begin by accepting the *principles* underlying the actual provision for depreciation made by English mills. These principles have been reduced to a system, and may be studied in proper text-books. The Committee would then proceed to apply those principles to the special conditions of India, and *recommend* a proper standard provision for depreciation, which different mills would approximate to, after making allowance

for individual differences of situation. The Committee would probably discover that the English scale of provision must be different from the Indian.

As this seems to be disputed, I shall argue the point a little. The constituents of a depreciation charge are three:—(a) a certain amount of repair, casual and substantial, has to be effected annually; (b) with all the repairs thus administered, the life of mill-plant (including building) is limited; (c) and lastly even before this limit of life is reached, parts of the plant have to be supplanted in favour of more productive or simpler plant; and the value of all has to be written down, owing to the improvements in machine-making which cheapen plant. Now, (a) the cost of the annual repairs and replacement would depend on the price at which the stores and labour for replacement and repair can be obtained, on the rate at which the climate affects the plant, and finally on the rate, speed, intelligence with which the machinery is worked. Obviously, these need not be the same for England and India. (b) The provision against the wear and tear of plant would, in the first instance, depend on how the plant is worked, and affected by climate; secondly, by the cost of buying a substitute; but also on the rate of interest. The annual provision has to accumulate at compound interest so that when the life of the plant has reached its term, the amount accumulated could buy the new plant required. But, the rate of interest in India being higher, the annual sinking fund has to be so much lower here than in England. (c) Similar considerations affect the supersession of existing plant by invention. It is often said that the unintelligence of Indian millowners protected by restriction in competition need not be troubled about new inventions of which they will rarely hear. It may be doubted if the unintelligence and restriction of competition are quite authentic; but, in any case, the European machine-makers are not similarly exempt from competition and unsusceptible to invention; and in any case the question may be settled by adducing authentic figures. With exchange at 19d. in 1875-6, a pair of engines (of a given make) cost £7,302; the same firm supplied an identical pair in 1888 (exchange 16½ d.) at £3,574.

The Committee, having concluded what provision to recommend for depreciation, would further consider to what extent the value of the material capital should be written down. Because we need to provide a sinking fund against the term of the life of a building, it does not follow that its productive power is diminished. If the spindles in a mill are depreciated through wear and tear, if the depreciation provision be expended in the purchase of new spindles, the production of the worn out old spindles *plus* the new spindles would be probably greater than the production of a brand-new mill with the original number of spindles. If the profits are to be compared from year to year, and as between mill and mill, this fact cannot be overlooked.

The Bombay Mill-owners' Association are already collecting balance-sheets of their constituents for statistical information ; would it not be better to *recommend a form* of balance-sheet ? Let it be remembered that a diminution of *one pie* a day in the cost of production per spindle makes an addition of 3 to 4 per cent. to the profits ; that profits depend on " the stoppage of leakages ; " that mill-agents, variously occupied, cannot check these leakages with the greatest efficiency, except by carrying constants of factors of production in their heads ; that these constants can only be obtained by comparisons of balance-sheets (intelligently drawn up) not only of the same mill in successive years, but of different mills in the same year. Let any one compare the statements of the Bombay Mill Industry with the statements of the Japanese Mill Industry. In the latter figure such items as the ratio of working spindles to standing spindles, average time of work, average counts of yarn, average daily produce per spindle, waste yarn, coal consumed, horse-power, average wages.

Standardisation or graduation of the *quality of products* is a recognised essential of industries ; standardisation of the *processes* of production is neglected. The question would advance rapidly towards solution if only a beginning be made of appointing Committees to deal with the question. This I will certify from experience. The statistical work can be carried through without any mill-owner knowing any secret or figure of any mill not his own.

## CONCLUDING REMARKS.

As these pages are passing through the Press, suggestions reach me from friends who have been so kind as to read them in proof. It is thought that for a correct picture of the financial condition of the mills, the Capital wiped off by the liquidation of some of the mills should be deducted from the profits; and that, at least, the Capital loss owing to the fall in the value of shares in the market between the years 1890 and 1900 should be subtracted from the profits. I am doubtful about the propriety of writing off from profit the loss arising from the difference in quotation of market-values of shares between two terminal years; for the difference might be accidental, and due to passing causes. The first suggestion about the mills in liquidation seems sound.

Mr. Bezanji D. Mehta, Manager of the Empress Mills, Nagpur, sends me an instructive method of exhibiting the fluctuations of Spinning profits, and Weaving profits; and he works these out in connection with his own mills. He divides his spindles into those turning out saleable yarn, and others which produce yarn for weaving. He finds that 22 spindles of the latter sort are required to feed 1 loom. The cost of the Fixed Capital per loom to Mr. Bezanji's Company is 882 rupees; and the cost of the Fixed Capital per each spindle is Rs. 56. If the spindles for weaving yarn be supposed a part of the weaving plant, then the cost of the Fixed Capital per spindle for weaving would be Rs. 56 plus  $\frac{882}{22}$ , or Rs. 96. Mr. Bezanji examines the profits per spindle of either kind for 10 years, and finds that "a spindle employed on saleable yarn during the ten years earned on an average per day 13·768 pies, and the one employed for yarn to be woven into cloth earned 15·581 pies per day, *including* the profit on looms, or say all profit up to weaving points." And again he says, "while the spinning spindles worth Rs. 100 earn on saleable yarn 24·585 pies per day, the weaving spindles worth the same amount earn only 16·23 pies a day."—a difference of 50 per cent. in favour of pure spinning. Mr. Bezanji favours me with a statement of these profits during each quarter for ten years, from which I deduce the following conclusions:—

(a) That up to December 1894, the profits per spinning spindle were Rs. 15 per year, and the profits per weaving spindle were Rs. 26. *In every quarter*, the profits per weaving spindle were higher than the profits per spinning spindle.

(b) In 1895, the year of the China boom for yarn, the profit per spinning spindle was Rs. 27, and the profit per weaving spindle Rs. 25.

(c) For 11 quarters after this, the profits per spinning spindle keep *uniformly higher* than those per weaving spindle, the average being Rs. 32 and Rs. 25 respectively. This was the period immediately after the duty.

(d) For the 9 succeeding quarters, the profits fluctuate; but the average per spinning spindle is Rs. 22, and that per weaving spindle is Rs. 24.

(e) The average per spinning spindle (for the whole ten years) is Rs. 22, and that per weaving spindle is Rs. 25.

(f) When the weaving spindle earns less than the spinning spindle, it is not because weaving is a dead loss; only the yarn used for weaving is probably of a higher count, and is less profitable than saleable yarn. (*Vide* para 27 part II, last sentence.)

(g) The profits of the spinning spindle are rising, while those of the weaving spindle are stationary, thus :—

Profits per annum.		
In the period.	Per Spinning Spindle value Ra. 56.	Per Weaving Spindle value Ra. 96.
	Rs.	Rs.
1891-94 ... ..	15	26
1895 ... ..	27	25
1896-98 ... ..	32	25
1899 & 1900 ...	22	24
Average Rs. ...	22	25

(h) The particular value of these figures to my mind is that the Central India mills are somewhat independent of the China market for yarn. The stationary profits on the weaving spindle fall into two parts,—the profits on the spinning part which are rising, and the pure weaving profits which must, therefore, have fallen.

(i) Taking the profits of cloth to mean the profits of the whole process from cotton to cloth, we eliminate the fluctuations due to the fluctuations of yarn. In the Empress mills, there would be about 30,000 weaving spindles during the period after the duty; supposing only 27,000 to be working (the remaining being under repairs or otherwise idle), and the annual duty paid being about Rs. 75,000, the duty per weaving spindle per year is Rs. 2.8. Dividing the 10 years into two exact halves, one preceding, one succeeding the imposition of the duty,

there is a reduction of Re. 1.25 in the profits of the weaving spindle per annum. Whether there is any thing else besides the cotton duty to account for this reduction is not stated in the data. It should be remembered that though the profits of the weaving spindle *look* stationary, they range between Rs. 16 and Rs. 36 per weaving spindle per annum.

Would other mill-Agents or Managers kindly supply similar criticism, and similar light-throwing figures ?

Finally, Mr. Bezanji asks : " If the Mill Industry has not been paying better than other safe investments, why have so many mills been put up ? The answer is that promoters with a view to Agency Commission, and agents of Machinists and Stores Suppliers with a view to obtain commission on orders, have been ever on the look out to take advantage of a prosperous year or two, and induce the investing public to take shares for new concerns ; pointing out the profits made by the existing mills for the time being, and the advantages of new machinery &c." This apparently would account largely for the extension of the Textile Industry during the decade under examination.

B. J. P.

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# OUR SHIPPING AND SHIP-BUILDING

(Reprinted from the Modern Review, February, 1908.)

OF the many preplexing inconsistencies which characterize the present economic situation in India, there is, to our thinking, perhaps none more serious or striking than that which is illustrated in our almost exclusive dependence upon foreign aid in the matter of sea transport. For, although we have already a large and increasing intercourse with foreign nations by sea, we have as yet no mercantile fleet of our own of the modern type, and no ship-building on modern lines as a national industry to support it. Under the irresistible and unresisted impact of Western competition our old national shipping is gone—swept clean off the field—if we, of course, except the small native craft that still remain,—and with it is gone our old national ship-building. We have yet no shipping of our own of the newer pattern—no sailing vessels and no steamships—available for sea-service. The result is, that the transport we have almost exclusively to depend on in our intercourse with countries overseas, is necessarily foreign shipping; and the price we have to pay for such foreign aid is on a rough estimate about 25 crores of rupees a year. Sea-service embraces goods traffic, passenger traffic and the conveyance of the mails.

(1) There is, first, our sea-borne trade. It is a large and extensive trade and is going up by leaps and bounds. It shows an advance of over 60 per cent during the past 12 years and now (1906-7) aggregates 344·2 crores—Imports, 161·8, and Exports, 182·3 crores. Our trade relations extend to every quarter of the globe. We have commercial dealings not only with the Asian mainland but also with Europe and Africa on the one side, and with Australasia and America on the other. We send our *gunny bags* and *gunny cloth*, for instance, not only to the United Kingdom and Germany, to Egypt and the Cape, but also to Australia and the far off countries of North and South America, to the United States, to

Peru and Chili, to Uruguay and the Argentine Republic. So, again, we get our *hardware* and *cutlery*, *mill-work* and *machinery* not only from the United Kingdom and Germany, but from the United States and other countries as well. Similarly, consignments of *glass* and *glassware* come to us from Austria-Hungary and Germany as well as from China, and our supply of *apparel* including *drapery*, *millinery*, *haberdashery*, is obtained from the United Kingdom and Austria-Hungary, as also from Japan and the Straits Settlements. But it is worth noting that in respect of both the export and import sides of our maritime trade, it is the foreign shipping that we almost exclusively employ. It is in foreign bottoms, for instance, that we send out to foreign countries oversea the enormous quantities of grain and pulse, cotton and jute, hides and skins that we do year after year; and it is through the same transport agency that we get our annual supplies from abroad of metals and metal-manufactures, of sugar and spices, and of cotton and woollen manufactures. We have no Navigation Act in India—restricting resort to the use of foreign ships in foreign trade with a view to protect and promote Indian shipping and Indian ship-building enterprise, a Protectionist law—such as England had for 200 years (1657—1849 A. D.); and as a consequence,—other causes of course concurring—we find, we have absolutely no shipping of our own—sail or steam—of the newer design, in our Indian ports, and have, therefore, as a necessity of the position, to throw ourselves almost entirely on the help of the foreign shippers in the matter, paying them whatever freights they think fit to demand for the use of their ships. The rates charged per ton in 1906 were from Bombay to London 13s-6d for wheat and seeds and 14s-6d for cotton to Liverpool, and from Calcutta to London 15s for rice and wheat, 17s-6d for jute and linseed and £1-13s-9d for tea.

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(2) There is, next, our Coastal Trade. It is also an expanding trade, and consists in the collection of produce and manufactures for export, and the distribution—from port to port—of imported goods. The total value of such inter-portal trade was in 1905-6, 46·37 crores of rupees. Here, too, it is mainly in foreign ships that the movement of goods coastwise from port to port goes on. Goods move from Broach and Bulsar, and from Honavar and Karwar to Bombay, from Puri and Balasore to Calcutta, from Cochin and Tuticorin to Madras, from Akyab and Bassein, and from Mergui and Moulinein to Rangoon, and back, but to the full extent of 85 p. c. and more in foreign vessels. Our *Bagalas* and *Kothias*, our *Padavs* and *Batclos*, ply on the shores, and bravely hold their own, working in their own old ways, as yet without the aid of science or steam; but it is an unequal contest, and their share is barely  $\frac{1}{4}$ th of the total volume of coastal trade. Nearly half the countries of the World reserve their coastal trade to their own national shipping—including France, Russia and the United States. Our policy is the policy of Free Trade; and Act XI of 1850—which is still in force—throws the coasting trade of India open to the shipping of all the world, freely and without restriction.

(3) Thirdly, there is likewise a good deal of passenger traffic we have by sea. Thousands of Mahomedans go on pilgrimage to Mecca and other holy places in Arabia every year during the cold weather season—in 'Pilgrim' ships, and Act No. XIV of 1895 provides for the regulation of such ships. So, again, some 16,000 persons leave India for employment in the Colonies every year and about 7,000 emigrants return to the country after they have served their term of indenture abroad—in all, 23,000. In 1905-6 the number of persons who left India was 21,125, while 6,945 emigrants returned—28,070 altogether. Besides, large numbers go every year on long or short voyages to ports in and out of India in what are known as Native Passenger Ships (regulated by Act X of 1887). In 1905-6, the total number of such passengers was 2,107,164. The great bulk of passengers voyage only within Indian limits, numbering 1,820,852 or nearly 86 p. c. of the total in 1905-6, their migrations being confined in the main to ports within their own Presidency—only a small number leaving for work in other Provinces. Coolies from Madras and Bengal go to Burma in considerable numbers for work as harvesters and in the rice-mills. Many persons also leave for Ceylon and the Straits, the Persian Gulf and Mombassa. Lastly, we have the

annual relief in connection with the British army in India. 14 to 15,000 British soldiers come out every year for service in India, and a corresponding number leave for home disembarked from service in this country in troop-ships. In 1903-4, 14,937 came out for service in India; and 12,686 left—in all 27,623. The total charge for troop service and passage-money being £370,506 or about 55½ lakhs of rupees.

The Pilgrim ships, the Native Passenger ships, the Emigrant ships, the troop-ships, are all non-Indian ships, and have a practical monopoly of our entire passenger traffic by sea. A few Indian Navigation Companies have been recently formed; but their operations are confined to coastal passenger traffic and their ships are foreign ships bought or hired for the purpose.

(4) There is, lastly, the conveyance of the Mails. This branch of postal service is at present handed over to the P. & O. Steam Navigation Company, and a subsidy amounting to about 8 lakhs of rupees a year is paid for it. In 1903-4, the postal subsidy paid was £52,595 or 7·8 lakhs. There is no Indian Steamship Company to take up the work.

Thus, it will be seen how completely dependent we are upon foreign assistance for every kind of sea-service we need. Our trade, both export and import, oceanic and inter-portal, is carried on in foreign bottoms; our passengers—pilgrims, emigrants, soldiers and others—voyage in foreign ships; and our mails, too, are conveyed to and from India by a foreign shipping company.

There is but little shipping in our ports or on the high seas that we can call our own; and our ship-building which at one time was a most extensive industry in our coast districts, and supported a numerous section of our coast population—is all but an extinct industry; and the classes who once lived by it are either at the plough—earning a precarious subsistence—or in the ranks of landless labour, working for their miserable pittance in the towns. A small number of adventurous spirits—mostly Mahomedans—about 40,000—find employment as Lascars in East Indian steamships as coolies or cooks, on subsistence wages.

A large and growing intercourse by sea and yet no national merchant navy—extensive and increasing dealings with foreign nations overseas and yet no national shipping service—an enormous volume of business carried on across the seas, but almost entirely and exclusively with the aid of foreign transport, this is certainly an anomalous position



and points to a serious and fundamental defect in our national industrial equipment. No scheme of sea-borne trade can for any length of time rest secure on such a basis. There is perhaps no maritime country in the civilized world which is without a shipping service of its own and which relies so completely on foreign aid in maintaining its intercourse with other nations oversea. Great Britain, the United States, Germany, Japan and other great sea-powers apart, whose commercial fleets sweep the high seas, not even the smallest of maritime countries, are without merchant navies of their own. Sweden (Area, 172,876 sq. miles and population 5·3 millions) has a mercantile marine consisting of 1,950 sailing vessels of 265,748 tons and 1,019 steamships of 408,124 tons—a total tonnage of 673,872 tons. Norway (area 124,129 sq. miles and population 2·2 millions) possesses a merchant navy of 7,269 vessels—sail and steam together—with an aggregate tonnage of 1,486,502 tons. Portugal (area 35,490 sq. miles; and population 5·4 millions) owns a commercial navy consisting of 77 steamers of 50,487 tons and 497 sailing vessels of 63,048 tons. In Greece (area 25,014 sq. miles and population 2·4 millions) the merchant navy has of sea-going vessels, 880 sailing vessels of 167,243 tons and 198 steamers of 208,791 tons—a total of 1078 vessels of 376,034 tons. Denmark (area 15,592 sq. miles, population 2·6 millions) has a merchant marine of 4091 vessels of 483,434 registered tons, of which 616 are steamers. Even Belgium (area 11,373 sq. miles and population 6·7 millions) has a shipping service of her own, composed of 71 vessels of 99,733 registered tons. India alone (area 1,766,612 sq. miles and population 294·3 millions) with her extensive sea-board, her countless ports and havens and her numerous coast-population stands as a solitary instance of a maritime country with a large and increasing commerce by sea and yet without a merchant marine of her own. She has not a single sailing vessel or steamship in her ports of the modern type, built in her own yards, nor even a single trained Indian engineer who could build one such. And thus, though under the political control and guidance of a nation which is by common consent the greatest and strongest of maritime powers and whose proud flag flies over nearly one-half of the entire shipping tonnage of the world, she continues, despite her increasing and expanding intercourse with foreign countries by sea, to be at the mercy of the foreign shippers! This marks the serious irony of the position.

Surely this is not as it should be. No maritime nation can long hold its own in the international arena of commercial enterprise—much less look forward with hope and confidence to an assured commercial future, which has not provided itself with this most needful apparatus of oceanic intercourse, and which chooses to so exclusively depend on the aid of the foreigner in the matter. With us, such foreign aid may have been necessary during the first periods of the economic revolution as a support to the fabric of the new Trade; but any continued dependence upon it is obviously incompatible with a sustained advance along the path of progressive development. Such extraneous aid might fail us when and in the directions in which we should need it most, or might not always be available on the terms we should be able to offer.

It is essential—and indeed a *sine qua non* of balanced progress—that we should have a mercantile marine of our own, of adequate strength and of the newer pattern, so as to be able to emancipate ourselves from our present position of helpless dependence on the foreign shipper and maintain our maritime intercourse without such outside help.

There are also other economic considerations which point the same way. (1) There is, in the first place, the heavy price we have to pay for such foreign aid—some 25 crores of rupees on the average every year for the conveyance of our export and import freights, our passengers, and our mails. An adequate Indian ocean fleet would mean a saving to the country of the whole of this burdensome annual charge (25 crores) which now goes to strengthen the commercial power and strength of other nations. (2) Next, the creation of an Indian commercial fleet—what a boon and a blessing it would be to the populations of the coast districts! There would be the rehabilitation of our old ship-building industry and sea-service—which would restore to numerous classes of the coast population their hereditary honorable employment. (3) But, above all, it would help to revive two such non-agricultural industries—which would be one important means of introducing some occupational diversity in our coast districts where none exists at present—and thereby diminish the pressure on the land.

All things considered, it behoves us seriously to take up the question, and consider in what way it is possible for us to build up a merchant navy of our own of the newer type and of the requisite strength as a necessary support and basis to our expanding maritime

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enterprise, and at the same time, revive and re-organize on sound business lines our old shipping and ship-building industries which we have suffered to decline and perish through culpable indifference and neglect.

Before entering upon a discussion of the question thus suggested, we trust, it may not be deemed out of place if we venture to submit by way of preface a brief review of the general position in this regard.

As far as the recorded results of Oriental research enable us to judge, there can be no doubt that in ancient times India was one of the foremost maritime nations of the world. Her fine geographical situation in the heart of the Orient, with Africa on the west and the Eastern Archipelago and Australia on the east and connected with the vast mainland of Asia on the north, her magnificent seaboard extending over 4000 miles and upwards—from Karachi to Chittagong—her ports and havens over 1000 in number, some of them among the finest in the world, the boundless wealth of her material resources, the unrivalled richness and variety of her products, her shipping and ship-building—all these constituted advantages of unique value to the development of her maritime enterprise, and her marvellous colonizing and trading activity, the genius and energy of her merchants, the skill and daring of her seamen, concurred to give her the command of the sea, and helped her to attain to the proud position of a premier maritime power in Eastern Waters. We had our colonies in Madagascar and Socotra on the one side and in Pegu, in Cambodia, in Java, in Sumatra, in Borneo and in all probability farther afield on the other. Similarly, we had our trading settlements in Southern China, in the Malayan Peninsula, in Arabia and in all the chief cities of Persia and all over the East Coast of Africa. We maintained extensive intercourse with foreign countries. Our trade extended not only to the countries of Asia but to the whole of the then known world—including the vast dominions of Ancient Rome. There was, for instance, a large and lucrative trade between the Pandya, Chola, and Chera kingdoms of Southern India and the Roman Empire. The whole of this oceanic intercourse with foreign nations was in our hands and under our control. The shipping employed was our own: and our *gulbats* and *padavs*, our *ganjos* and *batelos* our *bagalas* and *kothias* were in every sea, and our Jat, Kachhi and Gujrathi seamen visited every shore. A thousand ports participated in our extensive sea-borne trade of the time, and prominent among them were Lakhpat and Diu,

Broach and Vallabhi, Beypoor and Cochin, Masulipatam and Balasore. Each seaport had its own ship-building yard, its own seamen and pilots, the ships were built of timber, mostly teak—the use of iron and steel as material for ship-building was unknown. A few references may here be conveniently cited from Bombay Gazetteer Volume I, part I, History of Gujerat, Appendix IV, pp. 492-96, and elsewhere.

"According to Vincent (Periplus I, 25,35, 254) in the time of Agatharcides (B. C. 200) the ports of Arabia and Ceylon were entirely in the hands of the people of Gujerat."

In the third century A. D. 247, the Periplus (McCrindle 17,52,61,96,109) notices

"Large Hindu ships in the East African, Arab and Persian ports and Hindu settlements on the north coast of Socotra."

Fa Hian, the famous Chinese pilgrim, who set out on his great itinerary in 399 A. D. and did not return to his monastery till 15 years later, records in his journal that

"He sailed from the mouth of the Ganges to Ceylon, from Ceylon to Java and from Java to China in ships manned by Indian crews."

During the fifth and sixth centuries, the ports of Sindh and Gujerat were among the chief centres of maritime enterprise in the east. In the fifth century, according to Hamza of Ispahan, at Hira near Kufa on the Euphrates the ships of India and China were constantly moored. In the sixth century, the Jats from the Indus and Kachh occupied the islands in the Bahrein Gulf. In A. D. 630 Hiuen Tsiang (Beal's Buddhist Records, II, 269) notices that in the chief cities of Persia, Hindus were settled as traders, enjoying the free practice of their religion. Before their overthrow by the Mahomedans, what large vessels the Rajput sailors of Gujerat managed is shown by Friar Oderic who about A. D. 1321 (Stevenson in Kerr's Voyages XVIII, 324) crossed the Indian Ocean in a ship that carried 700 people and these Rajput ships plied between Kattiyar and China. In the 11th century Somnath is referred to as a great port of call for merchants trading between Sofala in East Africa and China, as Diu was for Chinese ships.

It is needless to multiply these references to our commercial intercourse with foreign nations by sea and our colonial settlements in ancient times. Materials are still not even half as full as we should desire for anything like a just and accurate appreciation of the exact position India held in ancient days in the world's arena of maritime enterprise; but on a general view of the facts which have been definitively established so far, the conclusion seems to be amply borne out that, the

position was one of undisputed predominance in eastern seas.

Things continued more or less on this footing up to the time of the Mahomedan conquest. Under Mahomedan rule, there was a serious decline in our position as a maritime nation. Our command of the sea was gone, and our maritime ascendancy ended. Our colonization ceased, our trading settlements dwindled both in number and strength; our sea-borne commerce fell off—part passed into the hands of the Arabs and Portuguese; many of our sea ports lost their commercial importance—some of them were destroyed, *e.g.*, Vallabhi, the celebrated seaport and capital of the Vallabhi kingdom in the east of Kattyawar situated about 20 miles west of Bhavanagar, and our shipping suffered a great diminution. Altogether, amidst the conflict of creeds and races, amidst the ceaseless clash of arms, amidst the chaos, the carnage, and the violence of religious and political strife, our maritime enterprise received a check from which it has never recovered. The old spirit of sea-adventure, however, was still alive, surviving the shock and the wreck—the fire, the dash, the energy of the sea-manship of ancient days; and we struggled hard though against heavy odds to maintain our position at sea. The Jats and other Indians established fresh trading settlements in the coast districts of Persia, and continued the old trade with that country. Our merchant fleets sailed as before in Eastern Waters, in the Arabian and Chinese Seas. In 1498 A. D. Vasco da Gama found sailors from Cambay and other parts of India who guided themselves by the help of the stars in the north and south and had nautical instruments of their own—the compass, the quadrant and such like. In A. D. 1510 Albuquerque found a strong Hindu element in Java and Malacca. Sumatra was ruled by Parameshvar, a Hindu prince. And even after the rule of the sea had passed to the Europeans, it was noticed that Gujerat Hindus continued to show marked courage and skill as merchants, seamen, and pilots. In the 17th century the French traveller, Mandelslo (A. D. 1638, Travels) found Achin in North Sumatra a great centre of trade with Gujerat. Even so late as the latter half of the 18th century Rao Ghor of Kachh (A. D. 1760-1778) built, equipped and manned a ship at Mandvi, which without European or other outside assistance safely made the voyage to England and back to the Malabar Coast. In the beginning of the 19th century (A. D. 1825) Tod tells us how

“with Biji Singh, of Bhavanagar, his port was his grand hobby and ship-building his chief interest and pleasure.”

With the establishment of British rule, the decline of our maritime enterprise proceeded rapidly. New economic conditions established themselves; and new influences came into play. There was the crushing contact with the West, strong in the strength of advancing civilization and science, its disciplined spirit of industrial enterprise, its perfected industrial organizations, its unlimited command of resources of capital, skilled direction, trained labour and organizing talent. Our maritime enterprise, our sea-borne trade, our shipping, our ship-building, all primitive in their general scheme and methods had clearly no chance against such unequal and science-directed competition. Protected, carefully nursed and fostered, it might have held its own, and perhaps more as in Japan; but without such propping, and left without improvement and adaptation to the altered needs of the time, its fate was sealed. And as a result of a century of such competitive collision, we find ourselves simply driven out of the field with our maritime commerce gone, our merchant shipping which once plied proud and triumphant in Eastern Seas wiped away; our ship-building yards, once so numerous and so busy, all but closed, except for the construction of fishing boats and other small craft and our famous seaports sunk for the most part to the position of little better than fishing-villages. And now, scarcely a vestige remains of our ancient dominion of the sea. The whole fabric is gone as if swept by a storm leaving no trace behind; and the soul-stirring story of Ancient India as a mighty sea-power of the East, her colonies and trading settlements, her maritime intercourse and trade, reads like a romantic story from a dream-land or a fairy tale.

So sad, so complete, has been the collapse of our position as a maritime nation under the newer economic conditions—of *Laissez faire* Free Trade, and open and unrestricted competition—conditions introduced with the shortsighted and reckless confidence of “idealist” statesmanship into a country unsuited for their practical application, and among a people unprepared for the sterner toil and the freer life they postulated.

The present position of the country in respect of its intercourse with foreign nations by sea presents features which require to be carefully noted. Among these may be mentioned the following:—

(1) The New Sea-borne Trade of India which has grown up under the conditions of British rule is not our own—neither controlled

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by ourselves, nor arranged on the old traditional lines. It is essentially the creation of foreign enterprise, and is, as might be expected, mainly under foreign control. It is financed, regulated, directed, by the foreign merchants. Our Bhattyas, Khoja and Parsee merchants have no doubt direct dealings with Egypt and Zanzibar, Arabia and Persia, Ceylon and China; but these are on too small a scale and do not represent more than a fraction of the total volume, probably about 10 per cent. In Bombay city which has an aggregate sea-borne trade of upwards of 85 crores of rupees in value, we find that out of a total of 217 commercial firms as many as 111 are foreign, including 82 English, 13 German, 5 French, 5 Austrian, 1 Italian, 2 Japanese and 3 others. And they have a practical monopoly of the business. The Indian firms number 106—37 Hindu, 11 Musalman and 58 Parsee—most of which, however, do little more than agency work. At Karachi, there are in all 92 trading firms, of which 73 are European and only 19 Indian, and these, too, mostly commission agencies.

This sea-borne trade now (1906-7) aggregates 344·2 crores of rupees in value, and represents a cargo tonnage of 11·8 million tons, including 5·21 million tons entered and 6·58 million tons cleared.

The inter-portal trade of India amounts to 46·37 crores of rupees in value (1905-6) and is mainly a subsidiary branch of the general ocean trade—representing the collection from port to port coastwise, of produce for foreign export and the distribution of imported goods through these trading centres on the sea-board over the interior.

(2) The New Trade under foreign direction is arranged in a frame and conducted on lines suited to the needs of manufacturing and industrial development, not in this country, but in foreign lands, and for the benefit of foreign nations. The bulk of exports consists of food-stuffs and raw materials while the imports are mostly manufactured goods. Among the exports we may note, taking the figures for 1906-7:—

Value in crores of rupees.

	Crs.		Crs.
Grain and pulse ...	27·65	Hides and skins ...	10·89
Jute ...	26·83	Lac ...	3·37
Cotton ...	21·96	Wool ...	2·42
Seeds ...	13·01	Dyeing and tanning materials ...	1·38
<b>Total Rs.</b>	<b>89·45</b>	<b>Total Rs.</b>	<b>18·06</b>

A total of 107·51 crores of rupees or over 60 per cent. of the total value of Indian merchandise exported.

On the import side, the following articles may be mentioned:—

	Crs.		Crs.
Liquors ...	1·85	Oils ...	2·76
Provisions ...	2·42	Cotton-twist, yarn and piece-goods...	40·91
Sugar ...	8·73	Silks ...	1·82
Metals and metal manufactures ...	22·65	Apparel ...	2·11
<b>Total Rs.</b>	<b>35·65</b>	<b>Total Rs.</b>	<b>47·60</b>

A total of 83·25 crores, or over 76 per cent. of the total value of imported goods.

(3) Taking the figures for 1905-6, we find the trade thus distributed in respect of geographical areas.

Total value in crores of rupees, merchandise and treasure:

	Imports inclusive of Government stores.	Exports exclusive of Government stores.	Total in crores of Rs.
<b>A. British Empire.</b>			
(1) United Kingdom.	97·13	44·22	141·35
(2) British Colonies and possessions.	17·25	34·14	51·39
<b>Total ...</b>	<b>114·38</b>	<b>78·36</b>	<b>192·74</b>
<b>B. Foreign countries.</b>	<b>29·36</b>	<b>89·79</b>	<b>119·15</b>
<b>Grand total ...</b>	<b>143·74</b>	<b>168·15</b>	<b>311·89</b>

And, again, as over the different continents, in private merchandise alone:—

	Imports.	Exports.	Total in crores of Rs.
Europe ...	85·89	85·50	171·40
Africa ...	2·77	5·40	8·17
America ...	2·26	17·19	19·45
Asia ...	11·21	51·19	62·41
Australasia ...	·92	2·40	3·32
<b>Total ...</b>	<b>103·06</b>	<b>161·70</b>	<b>264·77</b>

Our old trade was mainly with Asia and Africa and the countries of the Levant. The bulk of the New Trade is with Europe, over 65 per cent. of the whole. The British Empire including the United Kingdom and British Colonies and possessions—claims over 60 per cent. of the total trade.

(4) As to the sea-ports—participating in the New Trade. In 1870, Mr. Robertson, a civil

engineer of eminence, was appointed by Government to inspect and report on the harbours and anchorages of the country. In 1870-1 he examined the Madras anchorages on both sides of the Peninsula and in 1871-2 inspected the Bombay and Bengal coasts and in a list prepared by Captain Taylor as many as 656 ports were enumerated and described, and the remark was added that

"The trade ports of India, if every place frequented by native craft be included, are exceedingly numerous."

Altogether, there were, we believe, over 1,000 ports on the Indian sea-board, which in ancient days were more or less independent centres of oceanic trade, having direct transactions with foreign countries—Ceylon and Zanzibar, Arabia and Persia, China and Malacca, Java and Cambodia, Sumatra and Borneo—and at the same time were distributing points for coastal traffic.

The Indian Ports Act of 1889 has a schedule list of 236 ports—11 in Bengal, 7 in Burma, 72 in Bombay including Aden, and in Madras 146, leaving out 19 as non-British Indian ports in Travancore and Cochin and 4 French ports in that Presidency. Each port under section 7 of the Act has a port officer and a conservator whose duty it is to look after the safety of shipping and the conservation of the port, enforcing the standing rules regarding berths, stations and anchorages to be occupied by vessels, the taking in and discharging of passengers, ballast and cargo, the keeping of free passengers, the use of fires and lights and to levy port-dues on vessels entering and grant port-clearances and receive fees for pilotage &c.. Under section 36 it is also to have a port fund account of its own, showing receipts such as port-dues and pilotage fees and disbursements including the pay and allowances of the port establishment, the costs of buoys, beacons, lights and other necessary works maintained for the benefit of vessels entering or leaving the port, as also contributions, if any, towards the support of hospitals and dispensaries suitable for the reception and relief of seamen, &c.

Most of these 236 ports are, however, mere ports of call for inter-portal trade and have but a very small fraction of the general oceanic trade of the country. Taking the figures for 1905-6 we find that the following 17 ports shared between them as much as 262·84 crores out of a total value of the trade in merchandise amounting to 264·77 crores, leaving even less than 2 crores for the remaining 219 ports:—

Value of trade in crores of Rs.		Value of trade in crores of Rs.	
Calcutta	... 109·0	Calicut	... 1·05
Bombay	... 85·0	Mangalore	... 1·00
Rangoon	... 21·0	Tellicherry	... ·99
Karachi	... 20·1	Coconada	... ·93
Madras	... 12·1		
		Total	... 3·97
Total	... 247·29		
		Bassein	... ·85
Tuticorin	... 8·35	Nagapatam	... ·69
Chittagong	... 8·17	Cuddalore	... ·55
Cochin	... 1·23	Akyab	... ·51
Monlmein	... 1·15		
		Total	... 2·60
Total	... 8·20	Grand Total	... 262·84

The total value of the year's trade was 264·77 crores of rupees of which

17 ports had 262·84 crores of rupees.

219 ports had only 1·93 crores of rupees.

(5) And even of these 17 ports, it is worth noting that it is the first five—Calcutta, Bombay, Rangoon, Karachi and Madras—which have a virtual monopoly of the oceanic trade of the country—247·3 crores out of a total value of 264·7 crores—the trade in Private Merchandise—leaving but 17·4 crores for all the other seaports on the vast sea-board.

These five ports are all new ports which owe their origin entirely and exclusively to foreign initiative and enterprise; and the concentration of the new sea-borne trade at these few points in the face of an extensive sea-board affording a thousand outlets and anchorages, some of them among the finest in the world, is a most remarkable feature of the general position.

Such concentration of the country's trade has no doubt its advantages. It facilitates and favours effective combination of means and proper co-ordination and regulation of efforts, and is otherwise conducive to economy and efficiency. But in the hands of the foreign merchant, and directed with irresistible energy against the indigenous organization of the country, it has with us been simply disastrous. It has proved the ruin of our ports, and with it,—other causes operating—the destruction of our maritime enterprise, including trade, shipping and ship-building.

Our old ports had clearly no chance as against such an opposing concentration. Effective competition was practically eliminated, and no motive or incentive left to emulative effort: and they have had to resign themselves without a struggle to the fate that awaited them. Their trade is gone, their shipping and ship-building activity is paralysed; and they are now for the most part little

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better than fishing-villages shorn of all their former glory or at the best are mere ports of call for coastal traffic with but an insignificant share—if even that much—in the general oceanic trade of the country. Lakhpat, the well-known emporium on the Sindh frontier which was till within a century ago a great seat of commerce on the coast, is no longer a trading centre. Diu on the coast of Kathiyawar, the flourishing mart and port of call for merchant ships from China and E. Africa in the 7th and 8th centuries A. D., is now but a subsidiary port for coastal traffic. Masulipatam, at the mouth of the Krishna, on the east coast of the Peninsula, once the great colonizing and trading centre and which sent settlers to colonize Java and Cambodia in the 7th century A. D. and from which vessels sailed eastwards for Sumatra and Cochin-China and the Manillas and westward, for Mecca and Madagascar, is now a neglected port, with a bar rising at its entrance, and relegated to a subordinate position with an oceanic trade of about 13 lakhs of rupees, imports and exports together, and a coastal trade of less than 7 lakhs! What now remains of the glory of the historic ports of Somnath and Mangalore? Broach, that queen of trading cities, once the centre of our maritime enterprise on the Western Coast, is now but a shadow of her former self with only a coastal trade of 44 lakhs of rupees! And so the Wheel of Fortune turns; and things "have their day and cease to be."

(6) The ports of Calcutta, Bombay, Rangoon, Karachi and Madras, at which the new sea-borne trade is concentrated, are, as observed before, ports of foreign origin and have been built, improved and equipped at great cost. Of these, Bombay is by far the finest port: Calcutta and Rangoon are good ports; but Karachi, the new port of Sindh and the Punjab, has had to be converted into a safe and commodious harbour at a heavy expenditure of money and effort. A bar across the entrance stretching for nearly a thousand yards—the result of the waves raised by the S. W. Monsoon acting on the loose sand lying off the extremity of Manora Point—has had to be removed; and the channel, deepened; the Chinna Creek, blocked; and a break-water, constructed to shut off the heavy S. W. seas from the mouth of the harbour. Madras is still far from being a satisfactory harbour. There is the exposed sea-shore, and the shoaling of the harbour mouth by drift sand is a standing difficulty. The capital debt incurred for the improvement of these harbours amounted to 13.5 crores

up to the end of 1905-6. Calcutta has a capital debt of 5.3 crores; Bombay, 6.46 crores; Rangoon, 58 lakhs; Karachi, 76 lakhs and Madras, 40 lakhs. Calcutta has 9 docks and Bombay 7, and these have cost a good deal. The Prince's Dock at Bombay enclosing a total water-area of 30 acres, has cost more than a crore of rupees, and so, too, the Victoria Dock has been constructed at a total outlay of 1.23 crores. Wharf and landing accommodation, piers, port approaches, buoys, warehouses, &c. have involved a heavy expenditure.

It is not clear why a few more harbours equally good or better have not been selected to be improved, equipped and placed alongside these five. There are several ports on the West Coast of India which might have been converted into first-class harbours and some at least at smaller cost. Poshitra, Salaya, Jagghur, Viziadurg, Karwar and Cochin, might be mentioned. As regards Cochin, Mr. Robertson, the great engineer, was strongly in favour of a scheme for improving it. It has a back-water of great value as a tidal reservoir to keep the entrance clear and render it independent of flood-waters for scouring purposes. Mr. Robertson said:—

"In this back-water there is room for 50 ships of 700 tons, and any amount of area can be got by dredging. The rise and fall is so small that the back-water is practically a wet dock of greater area than all the docks in Great Britain put together. On either side of Cochin harbour, to the north and south, there are the very remarkable mud banks of Nara Kal and Alepy which are most useful as natural harbours of refuge subsidiary to Cochin. No other harbour in the world has such adjuncts. Thus Cochin is admirably adapted to become the great western outlet for the trade of Southern India."

A harbour of such potentialities might well have been chosen instead of Madras—an indifferent roadstead even now.

It is unfortunate that side by side with these ports improved and fitted at such heavy cost for the New Sea-borne Trade, it has not as yet been deemed desirable to establish as a necessary complement a few first-class ship-building yards where sailing vessels and steamships of the modern type could be constructed. Cochin and Viziadurg on the west coast might with advantage be converted at a comparatively small outlay into fine ship-building centres, commanding an inexhaustible supply of teak-timber from the forests of Kanara and Malabar.

Calcutta and Bombay have each a dockyard, but the work done is almost entirely repairs to ships and but little real ship-building.

In Japan, it is only within the last 30 years since 1878 that ship-building on the modern

methods has made such wonderful progress, and ship-building yards have been established which might well claim a place among the leading ones in the world. The ship-building yard at Osaka is 34 acres in extent, and employs 4,000 men; the Kobe yards have an area of 50 acres and 8,000 workmen; the Nagasaki, the largest in the country, cover an area of 80 acres and employ over 10,000 men. Besides, there are 205 private ship-yards and 32 private docks. Bounties are given for the construction of iron or steel vessels of not less than 700 gross tons. The building of merchant ships of over 10,000 tons is not uncommon. Numerous small vessels of 200-300 tons are turned out every year, and also many iron vessels of 800 tons and upwards. At Nagasaki a ship of 13,000 tons is at present in course of construction.

A few ship-yards of the kind created on the Indian littoral, would be a boon of incalculable value and a means of reviving a great national industry. The outlay involved need not be more than 2 or 3 crores.

(7) The administration of the affairs of these ports is vested by law in Boards specially constituted for the purpose. At all the ports the Europeans on the Boards largely outnumber Indians and practically control the management.

These Port Trusts are constituted in part on an elective basis, and contain representatives of the technical and commercial interests most concerned in the welfare and advancement of the ports. The Port Trust of Calcutta is composed of 15 members of whom 8 are elected, one by the Calcutta Municipality, one by the Trade's Association, one by the Bengal National Chamber of Commerce, and 5 by the Bengal Chamber of Commerce. At the present time, two are natives of India and the rest, as might be expected from the direction of the Foreign Trade, Europeans. In Bombay, the Board of Administration consists of 13 members, of whom 5 are elected by the Bombay Chamber of Commerce: and the Bombay Port Trust Act of 1879 provides under section 5 that "not less than three of the Trustees shall be natives of India residing in the city of Bombay." Madras has a Port Trust of 12 members, of whom 5 are elected, and 3 must be natives residing in the city. The Karachi Port is under a Board of 11 members, of whom 5 are elected and 2 must be natives residing in the city. Rangoon has a Port Trust of 10 members, of whom 3 are elected. There are here no native Commissioners on the Board.

The sub-joined table shows the constitution of these several Port Trusts:—

Port.	Number of Members.	CLASSIFICATION OF THE MEMBERS.			Natives.
		Nominated.	Elected.	Europeans.	
Calcutta ...	15	7	8	13	2
Bombay ...	13	3	5	10	3
Madras ...	12	7	5	9	3
Karachi ...	11	6	5	9	2
Rangoon ...	10	7	3	10	...
Totals ...	61	35	26	51	10

Thus, the total membership of these Port Trusts is 61 members, of whom 51 are Europeans—Engineers or representatives of Chamber of Commerce—and 10 only are Indians. The administration of the Ports is thus practically in the hands of the Europeans.

The property vested in the Trusts is extensive and valuable, and they are invested with powers corresponding to it.

The work of the Boards includes:—

The maintenance in efficient order of the existing docks, landing places, jetties, wharves, light houses, buoys, channels of approach, as also the carrying out of new works and improvements as required; such as wharves, piers, tramways, warehouses, sheds, beacons, pilot boats, the erection of cranes, reclamations, dredges, &c.

The Trusts have considerable revenues at their disposal, including tolls, dues, rates and charges for the landing, shipping, wharfage, crannage, storage, demurrage of goods, &c. Government advances money to the Boards in case of necessity or they have the power to raise the required loans.

The following table shows the revenue and expenditure of these Port Trusts for 1905-6, as also their capital debts:—

Port Trust.	Income in Lakhs of Rs.	Expenditure in Lakhs of Rs.	Capital debt in Lakhs of Rs.	The total trade in crores of Rs.
Calcutta ...	89.5	86.6	530	109
Bombay ...	70.7	61.6	646	85
Madras ...	8.7	8.4	40	12
Karachi ...	24.4	20.7	76	20
Rangoon ...	19.1	22.9	58	21
Total in Lakhs of Rs. ...	212.4	200.2	1,350	Total 247 crores in 1905-6.

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Each Port Trust has under its control:—

(a) a staff of officers of the Trust, including secretaries, engineers, traffic managers, dock-superintendents, warehouse superintendents, &c.

(b) a Port Department, consisting of a port officer and his assistant and dock-masters: and

(c) a Pilot Establishment composed of a harbour-master, master-pilots, pilots, &c.

At the port of Bombay, all these branches of the port service are manned by Europeans—excepting 2 Parsee officers on the staff (a).

(8) Next, these central sea-ports—Calcutta, Bombay, Rangoon, Karachi, and Madras, so improved and equipped at a capital out-lay of over 13½ crores of rupees and so administered in the interests of the New Sea-borne Trade and under the direction of representatives of foreign enterprise—have their position strengthened and assured by being placed in close and effective communication with the areas of production and industrial activity in the interior. The connecting chains are two—coastal and inland.

(1) There is, first the long chain of subsidiary ports on the sea-board, extending from Karachi and Lakhpat to Moulmein and Mergui. These ports numbering more than 1,000, including both recognised under the Ports Act and unrecognised, once many of them independent ports of call and distributing trade-centres on the coast with more or less a substantial share in the oceanic commerce, are now, under altered conditions and under the new scheme of commercial development, practically subsidiary ports subordinate and ancillary to the chief central seaports sending and receiving their supplies of commodities, to and from them.

Mangalore and Veraval, Porbandar and Diu, Gogha and Surat, Viziadurg and Malvan on the Bombay side, Cannanore and Beypore, Vizagapatam and Bimlipatam on the Madras coast, and Puri and Balasore in Bengal, have all sunk to the position of ancillary ports in communication with their respective presidential central ports.

(2) There is, secondly, a vast net-work of railways converging to these seaports as coastal *termini*, as they debouch on the sea-board or, to speak with historical accuracy and with reference to their development, radiating from their ~~point~~ ~~of~~ ~~departure~~ ~~and~~ ~~extending~~ ~~throughout~~ ~~the~~ ~~length~~ ~~and~~ ~~breadth~~ ~~of~~ ~~the~~ ~~country~~ ~~and~~ ~~connect-~~ ~~ing~~ ~~every~~ ~~city~~ ~~of~~ ~~this~~ ~~province~~.

The railways are, of course, no part of the general maritime equipment of the country proper, but as the position

as distributing trade-centres largely depends upon such a chain of arterial lines of communication linking them on the interior, a passing reference to them may be permitted.

It was about 1840 when the conquest of the country was nearing its completion, that the question of railway construction in India was first taken up by the Court of Directors. It was realised that without the requisite material appliances to facilitate and cheapen the means of communication and production, there could be no advance in the country—material, moral or political; and Lord Dalhousie, reviewing the whole question in an exhaustive minute in 1853 strongly urged the importance “of a speedy and wide introduction of railway communications throughout India”—recommending projects for various trunk lines.

The Court of Directors concurred, and sanctioned the scheme proposed by the Government of India; and by the end of 1859, eight companies had been formed for the construction of about 5,000 miles of line with a capital under State-guarantee of £52,500,000 sterling. And there was laid the foundation of a system of railways in India which—extending as it does throughout the country and opening it out in all directions—is now, with a mileage exceeding that in the United Kingdom itself, a marvel of engineering enterprise in the East.

The Great Indian Peninsular Railway was projected in 1844. The first turf was turned at Bombay in 1850, and the first 20 miles of line to Thana were opened in 1853 when Lord Elphinstone was Governor. Since then, the work of railway construction in India has gone on rapidly and continuously and we have now a total mileage of 29,303 miles of line open for traffic.

It may be remarked that the position of the Central Ports as chief seaports and distributing trade-centres could not have been strengthened in the way it has been, and that no large expansion of the New Sea-borne Trade would have been possible without such a development of the railway system of the country, the construction of a stupendous net-work of converging arterial through lines of communication. Says the writer on Commerce and Trade in the Imperial Gazetteer of India (vol. III, p. 262):

“Until the railway system was well advanced, it was not possible either to furnish the mass of the people with imported merchandise within their means or to encourage the agriculturist to grow wheat, oil seeds, or cotton for the over-sea market.”

Prior to the construction of railways in India, the new sea-borne Trade advanced but



slowly. In 1851-2, the year before the opening of the first railway—the total value of the export and import trade in merchandise was 321 crores of Rs. and had only slightly varied in previous years. Since 1853-4, it has steadily advanced with every advance in railway-development—as will appear from the subjoined table :—

Year.	Railway mileage open for traffic.	Value of Sea-borne Trade in crores of Rs. in merchandise.		
		Imports.	Exports.	Total.
1853-4	71	11.12	19.29	30.41
1863-4	2,958	27.14	65.62	92.76
1873-4	6,226	33.81	54.99	88.80
1883-4	11,527	55.27	88.17	143.44
1893-4	18,840	77.02	106.50	183.52
1903-4	27,565	92.59	153.51	246.10
1906-7	29,303	108.30	176.66	284.96

The following few figures will be of interest as bearing on the general position in this respect :—

Total mileage of lines open for traffic on March 31st, 1907, 29,303 miles.			
(A) Capital debt	Rs.	Crores.	
1. Actual capital out-lay	...	...	485.14
2. Premia paid in purchase of companies' lines	...	...	47.45
3. Net charge to the State on the railway account from the commencement down to 1898-9	...	...	58.49
<b>Total</b>	...	...	<b>485.14</b>

Since 1899 we have had surpluses			
(B) Gross earnings	Rs.	Crores.	
1. Coaching traffic	...	...	44.11
2. Goods traffic	...	...	27.59
3. Electric Telegraph, &c.,	...	...	1.15
<b>Total Rs.</b>	...	...	<b>44.11</b>

(C) Working Expenses	...	...	22.00
(D) Net Earnings	...	...	22.10

Railway service—Number of employees of different races :—

Europeans	...	6,850	The upper branches of the service are manned almost exclusively by Europeans. The G. I. P. Railway has a superior staff of officers, 1,140 strong—including Agent, Auditors, Engineers
Eurasians	...	9,326	
Indians	...	463,108	
<b>Total</b>	...	<b>479,284</b>	

Traffic Superintendents, Locomotive Officers, &c., of whom only 8 are Indians. The East Indian Railway

and the Madras Railway have between them a staff of 312 superior officers, under Agency, Audit, Engineering, Traffic, Locomotive, of whom only 2 are Indians.

Points to be noted :—

1. The capital laid out on the lines is entirely European, excepting some 20 lakhs of native investment on a short feeder line.
2. The administration is exclusively in European hands.
3. The superior branches of the service are manned mostly by Europeans and Eurasians.
4. The profits go all to the foreign capitalist—net earnings 221 crores of rupees.
5. Railways which in other lands and under normal conditions contribute to national economic progress and development—here with us work mainly in aid of the New Sea-borne Trade.

It may be added that the only land-transport that we still possess as our own is represented by the pack-animals and the bullock-carts. The pack-animals—horses and ponies, mules and donkeys, and camels—number in all 2,944,204 for a total of 550,030 villages in the British provinces or less than 6 per village. Their day, however, is gone; and we have them so employed only in hilly or imperfectly opened-up tracts where good cart-roads do not yet exist. As regards the carts they number 3,360,774 or about 6 to a village, plying in the old way between their villages and the railway stations and the trading towns and doing a considerable deal of the general carriage work of the country, largely as ancillary to the wide branching railway transport service.

Thus, is the movement of goods maintained to the central seaports from the interior and back, partly along the coast through a long chain of subsidiary ports, and by land by means of the railways.

(9) Next, it is important to enquire how the New Sea-borne Trade is carried on between these ports and the foreign markets across the seas; what is the transport that is supplied, and what is the agency which provides it. This brings us to the question of shipping employed in the new oceanic trade.

This trade with foreign countries by sea represents a most extensive field for transport service. And here, too, it is painful to note that the collapse of Indian indigenous enterprise is almost complete and that the foreigner is practically in sole and undisputed possession of the field.

Railway transport is, as shown before, a foreign monopoly and imposes upon the country a heavy annual charge, amounting to over 44 crores of rupees gross and over 22 crores net. And so, too, is the entire system of sea-carriage for which we have to pay the foreigner an additional 25 crores, so that the two

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charges taken together come to no less than about 70 crores of rupees per annum, exceeding by more than 10 crores even the entire net revenue of the Government of India—a price paid for foreign aid in respect of the land and sea transport—that we need in support of our New Sea-borne Trade.

Prior to 1842, the year in which the Peninsular and Oriental Steam Navigation Company secured the control for the mails between Suez and Calcutta and almost down to the opening of the Suez Canal in 1869, the New Sea-borne Trade was mainly carried on with sailing ships mostly under 500 tons each. The trade with the countries of the West was almost exclusively in the hands of the English shippers. Our native vessels never seem to have ventured west beyond the Cape.

In the eastern seas, however, we had yet our old shipping; and our *Kothias*, and *Bagalas*, our *Ganjoos* and *Padavs*, of 200—75 tons burthen had a large share with the Arab dhows, the Chinese junks and the Siamese barques in the trade between India and Ceylon, E. Africa, Persia, Arabia, China, the Malayan Peninsula and the Eastern Archipelago. Here there was some and not much competition; but it was a competition between the sailingships of the West of the newer pattern and our Indian craft of the old type. As regards the coastal trade of the country it was almost wholly in our hands and the extensive sea-board from Lakhpat on the west to Chittagong on the east was dotted over with Indian barques and brigs plying from port to port, and doing in the aggregate no inconsiderable amount of business.

The whole position, however, underwent a most profound change and our last chance was gone, when the Suez Canal was opened for traffic in 1869. It brought the East and the West nearer to each other, opened the East out to the steam-shipping of the West, and rendered possible an immense expansion of Eastern trade. Steamer-services commenced in Eastern Waters, and there was a revolution in the conditions of the general carrying trade of the East.

In 1825, the *Enterprise* made the first steam voyage to India. In 1842, the P. and O. Company secured the contract for the mails between Suez and Calcutta, and established a line of steamers for the mail services between Suez, Ceylon, Madras and Calcutta. But up till 1854, there were no steamers in Indian waters but those of the P. and O. Company, a few Government transports and occasional steamers employed in the opium

trade. Indian trade was divided between native vessels which put to sea only in fine weather and square-rigged ships carrying native crews and officered by Europeans. The first operations of the British India Steam Navigation Company date from 1857. In 1862 it started a scheme embracing the whole coasting service of India; and by the end of 1863, had 17 steamers afloat in the Eastern Seas. In November 1869, the Suez Canal was opened, and this company's steamer *India* with cargo from Calcutta, was the first steamer to arrive in London with an Indian cargo through the canal. In 1872 it extended its services to the East Coast of Africa; and in 1873 had a fleet of 40 steamers with an aggregate tonnage of about 52,000 tons, employing in the service of its fleet over 500 European officers and engineers and more than 5,000 lascars.

Since then, there has been a steady and continuous expansion of steam-shipping in Eastern Waters. It has extended to every country and every island in the East. Ceylon and E. Africa, Arabia and Persia, China and Japan, the Malayan Peninsula and the Eastern Archipelago, have now their regular steamship services. Almost every nation in Europe, Canada and the United States, Australia and New Zealand, have each a share in the new shipping. Even Japan is in the arena, working her way with characteristic energy. British shipping predominates, but we have fine steamship lines owned by other nations, notably France and Germany, the United States and Japan. Powerful shipping companies are in the field, e.g. the British India Steam Navigation Company founded in 1855 with a fleet of 125 steamers of 431,594 tons; the P. and O. Steam Navigation Company, incorporated in 1840 with a fleet of 59 steamers of 348,631 tons; the Ellerman Lines Ltd. founded in 1840, owning a fleet of 73 steamers of 238,876 tons; the Anchor Line Ltd. established in 1856, possessing a fleet of 30 steamers; the Compagnie Des Messageries Maritimes, the Chargeurs Reunis of Paris (established in 1872) owning a fleet of 34 steamers, the Navigazione Generale Italiana with a fleet of 107 steamers of 231,000 tons, the Austrian Lloyd Steam Navigation Company (founded at Trieste in 1836) possessing 71 steamers of 202,527 tons, the Hamburg-American Line Company (started in 1847) which owns a fleet—the largest in the world in carrying capacity, of 125 steamers of 651,151 tons, the Nippon Yusen Kaisha (founded in 1885) with a fleet of 78 steamers of 248,000 tons, &c. And we have now available for

service in the Eastern Seas such large steamers as the P. and O. Company's *Macedonia* and *Marmora* of over 10,500 tons each, the Anchor Lines, *Circassia* of 6,716 tons and *Britannica* of 8,069 tons, the Italian *R. Rubattino* of 4,580 tons, the French *Ville de la Ciolat* of 6,378 tons, and the Japanese *Aki Maru* of 6,444 tons. It may be added that steamships have now almost completely superseded the old sailing vessels in Eastern Waters, which means increasing more than four-fold the carrying power of the shipping. Of the total tonnage employed in Indian trade 98 per cent and more is steam-tonnage.

(10) In the face of such competition conducted with such resources and on such a scale, our old small shipping have obviously no chance. Our *Kothias* and *Bagalas*, our *Galbats* and *Padavs* of small carrying capacity mostly under 100 tons, cannot hold their own, when

matched with such stately liners of the West; nor can our poor, resourceless ship-owners hope to compete with such powerful shipping companies on anything like equal terms. The struggle is an unequal struggle and it can be no matter for surprise that the field is almost entirely in foreign hands and under foreign control. The whole of the Eastern trade, which once was ours is now in the hands of the European, American and Japanese shippers. Our share in the oceanic trade of our own country has dwindled down to less than 1 per cent. of the total. And even in respect of the inter-portal trade of India, our native craft represent less than 1/9th of the total tonnage.

The collapse of our indigenous shipping is all but total, and the following figures relating to shipping in Indian trade will be of painful interest, as illustrating the extent of such collapse:—

(A) As regards the *Sea-borne Trade* of India.

No. of tonnage of vessels, including their repeated voyages that entered and cleared with cargoes from and to foreign countries in 1906-7 thus distributed:—

	Entered.		Cleared.		Total in 1000 tons.		
	No. of vessels.	Tonnage.	No.	Tonnage.	No.	Total tonnage in thousands of tons.	Average tons per vessel.
1. Indian craft ...	600	45	654	49	1,254	95	77 tons.
2. British craft ...	90	7	90	7	180	14	80 tons.
3. Foreign craft ...	187	20	114	11	301	31	100 tons.
4. British shipping ...	1,727	3,973	2,256	5,197	3,983	9,170	over 2,300 tons.
5. British India shipping.	248	66	349	95	597	161	268 tons.
6. Foreign countries shipping.	458	1,100	532	1,227	990	2,327	2,440 tons.
Total ...	3,310	5,211	3,995	6,586	7,305	11,800	

Thus, of the total tonnage employed in the New Sea-borne trade of India—11,800,000 tons in all, both entries and clearances taken together, it may be noticed that British shipping—including craft and British Indian vessels, claims by far the largest share, amounting to 4760 vessels or 65 p.c. of the total number and 9,345,000 tons or about 79 p.c. The shipping of foreign countries amounts to a total of 990 vessels—most of them steamers, with an aggregate tonnage of 2,327,206 tons or close on 20 p.c.—Austria-Hungary claiming 443,000 tons, France, 185,000

tons, Germany 952,458 tons, Italy 201,000 tons, Japan 200,000 tons, &c. Our own indigenous shipping comes last with a miserable aggregate tonnage of 95,000 tons—8 p.c. of the total. The number of such vessels engaged in the oceanic trade of the country is not supplied in the official returns; but assuming about 10 voyages to a vessel a year, it may not be far wrong to put it at say 125-130 vessels, 130 small barques—mostly under 80 tons each,—this is all the shipping engaged in our foreign trade—that we can claim as our own, and no more. Nothing else is needed

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## OUR SHIPPING AND SHIP-BUILDING

to bring us home with such painful clearness the awful extent of the failure of this branch of our national industry—a result attribu-

table to the policy of the Open Door applied in all its logical rigor to economic conditions peculiarly ill-adapted for such application.

## B. The inter-portal trade of India:—

Here the figures for 1905-6 are available, and are as below:—

Nationality of shipping.	ENTRIES.		CLEARANCES.		TOTAL.		Per cent.	
	No. of vessels.	Tons.	No. of vessels.	Tons.	No. of vessels.	Tons.		
British ...	Steam ...	8,023	12,225,895	8,160	12,473,724	16,182	24,699,619	British 83·9 p.c.
	Sailing ...	1	1528	2	1,672	3	3,200	
British India	Steam ...	104	25,757	102	30,118	206	55,875	Foreign 5·2
	Sailing ...	289	41,235	241	34,907	530	76,142	
Foreign ...	Steam ...	256	666,029	277	733,759	533	1,399,788	Indian 10·9
	Sailing ...	1,470	56,279	1,923	74,346	3,393	130,625	
*Native craft	Sailing ...	100,567	1,697,853	81,635	1,549,740	182,202	3,247,593	
Total ...	Steam ...	8,382	12,917,681	8,559	13,237,601	16,921	26,155,282	
	Sailing ...	102,327	1,796,895	83,801	1,660,665	186,128	3,457,500	
Total of steam and sailing vessels ...		110,709	14,714,576	92,340	14,898,266	203,049	20,612,842	100

\* Including foreign craft.

Here, the aggregate tonnage is 29·612 million tons, of which British shipping claims nearly 84 p.c. Foreign countries have a little over 5 p.c. and our own share is hardly 10 p.c.—some 182,202 vessels with an aggregate tonnage of 3·247 million tons—or for the most part of under 20 tons burden. Assuming 25 voyages per annum to a vessel of this sort, it would appear that our indigenous craft so employed in this coastal trade include some 7,280 small *galbats* and *padavs* plying from port to port along the sea-board, East and West.

In half the countries of the world, the coastal trade is by law and treaty reserved to national shipping. With us, however, there is no such reservation, and under the Free Trade regime, our share in our own inter-portal trade has dwindled down to about 10 per cent. of the total.

It may be added that our share in both the oceanic and coastal trade of the country has been since the opening of the Suez Canal

steadily and continuously on the decline. And to all appearances its final extinction is only a question of time. Steam-ship competition is a most formidable competition, and sail-shipment must eventually go out of the field altogether. It is worth noting in this connection that 98 per cent. of the shipping engaged in the sea-borne trade of India is steam, and 86 per cent. of that employed in coastal traffic is so, too.

Thus, as things stand at present, our Indian share is limited in the oceanic trade to about 130 small vessels of under 80 tons burthen with an aggregate tonnage of 95,000 tons, and in the coastal trade of India—to some 7,280 vessels generally of less than 20 tons each—while the foreigner claims 99 per cent. of the former and 90 p. c. of the latter.

As to *ship-building* there is a corresponding decline. The less indigenous shipping that finds employment, the less is the building of new vessels. Taking the figures for the 5 years ending 1905-6, we find:—

Sailing and steam vessels built at Indian Ports.

Year.	Sailing.		Steam.		Total.	
	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.
1901-2	112	4,756	3	77	115	4,833
1902-3	96	3,515	3	76	99	3,591
1903-4	96	4,326	1	75	97	4,401
1904-5	148	7,405	1	17	149	7,422
1905-6	166	7,445	2	167	168	7,612
Total for 5 years.	618	27,447	10	412	628	27,859
Yearly average.	123.6	5,449	2	82	125.6	5,572

Thus it appears, we build about 125 new vessels—Gulbats, Batalos, Kothias, Padavs, &c.,—of under 45 tons each—on an average per year. The annual amount of new ship-building scarcely seems sufficient to adequately provide for the wear and tear and wastage of time, and cannot even maintain our craft in its present strength. As to the Provincial distribution of ship-building Bengal has built during these 5 years only 8 new vessels, Burma 44, Sindh 63, Madras 148, and Bombay 365, in all 528. There is this new ship-building at 2 ports in Bengal, at 16 in Bombay, at 2 in Sindh, at 24 in Madras and at 4 in Burma, in all 48 ports in British India participating in the work, building 2 or 3 *gulbats* a year each. The ports of Calcutta and Chittagong on the Bengal side, of Bombay, Bulsar, and Bassein in the Bombay Presidency, of the Mangalore, Calicut and Masulipatam in Madras and of Tavoy and Mergui on the Burmese coast, may be mentioned in this connection as still preserving the ancient art. Of these, next to Bombay, Bulsar on the west coast takes the lead, having built 122 new vessels during the five years ending 1905-6, Bassein follows with an aggregate of 54, and then we have Mangalore with 40, Calicut and Masulipatam each with 18. Viziadurg, once an important ship-building centre on our side, has almost ceased to build, having turned out only 5 during the period.

As to the capital annually laid out on the building of the new craft, taking the cost of construction at about Rs. 100 per ton, we may put it at between 5 and 6 lakhs of rupees.

As regards the ship-builders, the Census of 1901 gives 42,940 as the number of persons supported by the industry. The actual workers as ship-wrights and boat-builders number 14,322 and apparently build for the most part fishing-boats and canoes and only occasionally larger craft. These people, however, are men of small means, *e. g.*, the *Vadha* carpenters of Gujerat, and build vessels generally for others—the Bunnias, the Memons, &c.,—under a system of advances, and if they build any on their own account, they do so only with borrowed capital.

(12). Lastly, as to our seamen, the Census supplies no definite information; we can hazard only a conjectural estimate. The strength of the crew of a native vessel varies according to its size and tonnage. In the case of large vessels, such as *Bagalas* and *Kothias* and *Batalos* there are usually 8 to 14 men; in the case of small, 4 to 8, the *Tandel* being the captain. We have as shown before, about 130 large vessels in the oceanic trade, and some 7,280 small, engaged in the inter-portal trade of the country, and the number of seamen may be roughly estimated at 50,000.

We may sum up the general position thus:—

(1) Our maritime trade is to the extent of full 90 per cent., if not more, in foreign hands. Our Indian share is barely 10 per cent.

(2) As to transport for movement of goods:—

(a) The railways are entirely a foreign monopoly, costing us about 44 crores of rupees a year gross.

(b) As regards the shipping employed—

1. In the *oceanic trade*, the total tonnage is 11,800,000 tons. Our indigenous shipping represents only 95,000 tons or a shade over 1 per cent., the remaining 11,705,000 tons all foreign.

2. In the inter-portal trade of the country the aggregate tonnage is 29.61 million tons, of which just 3.24 million tons is our own, the remaining 26.37 million tons or over 89 per cent foreign.

(3) As to old ports most of them are now deserted—both trade and shipping being practically concentrated at the five new ports of Calcutta, Bombay, Rangoon, Karachi and Madras—having 247.3 crores out of a total trade in merchandise of 264.4 crores of rupees in value; and nearly 9 million tons out of an aggregate tonnage of 11.8 million tons.

(4) The total number of indigenous vessels at present employed is roughly estimated at 130 in the oceanic trade of under 80 tons each and

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7,280 in the inter-portal trade of the country of under 20 tons burthen each, in all, 7,410 vessels large and small.

(5) Where we once had a thousand ship-yards there we have now just solitary 48 ports, which, however, mostly build 2 or 3 galbats a year. The yearly average number of new ships built is 125 of less than 50 tons each; and the aggregate capital laid out per annum on new ship-building may be put at between 5 and 6 lakhs of rupees.

(6) The ship-builders number 14,322, most of whom now build only fishing-boats and canoes and barges.

(7) As to the number of seamen manning the indigenous craft that we still possess, it may be roughly estimated at 50,000. The Lascars—most of them Mahomedens who find employment in British East India Steamers as menial servants, cooks or coolies—number 43,483.

Here are some of the leading facts and figures relating to the present position of our maritime trade, shipping and ship-building. The facts are eloquent and may be left to speak for themselves.

A vast sea-board extending over a length of 4,000 miles with a thousand harbours and secure anchorages, once important and prosperous ports, busy and flourishing marts, crowded with our own ships, barques, and brigs and barges; and each with a ship-building yard of its own and with a numerous seafaring population, living in comfort by the industry—now—and that, too, under the rule of a nation, the greatest sea-power in the world,—presenting a sad scene of desolation—a *littoral Sahara*.—With its ports mostly deserted, left all but bare and stripped of its old shipping—not even 8,000 vessels plying in its waters, with its countless ship-yards closed, except 48 which together build about 125 galbats a year, with its merchant princes and wealthy ship-owners, its seamen and ship-builders all but gone and dependant for maritime trade and transport almost exclusively on foreign assistance. Such has been the tremendous collapse of what was at one period of our history one of the most extensive and prosperous industries in the land!

Unhappy India, Land of ancient renown, Chosen Home of enterprise, industry and commerce in the Orient! Is this all that remains of thy past greatness and glory, as a premier maritime nation? Thy merchants and shippers who once directed and controlled the trade of the East and on whose resourcefulness and enterprise rested thy commercial pre-dominance in Eastern waters, thy seamen renowned throughout the East for their skill and daring, and who braved the perils of the deep and visited the most distant shores, thy ship-builders once so distinguished for their unrivalled skill in naval architecture, where are their modern successors? But, above all, where is that spirit of maritime enterprise which once sent forth thy brave and adventurous sons to far-off lands, East and West, for trade and settlement, and helped to build up thy extensive dominion of the sea? Gone, gone, gone for ever? No. There is a passing eclipse, a temporary collapse, albeit, so total, so disastrous, due to an unfortunate combination of circumstances over which we could exercise no control, but assuredly, it can never be a permanent feature of our position. A nation like ourselves with a mighty and glorious past behind it and a lofty mission awaiting it in the future, can have no reason to despair. Conditions and opportunities exist for revival and re-habilitation of this important industry, which are all that we should desire, excepting, of course, *Laissez-Faire*, the unalterably settled economic policy of the state, and if we only should go about the work in the right way, learning the newer principles and the newer methods from our rulers, whose guidance in the matter would prove of incalculable value as being the greatest maritime nation in the world, and profiting by their experience and following in their footsteps, there is nothing to discourage the hope that we might before long be able to recover the ground we have lost and regain for our beloved motherland the proud position she once enjoyed as a premier maritime power in Eastern Waters.

Here, we conclude, reserving for another occasion a further consideration of this important but rather neglected subject.

G. V. JOSHI.

# OUR SHIPPING AND SHIP-BUILDING

(Reprinted from the Modern Review, February, 1908.)

OF the many preplexing inconsistencies which characterize the present economic situation in India, there is, to our thinking, perhaps none more serious or striking than that which is illustrated in our almost exclusive dependence upon foreign aid in the matter of sea transport. For, although we have already a large and increasing intercourse with foreign nations by sea, we have as yet no mercantile fleet of our own of the modern type, and no ship-building on modern lines as a national industry to support it. Under the irresistible and unresisted impact of Western competition our old national shipping is gone—swept clean off the field—if we, of course, except the small native craft that still remain,—and with it is gone our old national ship-building. We have yet no shipping of our own of the newer pattern—no sailing vessels and no steamships—available for sea-service. The result is, that the transport we have almost exclusively to depend on in our intercourse with countries overseas, is necessarily foreign shipping; and the price we have to pay for such foreign aid is on a rough estimate about 25 crores of rupees a year. Sea-service embraces goods traffic, passenger traffic and the conveyance of the mails.

(1) There is, first, our sea-borne trade. It is a large and extensive trade and is going up by leaps and bounds. It shows an advance of over 60 per cent during the past 12 years and now (1906-7) aggregates 344·2 crores—Imports, 161·8, and Exports, 182·3 crores. Our trade relations extend to every quarter of the globe. We have commercial dealings not only with the Asian mainland but also with Europe and Africa on the one side, and with Australasia and America on the other. We send our *gunny bags* and *gunny cloth*, for instance, not only to the United Kingdom and Germany, to Egypt and the Cape, but also to Australia and the far off countries of North and South America, to the United States, to

Peru and Chile, to Uruguay and the Argentine Republic. So, again, we get our *hardware* and *cutlery*, *mill-work* and *machinery* not only from the United Kingdom and Germany, but from the United States and other countries as well. Similarly, consignments of *glass* and *glassware* come to us from Austria-Hungary and Germany as well as from China, and our supply of *apparel* including *drapery*, *millinery*, *haberdashery*, is obtained from the United Kingdom and Austria-Hungary, as also from Japan and the Straits Settlements. But it is worth noting that in respect of both the export and import sides of our maritime trade, it is the foreign shipping that we almost exclusively employ. It is in foreign bottoms, for instance, that we send out to foreign countries overseas the enormous quantities of grain and pulse, cotton and jute, hides and skins that we do year after year; and it is through the same transport agency that we get our annual supplies from abroad of metals and metal-manufactures, of sugar and spices, and of cotton and woollen manufactures. We have no Navigation Act in India—restricting resort to the use of foreign ships in foreign trade with a view to protect and promote Indian shipping and Indian ship-building enterprise, a Protectionist law—such as England had for 200 years (1657—1849 A. D.); and as a consequence,—other causes of course concurring—we find, we have absolutely no shipping of our own—sail or steam—of the newer design, in our Indian ports, and have, therefore, as a necessity of the position, to throw ourselves almost entirely on the help of the foreign shippers in the matter, paying them whatever freights they think fit to demand for the use of their ships. The rates charged per ton in 1906 were from Bombay to London 13s-6d for wheat and seeds and 14s-6d for cotton to Liverpool, and from Calcutta, to London 15s for rice and wheat, 17s-6d for jute and linseed and £1-13s-9d for tea.

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(2) There is, next, our Coastal Trade. It is also an expanding trade, and consists in the collection of produce and manufactures for export, and the distribution—from port to port—of imported goods. The total value of such inter-portal trade was in 1905-6, 46'37 crores of rupees. Here, too, it is mainly in foreign ships that the movement of goods coastwise from port to port goes on. Goods move from Broach and Bulsar, and from Honavar and Karwar to Bombay, from Puri and Balasore to Calcutta, from Cochin and Tuticorin to Madras, from Akyab and Bassein, and from Mergui and Moulmein to Rangoon, and back, but to the full extent of 85 p. c. and more in foreign vessels. Our *Bagalas* and *Kothias*, our *Padavs* and *Batclos*, ply on the shores, and bravely hold their own, working in their own old ways, as yet without the aid of science or steam; but it is an unequal contest, and their share is barely  $\frac{1}{3}$ th of the total volume of coastal trade. Nearly half the countries of the World reserve their coastal trade to their own national shipping—including France, Russia and the United States. Our policy is the policy of Free Trade; and Act XI of 1850—which is still in force—throws the coasting trade of India open to the shipping of all the world, freely and without restriction.

(3) Thirdly, there is likewise a good deal of passenger traffic we have by sea. Thousands of Mahomedans go on pilgrimage to Mecca and other holy places in Arabia every year during the cold weather season—in 'Pilgrim' ships, and Act No. XIV of 1895 provides for the regulation of such ships. So, again, some 16,000 persons leave India for employment in the Colonies every year and about 7,000 emigrants return to the country after they have served their term of indenture abroad—in all, 23,000. In 1905-6 the number of persons who left India was 21,125, while 6,945 emigrants returned—28,070 altogether. Besides, large numbers go every year on long or short voyages to ports in and out of India in what are known as Native Passenger Ships (regulated by Act X of 1887). In 1905-6, the total number of such passengers was 2,107,161. The great bulk of passengers voyage only within Indian limits, numbering 1,820,852 or nearly 86 p. c. of the total in 1905-6, their migrations being confined in the main to ports within their own Presidency—only a small number leaving for work in other Provinces. Coolies from Madras and Bengal go to Burma in considerable numbers for work as harvesters and in the rice-mills. Many persons also leave for Ceylon and the Straits, the Persian Gulf and Mombassa. Lastly, we have the

annual relief in connection with the British army in India. 14 to 15,000 British soldiers come out every year for service in India, and a corresponding number leave for home disembarked from service in this country in troop-ships. In 1903-4, 14,937 came out for service in India; and 12,686 left—in all 27,623. The total charge for troop service and passage-money being £370,506 or about 55½ lakhs of rupees.

The Pilgrim ships, the Native Passenger ships, the Emigrant ships, the troop-ships, are all non-Indian ships, and have a practical monopoly of our entire passenger traffic by sea. A few Indian Navigation Companies have been recently formed; but their operations are confined to coastal passenger traffic and their ships are foreign ships bought or hired for the purpose.

(4) There is, lastly, the conveyance of the Mails. This branch of postal service is at present handed over to the P. & O. Steam Navigation Company, and a subsidy amounting to about 8 lakhs of rupees a year is paid for it. In 1903-4, the postal subsidy paid was £52,595 or 7'8 lakhs. There is no Indian Steamship Company to take up the work.

Thus, it will be seen how completely dependent we are upon foreign assistance for every kind of sea-service we need. Our trade, both export and import, oceanic and inter-portal, is carried on in foreign bottoms; our passengers—pilgrims, emigrants, soldiers and others—voyage in foreign ships; and our mails, too, are conveyed to and from India by a foreign shipping company.

There is but little shipping in our ports or on the high seas that we can call our own; and our ship-building which at one time was a most extensive industry in our coast districts, and supported a numerous section of our coast population—is all but an extinct industry; and the classes who once lived by it are either at the plough—earning a precarious subsistence—or in the ranks of landless labour, working for their miserable pittance in the towns. A small number of adventurous spirits—mostly Mahomedans—about 40,000—find employment as Lascars in East Indian steamships as coolies or cooks, on subsistence wages.

A large and growing intercourse by sea and yet no national merchant navy—extensive and increasing dealings with foreign nations overseas and yet no national shipping service—an enormous volume of business carried across the seas, but almost entirely at exclusively with the aid of foreign transport, this is certainly an anomalous position.



and points to a serious and fundamental defect in our national industrial equipment. No scheme of sea-borne trade can for any length of time rest secure on such a basis. There is perhaps no maritime country in the civilized world which is without a shipping service of its own and which relies so completely on foreign aid in maintaining its intercourse with other nations oversea. Great Britain, the United States, Germany, Japan and other great sea-powers apart, whose commercial fleets sweep the high seas, not even the smallest of maritime countries, are without merchant navies of their own. Sweden (Area, 172,876 sq. miles and population 5·3 millions) has a mercantile marine consisting of 1,950 sailing vessels of 265,748 tons and 1,019 steamships of 408,124 tons—a total tonnage of 673,872 tons. Norway (area 124,129 sq. miles and population 2·2 millions) possesses a merchant navy of 7,269 vessels—sail and steam together—with an aggregate tonnage of 1,486,502 tons. Portugal (area 35,490 sq. miles; and population 5·4 millions) owns a commercial navy consisting of 77 steamers of 50,487 tons and 497 sailing vessels of 63,048 tons. In Greece (area 25,014 sq. miles and population 2·4 millions) the merchant navy has of sea-going vessels, 880 sailing vessels of 167,243 tons and 198 steamers of 208,791 tons—a total of 1078 vessels of 376,034 tons. Denmark (area 15,592 sq. miles, population 2·6 millions) has a merchant marine of 4091 vessels of 483,434 registered tons, of which 616 are steamers. Even Belgium (area 11,373 sq. miles and population 6·7 millions) has a shipping service of her own, composed of 71 vessels of 99,733 registered tons. India alone (area 1,766,612 sq. miles and population 294·3 millions) with her extensive sea-board, her countless ports and havens and her numerous coast-population stands as a solitary instance of a maritime country with a large and increasing commerce by sea and yet without a merchant marine of her own. She has not a single sailing vessel or steamship in her ports of the modern type, built in her own yards, nor even a single trained Indian engineer who could build one such. And thus, though under the political control and guidance of a nation which is by common consent the greatest and strongest of maritime powers and whose proud flag flies over nearly one-half of the entire shipping tonnage of the world, she continues, despite her increasing and expanding intercourse with foreign countries by sea, to be at the mercy of the foreign shippers! This marks the serious irony of the position.

Surely this is not as it should be. No maritime nation can long hold its own in the international arena of commercial enterprise—much less look forward with hope and confidence to an assured commercial future, which has not provided itself with this most needful apparatus of oceanic intercourse, and which chooses to so exclusively depend on the aid of the foreigner in the matter. With us, such foreign aid may have been necessary during the first periods of the economic revolution as a support to the fabric of the new Trade; but any continued dependence upon it is obviously incompatible with a sustained advance along the path of progressive development. Such extraneous aid might fail us when and in the directions in which we should need it most, or might not always be available on the terms we should be able to offer.

It is essential—and indeed a *sine qua non* of balanced progress—that we should have a mercantile marine of our own, of adequate strength and of the newer pattern, so as to be able to emancipate ourselves from our present position of helpless dependence on the foreign shipper and maintain our maritime intercourse without such outside help.

There are also other economic considerations which point the same way. (1) There is, in the first place, the heavy price we have to pay for such foreign aid—some 25 crores of rupees on the average every year for the conveyance of our export and import freights, our passengers, and our mails. An adequate Indian ocean fleet would mean a saving to the country of the whole of this burdensome annual charge (25 crores) which now goes to strengthen the commercial power and strength of other nations. (2) Next, the creation of an Indian commercial fleet—what a boon and a blessing it would be to the populations of the coast districts! There would be the rehabilitation of our old ship-building industry and sea-service—which would restore to numerous classes of the coast population their hereditary honorable employment. (3) But, above all, it would help to revive two such non-agricultural industries—which would be one important means of introducing some occupational diversity in our coast districts where none exists at present—and thereby diminish the pressure on the land.

All things considered, it behoves us seriously to take up the question, and consider in what way it is possible for us to build up a merchant navy of our own of the newer type and of the requisite strength as a necessary support and basis to our expanding maritime

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enterprise, and at the same time, revive and re-organize on sound business lines our old shipping and ship-building industries which we have suffered to decline and perish through culpable indifference and neglect.

Before entering upon a discussion of the question thus suggested, we trust, it may not be deemed out of place if we venture to submit by way of preface a brief review of the general position in this regard.

As far as the recorded results of Oriental research enable us to judge, there can be no doubt that in ancient times India was one of the foremost maritime nations of the world. Her fine geographical situation in the heart of the Orient, with Africa on the west and the Eastern Archipelago and Australia on the east and connected with the vast mainland of Asia on the north, her magnificent seaboard extending over 4000 miles and upwards—from Karachi to Chittagong—her ports and havens over 1000 in number, some of them among the finest in the world, the boundless wealth of her material resources, the unrivalled richness and variety of her products, her shipping and ship-building—all these constituted advantages of unique value to the development of her maritime enterprise, and her marvellous colonizing and trading activity, the genius and energy of her merchants, the skill and daring of her seamen, concurred to give her the command of the sea, and helped her to attain to the proud position of a premier maritime power in Eastern Waters. We had our colonies in Madagascar and Socotra on the one side and in Pegu, in Cambodia, in Java, in Sumatra, in Borneo and in all probability farther afield on the other. Similarly, we had our trading settlements in Southern China, in the Malayan Peninsula, in Arabia and in all the chief cities of Persia and all over the East Coast of Africa. We maintained extensive intercourse with foreign countries. Our trade extended not only to the countries of Asia but to the whole of the then known world—including the vast dominions of Ancient Rome. There was, for instance, a large and lucrative trade between the Pandya, Chola, and Chera kingdoms of Southern India and the Roman Empire. The whole of this oceanic intercourse with foreign nations was in our hands and under our control. The shipping employed was our own: and our *gubats* and *padavs*, our *ganjos* and *batelos* our *bagalas* and *kothias* were in every sea, and our Jat, Kachhi and Gujrathi seamen visited every shore. A thousand ports participated in our extensive sea-borne trade of the time, and prominent among them were Lakhpat and Diu,

Broach and Vallabhi, Beypoor and Cochin, Masulipatam and Balasore. Each seaport had its own ship-building yard, its own seamen and pilots, the ships were built of timber, mostly teak—the use of iron and steel as material for ship-building was unknown. A few references may here be conveniently cited from Bombay Gazetteer Volume I, part i, History of Gujerat, Appendix IV, pp. 492-96, and elsewhere.

"According to Vincent (Periplus I, 25,35, 254) in the time of Agatharcides (B. C. 200) the ports of Arabia and Ceylon were entirely in the hands of the people of Gujerat."

In the third century A. D. 247, the Periplus (McCrindle 17,52,64,96,109) notices

"Large Hindu ships in the East African, Arab and Persian ports and Hindu settlements on the north coast of Socotra."

Fa Hian, the famous Chinese pilgrim, who set out on his great itinerary in 399 A. D. and did not return to his monastery till 15 years later, records in his journal that

"He sailed from the mouth of the Ganges to Ceylon, from Ceylon to Java and from Java to China in ships manned by Indian crews."

During the fifth and sixth centuries, the ports of Sindh and Gujerat were among the chief centres of maritime enterprise in the east. In the fifth century, according to Hamza of Ispahan, at Hira near Kufa on the Euphrates the ships of India and China were constantly moored. In the sixth century, the Jats from the Indus and Kachh occupied the islands in the Bahrein Gulf. In A. D. 630 Hiuen Tsiang (Beal's Buddhist Records, II, 269) notices that in the chief cities of Persia, Hindus were settled as traders, enjoying the free practice of their religion. Before their overthrow by the Mahomedans, what large vessels the Rajput sailors of Gujerat managed is shown by Friar Oderic who about A. D. 1321 (Stevenson in Kerr's Voyages XVIII, 324) crossed the Indian Ocean in a ship that carried 700 people and these Rajput ships plied between Kattywar and China. In the 11th century Somnath is referred to as a great port of call for merchants trading between Sofala in East Africa and China, as Diu was for Chinese ships.

It is needless to multiply these references to our commercial intercourse with foreign nations by sea and our colonial settlements in ancient times. Materials are still not even half as full as we should desire for anything like a just and accurate appreciation of the exact position India held in ancient days in the world's arena of maritime enterprise; but on a general view of the facts which have been definitively established so far, the conclusion seems to be amply borne out that, that

position was one of undisputed predominance in eastern seas.

Things continued more or less on this footing up to the time of the Mahomedan conquest. Under Mahomedan rule, there was a serious decline in our position as a maritime nation. Our command of the sea was gone, and our maritime ascendancy ended. Our colonization ceased, our trading settlements dwindled both in number and strength; our sea-borne commerce fell off—part passed into the hands of the Arabs and Portuguese; many of our sea ports lost their commercial importance—some of them were destroyed, e.g., Vallabhi, the celebrated seaport and capital of the Vallabhi kingdom in the east of Kattyawar situated about 20 miles west of Bhavanagar, and our shipping suffered a great diminution. Altogether, amidst the conflict of creeds and races, amidst the ceaseless clash of arms, amidst the chaos, the carnage, and the violence of religious and political strife, our maritime enterprise received a check from which it has never recovered. The old spirit of sea-adventure, however, was still alive, surviving the shock and the wreck—the fire, the dash, the energy of the sea-manship of ancient days; and we struggled hard though against heavy odds to maintain our position at sea. The Jats and other Indians established fresh trading settlements in the coast districts of Persia, and continued the old trade with that country. Our merchant fleets sailed as before in Eastern Waters, in the Arabian and Chinese Seas. In 1498 A. D. Vasco da Gama found sailors from Cambay and other parts of India who guided themselves by the help of the stars in the north and south and had nautical instruments of their own—the compass, the quadrant and such like. In A. D. 1510 Albuquerque found a strong Hindu element in Java and Malacca. Sumatra was ruled by Parameshvar, a Hindu prince. And even after the rule of the sea had passed to the Europeans, it was noticed that Gujerat Hindus continued to show marked courage and skill as merchants, seamen, and pilots. In the 17th century the French traveller, Mandelslo (A. D. 1638, Travels) found Achin in North Sumatra a great centre of trade with Gujerat. Even so late as the latter half of the 18th century Rao Ghor of Kachh (A. D. 1760-1778) built, equipped and manned a ship at Mandvi, which without European or other outside assistance safely made the voyage to England and back to the Malabar Coast. In the beginning of the 19th century (A. D. 1825) Tod tells us how

"with Biji Singh, of Bhavanagar, his port was his grand hobby and ship-building his chief interest and pleasure,"

With the establishment of British rule, the decline of our maritime enterprise proceeded rapidly. New economic conditions established themselves; and new influences came into play. There was the crushing contact with the West, strong in the strength of advancing civilization and science, its disciplined spirit of industrial enterprise, its perfected industrial organizations, its unlimited command of resources of capital, skilled direction, trained labour and organizing talent. Our maritime enterprise, our sea-borne trade, our shipping, our ship-building, all primitive in their general scheme and methods had clearly no chance against such unequal and science-directed competition. Protected, carefully nursed and fostered, it might have held its own, and perhaps more as in Japan; but without such propping, and left without improvement and adaptation to the altered needs of the time, its fate was sealed. And as a result of a century of such competitive collision, we find ourselves simply driven out of the field with our maritime commerce gone, our merchant shipping which once plied proud and triumphant in Eastern Seas wiped away; our ship-building yards, once so numerous and so busy, all but closed, except for the construction of fishing boats and other small craft and our famous seaports sunk for the most part to the position of little better than fishing-villages. And now, scarcely a vestige remains of our ancient dominion of the sea. The whole fabric is gone as if swept by a storm leaving no trace behind; and the soul-stirring story of Ancient India as a mighty sea-power of the East, her colonies and trading settlements, her maritime intercourse and trade, reads like a romantic story from a dream-land or a fairy tale.

So sad, so complete, has been the collapse of our position as a maritime nation under the newer economic conditions—of *Laissez faire* Free Trade, and open and unrestricted competition—conditions introduced with the short-sighted and reckless confidence of "idealist" statesmanship into a country unsuited for their practical application, and among a people unprepared for the sterner toil and the freer life they postulated.

The present position of the country in respect of its intercourse with foreign nations by sea presents features which require to be carefully noted. Among these may be mentioned the following:—

(1) The New Sea-borne Trade of India which has grown up under the conditions of British rule is not our own—neither controlled

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by ourselves, nor arranged on the old traditional lines. It is essentially the creation of foreign enterprise, and is, as might be expected, mainly under foreign control. It is financed, regulated, directed, by the foreign merchants. Our Bhattyas, Khoja and Parsee merchants have no doubt direct dealings with Egypt and Zanzibar, Arabia and Persia, Ceylon and China; but these are on too small a scale and do not represent more than a fraction of the total volume, probably about 10 per cent. In Bombay city which has an aggregate sea-borne trade of upwards of 85 crores of rupees in value, we find that out of a total of 217 commercial firms as many as 111 are foreign, including 82 English, 13 German, 5 French, 5 Austrian, 1 Italian, 2 Japanese and 3 others. And they have a practical monopoly of the business. The Indian firms number 106—37 Hindu, 11 Musalman and 58 Parsee—most of which, however, do little more than agency work. At Karachi, there are in all 92 trading firms, of which 73 are European and only 19 Indian, and these, too, mostly commission agencies.

This sea-borne trade now (1906-7) aggregates 344.2 crores of rupees in value, and represents a cargo tonnage of 11.8 million tons, including 5.21 million tons entered and 6.58 million tons cleared.

The inter-port trade of India amounts to 46.37 crores of rupees in value (1905-6) and is mainly a subsidiary branch of the general ocean trade—representing the collection from port to port coastwise, of produce for foreign export and the distribution of imported goods through these trading centres on the sea-board over the interior.

(2) The New Trade under foreign direction is arranged in a frame and conducted on lines suited to the needs of manufacturing and industrial development, not in this country, but in foreign lands, and for the benefit of foreign nations. The bulk of exports consists of food-stuffs and raw materials while the imports are mostly manufactured goods. Among the exports we may note, taking the figures for 1906-7:—

Value in crores of rupees.			
	Crs.		Crs.
Grain and pulse ...	27.65	Hides and skins ...	10.89
Jute ...	26.83	Lac ...	3.37
Cotton ...	21.96	Wool ...	2.42
Seeds ...	13.01	Dyeing and tanning materials ...	1.38
<b>Total Rs.</b>	<b>89.45</b>	<b>Total Rs.</b>	<b>18.06</b>

A total of 187.51 crores of rupees or over 60 per cent. of the total value of Indian merchandise exported.

On the import side, the following articles may be mentioned:—

	Crs.		Crs.
Liquors ...	1.85	Oils ...	2.76
Provisions ...	2.42	Cotton-twist, yarn and piece-goods...	40.91
Sugar ...	8.73	Silks ...	1.82
Metals and metal manufactures ...	22.65	Apparel ...	2.11
<b>Total Rs.</b>	<b>35.65</b>	<b>Total Rs.</b>	<b>47.60</b>

A total of 83.25 crores, or over 76 per cent. of the total value of imported goods.

(3) Taking the figures for 1905-6, we find the trade thus distributed in respect of geographical areas.

Total value in crores of rupees, merchandise and treasure:

	Imports inclusive of Government stores.	Exports exclusive of Government stores.	Total in crores of Rs.
A. British Empire.			
(1) United Kingdom.	97.13	44.22	141.35
(2) British Colonies and possessions.	17.25	34.14	51.39
<b>Total ...</b>	<b>114.38</b>	<b>78.36</b>	<b>192.74</b>
B. Foreign countries.	29.36	89.79	119.15
<b>Grand total ...</b>	<b>143.74</b>	<b>168.15</b>	<b>311.89</b>

And, again, as over the different continents, in private merchandise alone:—

	Imports.	Exports.	Total in crores of Rs.
Europe ...	85.89	85.50	171.40
Africa ...	2.77	5.40	8.17
America ...	2.26	17.19	19.45
Asia ...	11.21	51.19	62.41
Australasia ...	.92	2.40	3.32
<b>Total ...</b>	<b>103.06</b>	<b>161.70</b>	<b>264.77</b>

Our old trade was mainly with Asia and Africa and the countries of the Levant. The bulk of the New Trade is with Europe, over 65 per cent. of the whole. The British Empire including the United Kingdom and British Colonies and possessions—claims over 60 per cent. of the total trade.

(4) As to the sea-ports—participating in the New Trade. In 1870, Mr. Robertson, a civi

engineer of eminence, was appointed by Government to inspect and report on the harbours and anchorages of the country. In 1870-1 he examined the Madras anchorages on both sides of the Peninsula and in 1871-2 inspected the Bombay and Bengal coasts and in a list prepared by Captain Taylor as many as 656 ports were enumerated and described, and the remark was added that

"The trade ports of India, if every place frequented by native craft be included, are exceedingly numerous."

Altogether, there were, we believe, over 1,000 ports on the Indian sea-board, which in ancient days were more or less independent centres of oceanic trade, having direct transactions with foreign countries—Ceylon and Zanzibar, Arabia and Persia, China and Malacca, Java and Cambodia, Sumatra and Borneo—and at the same time were distributing points for coastal traffic.

The Indian Ports Act of 1889 has a schedule list of 236 ports—11 in Bengal, 7 in Burma, 72 in Bombay including Aden, and in Madras 146, leaving out 19 as non-British Indian ports in Travancore and Cochin and 4 French ports in that Presidency. Each port under section 7 of the Act has a port officer and a conservator whose duty it is to look after the safety of shipping and the conservation of the port, enforcing the standing rules regarding berths, stations and anchorages to be occupied by vessels, the taking in and discharging of passengers, ballast and cargo, the keeping of free passengers, the use of fires and lights and to levy port-dues on vessels entering and grant port-clearances and receive fees for pilotage &c.. Under section 36 it is also to have a port fund account of its own, showing receipts such as port-dues and pilotage fees and disbursements including the pay and allowances of the port establishment, the costs of buoys, beacons, lights and other necessary works maintained for the benefit of vessels entering or leaving the port, as also contributions, if any, towards the support of hospitals and dispensaries suitable for the reception and relief of seamen, &c.

Most of these 236 ports are, however, mere ports of call for inter-portal trade and have but a very small fraction of the general oceanic trade of the country. Taking the figures for 1905-6 we find that the following 17 ports shared between them as much as 262·84 crores out of a total value of the trade in merchandise amounting to 264·77 crores, leaving even less than 2 crores for the remaining 219 ports:—

Value of trade in crores of Rs.		Value of trade in crores of Rs.	
Calcutta	... 109·0	Calicut	... 1·05
Bombay	... 85·0	Mangalore	... 1·00
Rangoon	... 21·0	Tellicherry	... ·99
Karachi	... 20·1	Coconada	... ·93
Madras	... 12·1		
		Total	... 3·97
Total	... 247·29		
		Bassein	... ·85
Tuticorin	... 3·35	Nagapatam	... ·69
Chittagong	... 3·17	Cuddalore	... ·55
Cochin	... 1·23	Akyab	... ·51
Moulmein	... 1·15		
		Total	... 2·60
Total	... 8·20	Grand Total	... 262·84

The total value of the year's trade was 264·77 crores of rupees of which

17 ports had 262·84 crores of rupees.

219 ports had only 1·93 crores of rupees.

(5) And even of these 17 ports, it is worth noting that it is the first five—Calcutta, Bombay, Rangoon, Karachi and Madras—which have a virtual monopoly of the oceanic trade of the country—247·3 crores out of a total value of 264·7 crores—the trade in Private Merchandise—leaving but 17·4 crores for all the other seaports on the vast sea-board.

These five ports are all new ports which owe their origin entirely and exclusively to foreign initiative and enterprise; and the concentration of the new sea-borne trade at these few points in the face of an extensive sea-board affording a thousand outlets and anchorages, some of them among the finest in the world, is a most remarkable feature of the general position.

Such concentration of the country's trade has no doubt its advantages. It facilitates and favours effective combination of means and proper co-ordination and regulation of efforts, and is otherwise conducive to economy and efficiency. But in the hands of the foreign merchant, and directed with irresistible energy against the indigenous organization of the country, it has with us been simply disastrous. It has proved the ruin of our ports, and with it,—other causes operating—the destruction of our maritime enterprise, including trade, shipping and ship-building.

Our old ports had clearly no chance as against such an opposing concentration. Effective competition was practically eliminated, and no motive or incentive left to emulative effort; and they have had to resign themselves without a struggle to the fate that awaited them. Their trade is gone, their shipping and ship-building activity is paralysed; and they are now for the most part little

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better than fishing-villages shorn of all their former glory or at the best are mere ports of call for coastal traffic with but an insignificant share—if even that much—in the general oceanic trade of the country. Lakhpat, the well-known emporium on the Sindh frontier which was till within a century ago a great seat of commerce on the coast, is no longer a trading centre. Diu on the coast of Kathiyawar, the flourishing mart and port of call for merchant ships from China and E. Africa in the 7th and 8th centuries A. D., is now but a subsidiary port for coastal traffic. Masulipatam, at the mouth of the Krishna, on the east coast of the Peninsula, once the great colonizing and trading centre and which sent settlers to colonize Java and Cambodia in the 7th century A. D. and from which vessels sailed eastwards for Sumatra and Cochin-China and the Manillas and westward, for Mecca and Madagascar, is now a neglected port, with a bar rising at its entrance, and relegated to a subordinate position with an oceanic trade of about 13 lakhs of rupees, imports and exports together, and a coastal trade of less than 7 lakhs! What now remains of the glory of the historic ports of Somnath and Mangalore? Broach, that queen of trading cities, once the centre of our maritime enterprise on the Western Coast, is now but a shadow of her former self with only a coastal trade of 44 lakhs of rupees! And so the Wheel of Fortune turns; and things "have their day and cease to be."

(6) The ports of Calcutta, Bombay, Rangoon, Karachi and Madras, at which the new sea-borne trade is concentrated, are, as observed before, ports of foreign origin and have been built, improved and equipped at great cost. Of these, Bombay is by far the finest port: Calcutta and Rangoon are good ports: but Karachi, the new port of Sindh and the Punjab, has had to be converted into a safe and commodious harbour at a heavy expenditure of money and effort. A bar across the entrance stretching for nearly a thousand yards—the result of the waves raised by the S. W. Monsoon acting on the loose sand lying off the extremity of Manora Point—has had to be removed; and the channel, deepened; the Chinna Creek, blocked; and a break-water, constructed to shut off the heavy S. W. seas from the mouth of the harbour. Madras is still far from being a satisfactory harbour. There is the exposed sea-shore, and the shoaling of the harbour mouth by drift sand is a standing difficulty. The capital debt incurred for the improvement of these harbours amounted to 13·5 crores

up to the end of 1905-6. Calcutta has a capital debt of 5·3 crores; Bombay, 6·46 crores; Rangoon, 58 lakhs; Karachi, 76 lakhs and Madras, 40 lakhs. Calcutta has 9 docks and Bombay 7, and these have cost a good deal. The Prince's Dock at Bombay enclosing a total water-area of 30 acres, has cost more than a crore of rupees, and so, too, the Victoria Dock has been constructed at a total outlay of 1·23 crores. Wharf and landing accommodation, piers, port approaches, buoys, warehouses, &c. have involved a heavy expenditure.

It is not clear why a few more harbours equally good or better have not been selected to be improved, equipped and placed alongside these five. There are several ports on the West Coast of India which might have been converted into first-class harbours and some at least at smaller cost. Poshitra, Salaya, Jagghur, Viziadurg, Karwar and Cochin, might be mentioned. As regards Cochin, Mr. Robertson, the great engineer, was strongly in favour of a scheme for improving it. It has a back-water of great value as a tidal reservoir to keep the entrance clear and render it independent of flood-waters for scouring purposes. Mr. Robertson said:—

"In this back-water there is room for 50 ships of 700 tons, and any amount of area can be got by dredging. The rise and fall is so small that the back-water is practically a wet dock of greater area than all the docks in Great Britain put together. On either side of Cochin harbour, to the north and south there are the very remarkable mud banks of Nar Kal and Alepy which are most useful as natural harbours of refuge subsidiary to Cochin. No other harbour in the world has such adjuncts. Thus Cochin is admirably adapted to become the great western outlet for the trade of Southern India."

A harbour of such potentialities might well have been chosen instead of Madras—an indifferent roadstead even now.

It is unfortunate that side by side with these ports improved and fitted at such heavy cost for the New Sea-borne Trade, it has not as yet been deemed desirable to establish as a necessary complement a few first-class ship-building yards where sailing vessels and steamships of the modern type could be constructed. Cochin and Viziadurg on the west coast might with advantage be converted at a comparatively small outlay into fine ship-building centres, commanding an inexhaustible supply of teak-timber from the forests of Kanara and Malabar.

Calcutta and Bombay have each a dockyard but the work done is almost entirely repairs to ships and but little real ship-building.

In Japan, it is only within the last 30 years since 1878 that ship-building on the modern

methods has made such wonderful progress, and ship-building yards have been established which might well claim a place among the leading ones in the world. The ship-building yard at Osaka is 34 acres in extent, and employs 1,000 men; the Kobe yards have an area of 50 acres and 8,000 workmen; the Nagasaki, the largest in the country, cover an area of 80 acres and employ over 10,000 men. Besides, there are 205 private ship-yards and 32 private locks. Bounties are given for the construction of iron or steel vessels of not less than 100 gross tons. The building of merchant ships of over 10,000 tons is not uncommon. Numerous small vessels of 200-300 tons are turned out every year, and also many iron vessels of 800 tons and upwards. At Nagasaki a ship of 13,000 tons is at present in course of construction.

A few ship-yards of the kind created on the Indian littoral, would be a boon of incalculable value and a means of reviving a great national industry. The outlay involved need not be more than 2 or 3 crores.

(7) The administration of the affairs of these ports is vested by law in Boards specially constituted for the purpose. At all the ports the Europeans on the Boards largely outnumber Indians and practically control the management.

These Port Trusts are constituted in part on an elective basis, and contain representatives of the technical and commercial-interests most concerned in the welfare and advancement of the ports. The Port Trust of Calcutta is composed of 15 members of whom 8 are elected, one by the Calcutta Municipality, one by the Trade's Association, one by the Bengal National Chamber of Commerce, and one by the Bengal Chamber of Commerce. At the present time, two are natives of India and the rest, as might be expected from the direction of the Foreign Trade, Europeans. In Bombay, the Board of Administration consists of 13 members, of whom 5 are elected by the Bombay Chamber of Commerce: and the Bombay Port Trust Act of 1879 provides under section 5 that "not less than three of the Trustees shall be natives of India residing in the city of Bombay." Madras has a Port Trust of 12 members, of whom 5 are elected, and 3 must be natives residing in the city. The Karachi Port is under a Board of 11 members, of whom 5 are elected and 2 must be natives residing in the city. Rangoon has a Port Trust of 10 members, of whom 3 are elected. There are here no native Commissioners on the Board.

The sub-joined table shows the constitution of these several Port Trusts:—

Port.	Number of Members.	CLASSIFICATION OF THE MEMBERS.			Natives.
		Nominated.	Elected.	Europeans.	
Calcutta ...	15	7	8	13	2
Bombay ...	13	8	5	10	3
Madras ...	12	7	5	9	3
Karachi ...	11	6	5	9	2
Rangoon ...	10	7	3	10	...
Totals ...	61	35	26	51	10

Thus, the total membership of these Port Trusts is 61 members, of whom 51 are Europeans—Engineers or representatives of Chamber of Commerce—and 10 only are Indians. The administration of the Ports is thus practically in the hands of the Europeans.

The property vested in the Trusts is extensive and valuable, and they are invested with powers corresponding to it.

The work of the Boards includes:—

The maintenance in efficient order of the existing docks, landing places, jetties, wharves, light houses, buoys, channels of approach, as also the carrying out of new works and improvements as required; such as wharves, piers, tramways, warehouses, sheds, beacons, pilot boats, the erection of cranes, reclamations, dredges, &c.

The Trusts have considerable revenues at their disposal, including tolls, dues, rates and charges for the landing, shipping, wharfage, crantage, storage, demurrage of goods, &c. Government advances money to the Boards in case of necessity or they have the power to raise the required loans.

The following table shows the revenue and expenditure of these Port Trusts for 1905-6, as also their capital debts:—

Port Trust.	Income in Lakhs of Rs.	Expenditure in Lakhs of Rs.	Capital debt in Lakhs of Rs.	The total trade in crores of Rs.
Calcutta ...	89.5	86.6	530	109
Bombay ...	70.7	61.6	646	85
Madras ...	8.7	8.4	40	12
Karachi ...	24.4	20.7	76	20
Rangoon ...	19.1	22.9	58	21
Total in Lakhs of Rs. ...	212.4	200.2	1,350	Total 247 crores in 1905-6.

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Each Port Trust has under its control :—

(a) a staff of officers of the Trust, including secretaries, engineers, traffic managers, dock-superintendents, warehouse superintendents, &c.

(b) a Port Department, consisting of a port officer and his assistant and dock-masters: and

(c) a Pilot Establishment composed of a harbour-master, master-pilots, pilots, &c.

At the port of Bombay, all these branches of the port service are manned by Europeans—excepting 2 Parsee officers on the staff (a).

(8) Next, these central sea-ports—Calcutta, Bombay, Rangoon, Karachi, and Madras, so improved and equipped at a capital out-lay of over 13½ crores of rupees and so administered in the interests of the New Sea-borne Trade and under the direction of representatives of foreign enterprise—have their position strengthened and assured by being placed in close and effective communication with the areas of production and industrial activity in the interior. The connecting chains are two—coastal and inland.

(1) There is, first the long chain of subsidiary ports on the sea-board, extending from Karachi and Lakhpat to Moulemein and Mergui. These ports numbering more than 1,000, including both recognised under the Ports Act and unrecognised, once many of them independent ports of call and distributing trade-centres on the coast with more or less a substantial share in the oceanic commerce, are now, under altered conditions and under the new scheme of commercial development, practically subsidiary ports subordinate and ancillary to the chief central seaports sending and receiving their supplies of commodities, to and from them.

Mangalore and Veraval, Porbandar and Diu, Gogha and Surat, Viziadurg and Malvan on the Bombay side, Cannanore and Beypore, Vizagapatam and Bimlipatam on the Madras coast, and Puri and Balasore in Bengal, have all sunk to the position of ancillary ports in communication with their respective presidential central ports.

(2) There is, secondly, a vast net-work of railways converging to these seaports as coastal *termini*, as they debouch on the sea-board or, to speak with historical accuracy and with reference to their development, radiating from them and extending throughout the length and breadth of the country and connecting every city of any importance and every province.

The railways are, of course, no part of the general maritime equipment of the country proper, but as the position of the central ports

as distributing trade-centres largely depends upon such a chain of arterial lines of communication linking them on the interior, a passing reference to them may be permitted.

It was about 1840 when the conquest of the country was nearing its completion, that the question of railway construction in India was first taken up by the Court of Directors. It was realised that without the requisite material appliances to facilitate and cheapen the means of communication and production, there could be no advance in the country—material, moral or political; and Lord Dalhousie, reviewing the whole question in an exhaustive minute in 1853 strongly urged the importance “of a speedy and wide introduction of railway communications throughout India”—recommending projects for various trunk lines.

The Court of Directors concurred, and sanctioned the scheme proposed by the Government of India; and by the end of 1859, eight companies had been formed for the construction of about 5,000 miles of line with a capital under State-guarantee of £52,500,000 sterling. And there was laid the foundation of a system of railways in India which—extending as it does throughout the country and opening it out in all directions—is now, with a mileage exceeding that in the United Kingdom itself, a marvel of engineering enterprise in the East.

The Great Indian Peninsular Railway was projected in 1844. The first turf was turned at Bombay in 1850, and the first 20 miles of line to Thana were opened in 1853 when Lord Elphinstone was Governor. Since then, the work of railway construction in India has gone on rapidly and continuously and we have now a total mileage of 29,303 miles of line open for traffic.

It may be remarked that the position of the Central Ports as chief seaports and distributing trade-centres could not have been strengthened in the way it has been, and that no large expansion of the New Sea-borne Trade would have been possible without such a development of the railway system of the country, the construction of a stupendous net-work of converging arterial through lines of communication. Says the writer on Commerce and Trade in the Imperial Gazetteer of India (vol. III, p. 262):

“Until the railway system was well advanced, it was not possible either to furnish the mass of the people with imported merchandise within their means or to encourage the agriculturist to grow wheat, oil seeds, or cotton for the over-sea market.”

Prior to the construction of railways in India, the new sea-borne Trade advanced but



only. In 1851-2, the year before the opening of the first railway—the total value of the export and import trade in merchandise was 32.1 crores of Rs. and had only slightly varied in previous years. Since 1853-4, it has readily advanced with every advance in the way-development—as will appear from the following table:—

Year.	Railway mileage open for traffic.	Value of Sea-borne Trade in crores of Rs. in merchandise.		
		Imports.	Exports.	Total.
853-4	71	11.12	19.29	30.41
863-4	2,958	27.14	65.62	92.76
873-4	6,226	33.81	54.99	88.80
883-4	11,527	55.27	88.17	143.44
893-4	18,840	77.02	106.50	183.52
903-4	27,565	92.59	153.51	246.10
906-7	29,303	108.30	176.66	284.96

The following few figures will be of interest as bearing on the general position in this respect:—

Total mileage of lines open for traffic on March 31st, 1907, 29,303 miles.

	Rs.	Crores.
(A) Capital debt ... ..	...	485.14
1. Actual capital out-lay ... ..	379.20	
2. Premia paid in purchase of companies' lines ... ..	47.45	
3. Net charge to the State on the railway account from the commencement down to 1898-9* ... ..	58.49	
<b>Total</b> ... ..	<b>485.14</b>	

Since 1899 we have had surpluses

(B) Gross earnings ... ..	...	44.11
1. Coaching traffic ... ..	15.36	
Total number of passengers carried 271.0 millions of whom, 239.3 millions, 3rd class.		
2. Goods traffic ... ..	27.59	
Number of tons carried 58.8 millions, Average rate per mile 5.4 pies.		
3. Electric Telegraph, &c., ... ..	1.15	
<b>Total Rs.</b> ... ..	<b>44.11</b>	

(C) Working Expenses ... ..	...	22.00
(D) Net Earnings ... ..	...	22.10

Railway service—Number of employees of different classes:—

Europeans ... ..	6,850	The upper branches of the service are manned almost exclusively by Europeans. The G. I. P. Railway has a superior staff of officers, 1,140 strong—including Agent, Auditors, Engineers
Eurasians ... ..	9,326	
Indians ... ..	463,108	
<b>Total</b> ... ..	<b>479,284</b>	Superintendents, Locomotive Officers, &c., of whom only 8 are Indians. The East Indian Railway

and the Madras Railway have between them a staff of 312 superior officers, under Agency, Audit, Engineering, Traffic, Locomotive, of whom only 2 are Indians.

Points to be noted:—

1. The capital laid out on the lines is entirely European, excepting some 20 lakhs of native investment on a short feeder line.
2. The administration is exclusively in European hands.
3. The superior branches of the service are manned mostly by Europeans and Eurasians.
4. The profits go all to the foreign capitalist—net earnings 22.1 crores of rupees.
5. Railways which in other lands and under normal conditions contribute to national economic progress and development—here with us work mainly in aid of the New Sea-borne Trade.

It may be added that the only land-transport that we still possess as our own is represented by the pack-animals and the bullock-carts. The pack-animals—horses and ponies, mules and donkeys, and camels—number in all 2,944,204 for a total of 550,030 villages in the British provinces or less than 6 per village. Their day, however, is gone; and we have them so employed only in hilly or imperfectly opened-up tracts where good cart-roads do not yet exist. As regards the carts they number 3,360,774 or about 6 to a village, plying in the old way between their villages and the railway stations and the trading towns and doing a considerable deal of the general carriage work of the country, largely as ancillary to the wide branching railway transport service.

Thus, is the movement of goods maintained to the central seaports from the interior and back, partly along the coast through a long chain of subsidiary ports, and by land by means of the railways.

(9) Next, it is important to enquire how the New Sea-borne Trade is carried on between these ports and the foreign markets across the seas; what is the transport that is supplied, and what is the agency which provides it. This brings us to the question of shipping employed in the new oceanic trade.

This trade with foreign countries by sea represents a most extensive field for transport service. And here, too, it is painful to note that the collapse of Indian indigenous enterprise is almost complete and that the foreigner is practically in sole and undisputed possession of the field.

Railway transport is, as shown before, a foreign monopoly and imposes upon the country a heavy annual charge, amounting to over 44 crores of rupees gross and over 22 crores net. And so, too, is the entire system of sea-carriage for which we have to pay the foreigner an additional 25 crores, so that the two

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charges taken together come to no less than about 70 crores of rupees per annum, exceeding by more than 10 crores even the entire net revenue of the Government of India—a price paid for foreign aid in respect of the land and sea transport—that we need in support of our New Sea-borne Trade.

Prior to 1842, the year in which the Peninsular and Oriental Steam Navigation Company secured the control for the mails between Suez and Calcutta and almost down to the opening of the Suez Canal in 1869, the New Sea-borne Trade was mainly carried on with sailing ships mostly under 500 tons each. The trade with the countries of the West was almost exclusively in the hands of the English shippers. Our native vessels never seem to have ventured west beyond the Cape.

In the eastern seas, however, we had yet our old shipping; and our *Kothias*, and *Bagalas*, our *Ganjoos* and *Padavs*, of 200—75 tons burthen had a large share with the Arab dhows, the Chinese junks and the Siamese barques in the trade between India and Ceylon, E. Africa, Persia, Arabia, China, the Malayan Peninsula and the Eastern Archipelago. Here there was some and not much competition; but it was a competition between the sailing-ships of the West of the newer pattern and our Indian craft of the old type. As regards the coastal trade of the country it was almost wholly in our hands and the extensive sea-board from Lakhpat on the west to Chittagong on the east was dotted over with Indian barques and brigs plying from port to port, and doing in the aggregate no inconsiderable amount of business.

The whole position, however, underwent a most profound change and our last chance was gone, when the Suez Canal was opened for traffic in 1869. It brought the East and the West nearer to each other, opened the East out to the steam-shipping of the West, and rendered possible an immense expansion of Eastern trade. Steamer-services commenced in Eastern Waters, and there was a revolution in the conditions of the general carrying trade of the East.

In 1825, the *Enterprise* made the first steam voyage to India. In 1842, the P. and O. Company secured the contract for the mails between Suez and Calcutta, and established a line of steamers for the mail services between Suez, Ceylon, Madras and Calcutta. But up till 1854, there were no steamers in Indian waters but those of the P. and O. Company, a few Government transports and occasional steamers employed in the opium

trade. Indian trade was divided between native vessels which put to sea only in fine weather and square-rigged ships carrying native crews and officered by Europeans. The first operations of the British India Steam Navigation Company date from 1857. In 1862 it started a scheme embracing the whole coasting service of India; and by the end of 1863, had 17 steamers afloat in the Eastern Seas. In November 1869, the Suez Canal was opened, and this company's steamer *India* with cargo from Calcutta, was the first steamer to arrive in London with an Indian cargo through the canal. In 1872 it extended its services to the East Coast of Africa; and in 1873 had a fleet of 40 steamers with an aggregate tonnage of about 52,000 tons, employing in the service of its fleet over 500 European officers and engineers and more than 5,000 lascars.

Since then, there has been a steady and continuous expansion of steam-shipping in Eastern Waters. It has extended to every country and every island in the East. Ceylon and E. Africa, Arabia and Persia, China and Japan, the Malayan Peninsula and the Eastern Archipelago, have now their regular steam-ship services. Almost every nation in Europe, Canada and the United States, Australia and New Zealand, have each a share in the new shipping. Even Japan is in the arena, working her way with characteristic energy. British shipping predominates, but we have fine steam-ship lines owned by other nations, notably France and Germany, the United States and Japan. Powerful shipping companies are in the field, e.g. the British India Steam Navigation Company founded in 1855 with a fleet of 125 steamers of 431,591 tons; the P. and O. Steam Navigation Company, incorporated in 1840 with a fleet of 59 steamers of 348,631 tons; the Ellerman Lines Ltd. founded in 1840, owning a fleet of 73 steamers of 238,876 tons; the Anchor Line Ltd. established in 1856, possessing a fleet of 30 steamers; the Compagnie Des Messageries Maritimes, the Chargeurs Re-unis of Paris (established in 1872) owning a fleet of 34 steamers, the Navigazione Generali Italiane with a fleet of 107 steamers of 231,000 tons the Austrian Lloyd Steam Navigation Company (founded at Trieste in 1836) possessing 7 steamers of 202,527 tons, the Hamburg-American Line Company (started in 1847) which owns a fleet—the largest in the world in carrying capacity, of 125 steamers of 651,15 tons, the Nippon Yusen Kaisha (founded in 1885) with a fleet of 78 steamers of 248,000 tons, &c. And we have now available for

service in the Eastern Seas such large steamers as the P. and O. Company's *Macedonia* and *Marmora* of over 10,500 tons each, the Anchor Lines, *Circassia* of 6,716 tons and *Britannica* of 8,069 tons, the Italian *R. Rubattino* of 4,580 tons, the French *Ville de la Ciolat* of 6,378 tons, and the Japanese *Aki Maru* of 6,444 tons. It may be added that steamships have now almost completely superseded the old sailing vessels in Eastern Waters, which means increasing more than four-fold the carrying power of the shipping. Of the total tonnage employed in Indian trade 98 per cent and more is steam-tonnage.

(10) In the face of such competition conducted with such resources and on such a scale, our old small shipping have obviously no chance. Our *Kothias* and *Bagalas*, our *Galbats* and *Padavs* of small carrying capacity mostly under 100 tons, cannot hold their own, when

matched with such stately liners of the West; nor can our poor, resourceless ship-owners hope to compete with such powerful shipping companies on anything like equal terms. The struggle is an unequal struggle and it can be no matter for surprise that the field is almost entirely in foreign hands and under foreign control. The whole of the Eastern trade, which once was ours is now in the hands of the European, American and Japanese shippers. Our share in the oceanic trade of our own country has dwindled down to less than 1 per cent. of the total. And even in respect of the inter-portal trade of India, our native craft represent less than 1/9th of the total tonnage.

The collapse of our indigenous shipping is all but total, and the following figures relating to shipping in Indian trade will be of painful interest, as illustrating the extent of such collapse:—

(A) As regards the *Sea-borne Trade of India.*

No. of tonnage of vessels, including their repeated voyages that entered and cleared with cargoes from and to foreign countries in 1906-7 thus distributed:—

	Entered.		Cleared.		Total in 1000 tons.		
	No. of vessels.	Tonnage.	No.	Tonnage.	No.	Total tonnage in thousands of tons.	Average tons per vessel.
Indian craft ...	600	45	654	49	1,254	95	77 tons.
British craft ...	90	7	90	7	180	14	80 tons.
Foreign craft ...	187	20	114	11	301	31	100 tons.
British shipping ...	1,727	3,973	2,256	5,197	3,983	9,170	over 2,300 tons.
British India shipping.	248	66	349	95	597	161	268 tons.
Foreign countries shipping.	458	1,100	582	1,227	990	2,327	2,440 tons.
Total ...	3,310	5,211	3,995	6,586	7,305	11,800	

Thus, of the total tonnage employed in the new Sea-borne trade of India—11,800,000 tons in all, both entries and clearances taken together, it may be noticed that British shipping—including craft and British Indian vessels, claims by far the largest share, amounting to 4760 vessels or 65 p.c. of the total number and 9,345,000 tons or about 79 p.c. The shipping of foreign countries amounts to a total of 990 vessels—most of them steamers, with an aggregate tonnage of 3,27,206 tons or close on 20 p.c.—Austria-Hungary claiming 443,000 tons, France, 185,000

tons, Germany 952,458 tons, Italy 201,000 tons, Japan 200,000 tons, &c. Our own indigenous shipping comes last with a miserable aggregate tonnage of 95,000 tons—8 p.c. of the total. The number of such vessels engaged in the oceanic trade of the country is not supplied in the official returns; but assuming about 10 voyages to a vessel a year, it may not be far wrong to put it at say 125-130 vessels, 130 small barques—mostly under 80 tons each,—this is all the shipping engaged in our foreign trade—that we can claim as our own, and no more. Nothing else is needed

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## OUR SHIPPING AND SHIP-BUILDING

to bring us home with such painful clearness the awful extent of the failure of this branch of our national industry—a result attribu-

table to the policy of the Open Door applied in all its logical rigor to economic conditions peculiarly ill-adapted for such application.

## B. The inter-portal trade of India:—

Here the figures for 1905-6 are available, and are as below:—

Nationality of shipping.	ENTRIES.		CLEARANCES.		TOTAL.		Per cent.	
	No. of vessels.	Tons.	No. of vessels.	Tons.	No. of vessels.	Tons.		
British ...	Steam ...	8,022	12,225,895	8,160	12,473,724	16,182	24,699,619	British 83·9 p.c.
	Sailing ...	1	1528	2	1,672	3	3,200	
British India	Steam ...	104	25,757	102	30,118	206	55,875	Foreign 5·2
	Sailing ...	289	41,235	241	34,907	530	76,142	
Foreign ...	Steam ...	256	666,029	277	733,759	533	1,399,788	Indian 10·
	Sailing ...	1,470	56,279	1,923	74,346	3,393	130,625	
*Native craft	Sailing ...	100,567	1,897,853	81,635	1,549,740	182,202	3,247,593	
Total ...	Steam ...	8,382	12,917,681	8,539	13,237,601	16,921	26,155,282	
	Sailing ...	102,327	1,796,895	83,801	1,660,665	186,128	3,457,560	
Total of steam and sailing vessels ...		110,709	14,714,576	92,340	14,898,266	203,049	29,612,842	100

\* Including foreign craft.

Here, the aggregate tonnage is 29·612 million tons, of which British shipping claims nearly 84 p.c. Foreign countries have a little over 5 p.c. and our own share is hardly 10 p.c.—some 182,202 vessels with an aggregate tonnage of 3·247 million tons—or for the most part of under 20 tons burthen. Assuming 25 voyages per annum to a vessel of this sort, it would appear that our indigenous craft so employed in this coastal trade include some 7,280 small *galbats* and *padavs* plying from port to port along the sea-board, East and West.

In half the countries of the world, the coastal trade is by law and treaty reserved to national shipping. With us, however, there is no such reservation, and under the Free Trade regime, our share in our own inter-portal trade has dwindled down to about 10 per cent. of the total.

It may be added that our share in both the oceanic and coastal trade of the country has been since the opening of the Suez Canal

steadily and continuously on the decline. And to all appearances its final extinction is only a question of time. Steam-ship competition is a most formidable competition, and sail-shipping must eventually go out of the field altogether. It is worth noting in this connection that 98 per cent. of the shipping engaged in the sea-borne trade of India is steam, and 86 per cent. of that employed in coastal traffic is so, too.

Thus, as things stand at present, our Indian share is limited in the oceanic trade to about 130 small vessels of under 80 tons burthen with an aggregate tonnage of 95,000 tons, and in the coastal trade of India—to some 7,280 vessels generally of less than 20 tons each—while the foreigner claims 99 per cent. of the former and 90 p. c. of the latter.

As to ship-building there is a corresponding decline. The less indigenous shipping that finds employment, the less is the building of new vessels. Taking the figures for the 5 years ending 1905-6, we find:—

Sailing and steam vessels built at Indian Ports.

Year.	Sailing.		Steam.		Total.	
	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.
1901-2	112	4,756	3	77	115	4,833
1902-3	96	3,515	3	76	99	3,591
1903-4	96	4,326	1	75	97	4,401
1904-5	148	7,405	1	17	149	7,422
1905-6	166	7,445	2	167	168	7,612
total for 5 years.	618	27,447	10	412	628	27,859
Yearly average.	123.6	5,449	2	82	125.6	5,572

Thus it appears, we build about 125 new vessels—Gulbats, Batalos, Kothias, Padavs, &c.,—of under 45 tons each—on an average per year. The annual amount of new ship-building scarcely seems sufficient to adequately provide for the wear and tear and wastage of time, and cannot even maintain our craft in its present strength. As to the Provincial distribution of ship-building Bengal has built during these 5 years only 8 new vessels, Burma 44, Madras 63, Madras 148, and Bombay 365, in all 28. There is this new ship-building at 2 ports in Bengal, at 16 in Bombay, at 2 in Sindh, at 24 in Madras and at 4 in Burma, in all 48 ports in British India participating in the work, building 2 or 3 *gulbats* a year each. The ports of Calcutta and Chittagong on the Bengal side, of Bombay, Bulsar, and Bassein in the Bombay Presidency, of the Mangalore, Malicut and Masulipatam in Madras and of Avoy and Mergui on the Burmese coast, may be mentioned in this connection as still present in the present art. Of these, next to Bulsar on the west coast takes the lead, having built 122 new vessels during the period ending 1905-6, Bassein follows with an aggregate of 54, and then we have Calicut with 40, Calicut and Masulipatam each with 18. Viziadurg, once an important ship-building centre on our side, has almost ceased to build, having turned out only 5 during the period.

As to the capital annually laid out on the building of the new craft, taking the cost of construction at about Rs. 100 per ton, we may put it at between 5 and 6 lakhs of rupees.

As regards the ship-builders, the Census of 1901 gives 42,940 as the number of persons supported by the industry. The actual workers as ship-wrights and boat-builders number 14,322 and apparently build for the most part fishing-boats and canoes and only occasionally larger craft. These people, however, are men of small means, *e. g.*, the *Vadha* carpenters of Gujerat, and build vessels generally for others—the Bunnias, the Memons, &c.,—under a system of advances, and if they build any on their own account, they do so only with borrowed capital.

(12). Lastly, as to our seamen, the Census supplies no definite information; we can hazard only a conjectural estimate. The strength of the crew of a native vessel varies according to its size and tonnage. In the case of large vessels, such as *Bagalas* and *Kothias* and *Batalos* there are usually 8 to 14 men; in the case of small, 4 to 8, the *Tandel* being the captain. We have as shown before, about 130 large vessels in the oceanic trade, and some 7,280 small, engaged in the inter-portal trade of the country, and the number of seamen may be roughly estimated at 50,000.

We may sum up the general position thus:—

(1) Our maritime trade is to the extent of full 90 per cent., if not more, in foreign hands. Our Indian share is barely 10 per cent.

(2) As to transport for movement of goods:—

(a) The railways are entirely a foreign monopoly, costing us about 44 crores of rupees a year gross.

(b) As regards the shipping employed—

1. In the *oceanic trade*, the total tonnage is 11,800,000 tons. Our indigenous shipping represents only 95,000 tons or a shade over 0.8 per cent., the remaining 11,705,000 tons all foreign.

2. In the inter-portal trade of the country the aggregate tonnage is 29.61 million tons, of which just 3.24 million tons is our own, the remaining 26.37 million tons or over 89 per cent foreign.

(3) As to old ports most of them are now deserted—both trade and shipping being practically concentrated at the five new ports of Calcutta, Bombay, Rangoon, Karachi and Madras—having 247.3 crores out of a total trade in merchandise of 264.4 crores of rupees in value; and nearly 9 million tons out of an aggregate tonnage of 11.8 million tons.

(4) The total number of indigenous vessels at present employed is roughly estimated at 130 in the oceanic trade of under 80 tons each and

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7,280 in the inter-portal trade of the country of under 20 tons burthen each, in all, 7,410 vessels large and small.

(5) Where we once had a thousand ship-yards there we have now just solitary 48 ports, which, however, mostly build 2 or 3 galbats a year. The yearly average number of new ships built is 125 of less than 50 tons each; and the aggregate capital laid out per annum on new ship-building may be put at between 5 and 6 lakhs of rupees.

(6) The ship-builders number 14,322, most of whom now build only fishing-boats and canoes and barges.

(7) As to the number of seamen manning the indigenous craft that we still possess, it may be roughly estimated at 50,000. The Lascars—most of them Mahomedens who find employment in British East India Steamers as menial servants, cooks or coolies—number 43,483.

Here are some of the leading facts and figures relating to the present position of our maritime trade, shipping and ship-building. The facts are eloquent and may be left to speak for themselves.

A vast sea-board extending over a length of 4,000 miles with a thousand harbours and secure anchorages, once important and prosperous ports, busy and flourishing marts, crowded with our own ships, barques, and brigs and barges; and each with a ship-building yard of its own and with a numerous seafaring population, living in comfort by the industry—now—and that, too, under the rule of a nation, the greatest sea-power in the world,—presenting a sad scene of desolation—a littoral Sahara. With its ports mostly deserted, left all but bare and stripped of its old shipping—not even 8,000 vessels plying in its waters, with its countless ship-yards closed, except 48 which together build about 125 galbats a year, with its merchant princes and wealthy ship-owners, its seamen and ship-builders all but gone and dependant for maritime trade and transport almost exclusively on foreign assistance. Such has been the tremendous collapse of what was at one period of our history one of the most extensive and prosperous industries in the land!

Unhappy India, Land of ancient renown, Chosen Home of enterprise, industry and commerce in the Orient! Is this all that remains of thy past greatness and glory, as a premier maritime nation? Thy merchants and shippers who once directed and controlled the trade of the East and on whose resourcefulness and enterprise rested thy commercial pre-dominance in Eastern waters, thy seamen renowned throughout the East for their skill and daring, and who braved the perils of the deep and visited the most distant shores, thy ship-builders once so distinguished for their unrivalled skill in naval architecture, where are their modern successors? But, above all, where is that spirit of maritime enterprise which once sent forth thy brave and adventurous sons to far-off lands, East and West, for trade and settlement, and helped to build up thy extensive dominion of the sea? Gone, gone, gone for ever? No. There is a passing eclipse, a temporary collapse, albeit, so total, so disastrous, due to an unfortunate combination of circumstances over which we could exercise no control, but assuredly, it can never be a permanent feature of our position. A nation like ourselves with a mighty and glorious past behind it and a lofty mission awaiting it in the future, can have no reason to despair. Conditions and opportunities exist for revival and re-habilitation of this important industry, which are all that we should desire, excepting, of course, *Laissez-Faire*, the unalterably settled economic policy of the state, and if we only should go about the work in the right way, learning the newer principles and the newer methods from our rulers, whose guidance in the matter would prove of incalculable value as being the greatest maritime nation in the world, and profiting by their experience and following in their footsteps, there is nothing to discourage the hope that we might before long be able to recover the ground we have lost and regain for our beloved motherland the proud position she once enjoyed as a premier maritime power in Eastern Waters.

Here, we conclude, reserving for another occasion a further consideration of this important but rather neglected subject.

G. V. JOSHI

"Money is perhaps the mightiest engine to which man can lend an intelligent guidance. Unheard, unfelt, unseen, it has the power to so distribute the burdens, gratifications and opportunities of life that each individual shall enjoy that share of them to which his merits or good fortune may fairly entitle him; or, contrariwise, to dispense them with so partial a hand as to violate every principle of justice, and perpetuate a succession of social slaveries to the end of time."—ALEXANDER DEL MAR.

# INDIAN FINANCE & CURRENCY

A NOTE

ON

THE REPORT OF THE ROYAL COMMISSION ON INDIAN  
FINANCE AND CURRENCY, 1913-14

BY

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## FOREWORD.

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In the belief that the management of India's Finances and the development of India's Currency were both susceptible of improvement, I commenced in 1911 a series of enquiries to Chambers of Commerce and special articles to the Press both in India and England. The enquiries showed that with two important exceptions, many leading Chambers of Commerce shared my views with regard to one or another question connected with India's Finances and Currency. "The Coming Deluge" which I contributed to the *The Nineteenth Century and After* of December 1911 attracted the attention of Lord Roberts and other authorities—political and financial, and a certain amount of private and public discussion ensued. Nothing much was done, however, in directions in which it seemed to me that immediate reform was imperative; and I felt it incumbent upon me, therefore, to place the subjects of India's Finances and Currency more fully and vividly before the public. I accordingly wrote and published "Gold for India," "Britain's Dilemma" and "Advance, India!"

The result of the appearance of these works was an active campaign in Parliament, and in many organs of the Press—Indian as well as English—wherein recent innovations at the India Office in connection with the management of India's Finances and Currency were continuously questioned. So hotly was the subject pressed that in March last year the Prime Minister—Mr. Asquith, announced the appointment by the King-Emperor of a Royal Commission to enquire into the various matters that had been so freely criticised. That Commission, which was most ably presided over by the Right Hon. J. Austin Chamberlain, made a rapid but exhaustive investigation, and issued its Report in February last—within one year of its appointment—a record, I believe, in the history of Royal Commissions.

In the attached Note, I have endeavoured to explain in the simplest language, stripped of all unnecessary verbiage, qualifications and reservations, the actual findings and recommendations of Mr. Austin Chamberlain's Commission. This, it is hoped, will enable the public in India at once to grasp the points under consideration, and to come to a definite decision as to the best ways of managing India's Finances and of developing India's Currency.

I have ventured to add in Appendix B a brief Note on the subject of a State Bank for India. The creation of a real State Bank would, I think, be of the greatest value to the Indian public throughout the Continent at the present juncture, and at the same time would add very greatly to India's power and prestige in the eyes of the world.

M. DE P. WEBB.

Karachi, 12th July 1914.



# INDIAN FINANCE AND CURRENCY.

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NOTE by the Hon. Mr. M. de P. Webb, C. I. E., (Chairman of the Karachi Chamber of Commerce) on the Report of the Royal Commission on Indian Finance and Currency, 1913-1914.

## PART I—PRELIMINARY.

1. In the Report of the Royal Commission on Indian Finance and Currency, dated 24th February 1914, can be found abundant justification for the many criticisms that have been directed in recent years against the India Office's Management of India's Currency and Finances.

2. Those criticisms have ranged over a great variety of subjects from the indecision of Government in carrying out the Currency Policy, initiated in 1893 and confirmed in 1898, to the neglect of ordinary business-like methods in dealing with the Treasury Balances, the Sales of Council Drafts, and the transfers of huge accumulations of surplus Indian cash to London.

3. To understand properly the bearings of the various criticisms, and of the findings of the Commission thereon, it is necessary at the start to distinguish very clearly between *currency* matters and *financial* matters. Many people make use of the words "currency" and "finance" as though the subjects were almost one and the same thing. This is a very great mistake. The two are entirely distinct, and should on no account be confused one with the other.

4. **Currency problems** relate only to the proper provision of *monetary tools* for the use of the public—(a) the various *kinds* of tools; (b) the *numbers* of tools of each kind; (c) the best machinery for *manufacturing* these several tools; and (d) the administrative measures necessary for the wise *control* of such money-tools as are provided by Government and others for the general welfare.

5. **Financial problems** on the other hand refer solely to the acquiring and employment of money—by private individuals, by combinations of private individuals, by public bodies, and by Government. In the case of Government, financial problems include all questions relating to the collection and expenditure of revenue, and to the raising, utilising and repayment of public loans,—(a) how much money should be collected and borrowed every year; (b) how and where the collections and borrowings should be located and employed until the needs of Government require the money-power for the specific purposes for which it has been accumulated; and (c) the exact methods, times, and places of using and repaying the supplies of money previously collected and borrowed by Government to enable it to carry out its various duties and obligations.

6. With this distinction between Currency and Financial Problems clearly in mind, we may recall the terms of the Reference to the Royal Commission :—

*“Whereas, We have deemed it expedient that a Commission should forthwith issue to inquire into the location and management of the general balances of the Government of India; the sale in London of Council Bills and Transfers; the measures taken by the Indian Government and the Secretary of State for India in Council to maintain the exchange value of the rupee in pursuance of or supplementary to the recommendations of the Indian Currency Committee of 1898, more particularly with regard to the location, disposition, and employment of the Gold Standard and Paper Currency Reserves; and whether the existing practice in these matters is conducive to the interests of India; also to report as to the suitability of the financial organization and procedure of the India Office; and to make recommendations; Now know ye”*  
*&c., &c.*

7. In the above, we have no difficulty in distinguishing between **Currency** and **Finance**. The.....“location and management of the general balances of the Government of India,”.....and.....“the sale in London of Council Bills and Transfers,”.....are clearly **Financial** matters; whilst.....“the measures taken by the Indian Government and the Secretary of State for India in Council to maintain the exchange value of the rupee,”.....and the.....“location, disposition, and employment of the Gold Standard and Paper Currency Reserves” (which Reserves were created specially to ensure the conversion of rupees into sovereigns, and of notes into rupees respectively), are obviously **Currency** matters. “The suitability of the financial organisation and procedure of the India Office” is a question that involves not only the management of India’s Finances, but also the development of India’s Currency. Both matters are controlled by the India Office, or by the Finance Committee of the Secretary of State’s Council. The Commission’s recommendations with regard to this particular head of the Reference are, therefore, of the very greatest interest.

8. Speaking broadly, the Commission have found with regard to practically all the criticisms directed against the India Office’s management of India’s *Finances*, that *the critics have been right*, and that scope for improvement exists in many directions.

9. With regard to India’s *Currency*, the Commission have found that *the critics have been right* in asserting that the policy initiated in 1893 by the Herschell Commission and confirmed in 1898 by the Fowler Committee, *viz* — ...“Open Mints and a gold standard and currency based on the principles of the free in-flow and out-flow of gold” has not yet been carried out. But having expressed this opinion, the Commission proceed to open up entirely new ground by suggesting that..... “the time has now arrived for a *reconsideration of the ultimate goal of the Indian Currency System*”.....In place of the Open Gold Mints and a Gold Currency recommended by the two previous bodies of Currency Experts in 1893 and 1898, Mr. Chamberlain’s Commission—or to be quite accurate, a Majority of the Commission,—now

advocate an ever-increasing token currency supported by an ever-increasing Reserve (partly in gold and partly in securities), the whole of this Reserve to be held entirely in London. One Commissioner of great practical monetary experience in India—Sir James Begbie of the Bank of Bombay, in a very strong Minute of Dissent entirely disassociates himself from.....“the conclusions and recommendations contained in the Report on the subject of the Currency policy”.....Sir James Begbie’s Minute of Dissent occupies three and a half pages, and gives full reasons for his disbelief in a token currency for India backed by a Reserve held entirely outside India.

10. In view of the findings of the Commission in connection with the management of India’s *Finances*, a recommendation regarding the organisation and procedure of the India Office naturally followed. Sound principles have now been laid down by the Commission with regard to the Sales of Council Drafts, and the loan of State funds to private borrowers in London; further, a reorganisation of the Finance Committee of the Secretary of State for India’s Council so as to give Indian interests due representation, has been unanimously recommended.

11. Two subjects of considerable importance, namely, (a) the recent serious shrinkage in the purchasing powers of the rupee, and (b) the desirability (or otherwise) of bringing into existence an Indian State Bank, were not included in the original Reference to the Commission. In connection with the former matter, a Committee was appointed by the Government of India, five years ago, to investigate the Rise in Prices in India, but no Report has yet been submitted, or if submitted, has yet been made available to the public. The Commission alludes to the rise in prices in.....‘the world in general’..... (Sections 56 and 67), but in this expression they apparently do not include India, for the Commissioners state explicitly that they.....‘do not propose to deal’.....with the possible effects on prices of an increased use of gold in the form of gold coins by India. Yet the rise of prices in India is a very serious matter indeed, as Sir Valentine Chirol has pointed out in his ‘Indian Unrest.’

12. On the subject of a State Bank for India—purely a Financial problem, the Commission.....‘came to the conclusion that we are not fitted as a body to make recommendations one way or the other’.....But the subject is regarded as of great importance, and the Commission suggests that the Government of India should appoint a ‘small expert body’ to study the whole question in India. To assist in this study the Commission submit a fourteen page Memorandum on the subject drawn up by Professor J. M. Keynes in collaboration with Sir Ernest Cable. The Exchange Banks, scenting possible competition, have unanimously condemned the whole idea no matter what form it may take. That section of the Press which represents the bankers’ views, has heartily echoed the damnation, and assured the public that the whole idea is ‘dead.’ In the meantime the Government of India are understood to be carefully weighing all the evidence *pro* and *con*, and the public at large would be well advised to do the same.

13. We can now enter upon a little closer examination of the findings of Mr. Chamberlain’s Commission. It will be convenient to deal firstly with Financial matters.

## PART II.—FINANCIAL REFORMS RECOMMENDED.

14. The main criticisms lately levelled against the management of India's *Finances* have been as follows:—

- (a) That the revenues collected in India in recent years have been larger than was necessary, with the result that the cash balances of Government have risen from about £15,000,000 in 1907 to over £30,000,000 in 1912.
- (b) That this additional £15,000,000 of cash in hand instead of being at once utilised *in India* has been unnecessarily transferred by the Secretary of State to London thus raising the Secretary of State's normal cash balance in London of about £4,000,000 to over £18,000,000.
- (c) That notwithstanding that the India Office held some £14,000,000 in cash more than it needed (the whole of which vast sum was lent out on short terms loans in London), nevertheless the India Office continued regularly to *borrow* money quite unnecessarily, and therefore to the direct loss of India's revenues.
- (d) That in the process of making the transfers of the surplus cash balances from India to London, the Secretary of State often accepted unnecessarily low rates for Council Drafts thus failing to make the best bargains possible for India.
- (e) That the above facts clearly indicated the desirability of some change in the financial organisation and procedure at the India Office.

15. In order that the findings of Mr. Chamberlain's Commission in the above five matters may be clearly appreciated, brief extracts from the Commission's Report are given below side by side with extracts from the Memorandum of Evidence-in-Chief submitted by the Chairman of the Karachi Chamber of Commerce. (*Vide* Vol. II of Appendices to the Interim Report, Cd. 7071, issued by the Commission in 1913).

16. (a) "Since 1907 the general cash balances of the Government of India...excluding the balances of the Gold Standard and Paper Currency Reserves, have grown as under:—

£15,633,744	on 31st March	1907.
17,458,679	" "	1908.
18,219,381	" "	1909.
25,074,522	" "	1910.
30,263,912	" "	1911.
30,669,702	" "	1912.

\* \* \*

(a) ... "We cannot but feel that in preparing their estimates of revenue, the Government of India have erred on the side of caution"... *Vide* Section 126 of Part III of the Commission's Final Report.

I am convinced that the accumulation of these vast sums of money in the Government Treasuries is wholly unnecessary"... (Part I, Sections 1 and 3). This unnecessary withdrawal of nearly 30 crores of rupees in cash from the earnings and savings and available capital of the people cannot have aided or stimulated India's economic development (*Vide* Evidence submitted by Chairman, Karachi Chamber of Commerce, Part I, Section 4).

An error on the right side, no doubt. But when the error is continued year after year, in face of repeated criticisms, till the accumulation of cash in Government's hands amounts to over forty-five crores of rupees—or *more than twenty-two crores (i. e., over £ 15,000,000) in excess of Government's immediate needs*,—the matter becomes serious.

17. (b) "Assuming that the uncertainty of the rainfall over a large part of the Continent of India makes it impossible to estimate revenue and expenditure with any degree of accuracy,...it is, I submit, one of the first duties of Government to return this money, (i. e., surplus collections of revenue) to the public as expeditiously as possible by (a) reducing taxation, (b) budgetting for deficits, (c) spending the surplus on reproductive works like railways and canals, and temporarily (d) placing the surplus cash at the service of the public in India through the agency of India's leading Banks and Financiers. Instead of which an irregular and noxious manipulation of the Treasury Balances has been carried out...Substantial portions of the Government of India's cash balances have been transferred from India to London; and there being no legitimate need for the money in London, £ 15,000,000 of it have been lent out in London to private borrowers on terms that, compared to those current in India, can only be regarded as unfair to India" (Part I, Sections 5 and 6).

Critics will not be impressed by the argument that, with £ 10,000,000 to £ 15,000,000 of India's surplus cash going begging for borrowers in London, Government were so tied down by their own "conditions" that it was quite impossible to put a pen through them and so enable some of the money to be lent in India for the benefit of Indian trade. Nor will the suggestion that..... "*there was no use for the money in India*"..... appeal very strongly to those who for years past have been begging Government to make a more business-like expenditure of capital in India on reproductive works such as railways and canals. At the same time the frank recognition that..... "*the present methods of dealing with balances are open to criticism*" and are, therefore, susceptible of improvement, is very welcome. Already a movement in the right direction has been made, and the public are now watching further developments with the greatest interest.

18. (c) "Concurrently with the holding of a cash balance many millions sterling in excess of its legitimate requirements, and the regular disposal of most of this balance by short period loans that, by constant renewals became to all intents and purposes permanent loans on the easiest imaginable terms for the borrowers, the India Office not only omitted to pay off as much floating debt as it could, but it has in effect (simultaneously) *borrowed back some of the money which it has been lending out so freely*"..... (Part I, Section 9).

(b) ... "We find no fault with the course taken by Government, for, under the conditions hitherto laid down for loans in India, there was no effective demand for such loans, and no use for the money in India" (Section 133, Part III).... At the same time... "*the present methods of dealing with balances (in India) are open to criticism*"... and... "*we recommend that (in future) the Government of India should make a regular practice of granting loans to the Presidency Banks from their surplus balances in India*"... (Section 223, para XXV).

(c)..... "We are inclined to think that in their dealings with temporary debt, the India office are open to the charge of being over-cautions. We would instance in particular the renewal of £ 1,500,000 of India Bills in December 1910, and again in December 1911. Another particular instance of what appears to us to have been excessive caution is the flotation of a loan for £3,000,000 in London in April 1912, when the market conditions were very unfavourable, regard being had to the size of the closing balance on 31st March 1912, viz., £ 18,390,013 "..... (*Vide* Royal Commission's Report, Part III, Section 192).

It is doubtful whether the ordinary man of business would consider his financial managers simply "over-cautious" were they gratuitously to borrow £ 3,000,000 on his behalf, in a very unfavourable market, at a moment when his own cash balance—over £ 18,000,000—was so grossly in excess of his immediate requirements that the bulk of it had to be lent out to anybody who could be found to take it, it almost any rates that the borrowers cared to offer.

19. (d)... "In recent years auctions (of Council Drafts) have been conducted with such an entire disregard of everything that has gone before, that they have become one of the main obstacles in the way of the successful carrying out of some of the most important recommendations of the Indian Currency Committee of 1898. Indeed, so erratic and unintelligible have the proceedings now become that many of the public in India have been forced to the conclusion that the India Office's chief concern in it is to manage the weekly sales in such a way as (a) to remove as much Indian State money as possible from India to London for the use of the London Money Market; and at the same time (b) delay for as long a period as possible the establishment of the gold currency in India recommended by the Indian Currency Committee of 1898 (Part II, para 1).

(d)... "The India Office" (who sell Council Drafts not for the convenience of trade, but to provide the funds needed in London to meet the requirements of the Secretary of State in India's behalf—*Vide* Sections 170 to 186),..... "perhaps sold Council Drafts unnecessarily, at very low rates, on occasions when the London balance was in no need of replenishment"..... (Section 223, sub-section XXX.)

A very important admission. The insertion of the word "perhaps" in the Commission's finding need not perhaps be taken to imply doubt or uncertainty on the part of the Commissioners.

20. (e)... "The financial organisation and procedure of the India Office in matters relating to Indian Currency and Finance appear to me to be in need of radical changes. The organisation is defective and the procedure obsolete and unsatisfactory" (Part VII, para 1)..... "An organisation that produces results such as those described,.... obviously needs remodelling—lock, stock and barrel..... The presence of two leading London Bankers (with no personal knowledge of India) on the Finance Committee of the Secretary of State's Council, one of them being the Chairman of the Committee, and the absence on that Committee of a single Indian or Anglo-Indian Banker or experienced Official of the Government of India has resulted, as might perhaps be expected, in the currency and finances of India being managed in accordance with practices acceptable to London Joint Stock Bankers and mainly if not wholly for the benefit of the London Money Market"... (Part VII, Section 6)... "The conclusion to which I am forced, is that in reorganising the financial machinery of the India Office, the policy of excluding the influence of the experienced Indian Official should be seriously

(e) ... "The Finance Committee as now constituted consists of five members of Council, two of whom are Bankers connected with large Banks in the City of London. These two members have no direct Indian experience. The three remaining members have Indian experience, and the members of the Committee represent, in addition to Finance, the Army, Public Works, and General Administration. Since 1880, if not longer, it had been up to the year 1911, the established practice to have always one member without Indian experience who was actively engaged in business in the City, and another with experience of non-official finance, commerce or banking in India. Besides this, until the retirement of Mr. Finlay in 1906, there was, as a rule, at least one member who had held high financial office in or under the Government of India—Of the last four Chairmen of the Committee, three have been City men without Indian experience"... (Part IV, Section 209). "The ideal constitution of the Finance Committee would, in our opinion, include three members with financial experience."... (Section 210)..... The Finance Committee should, if possible, contain

reconsidered....If with an experienced Anglo-Indian Administrator be associated a leading London Banker and a Senior Banker from Bombay or Calcutta,...a FINANCE COMMITTEE OF THREE could be formed who would be able to give to the Secretary of State for India the best possible advice on all matters relating to the management of India's Currency and Finances"...(Part VIII, Section 8 of Mr. M. de P. Webb's Evidence in Chief).

three members with financial experience representing :—

- (a) Indian Official Finance.
- (b) Indian Banking and Commerce.
- (c) The London Money Market.

In any case there should be at least one member with Indian Financial Experience—The absence of any representative of Indian Finance on the Committee since 1911 has (resulted in giving undue prominence to the representation of London City Experience..... Royal Commission's Report, Part VI, Section 223, sub-section XXXVIII).

It will be noticed that the new policy of the Finance Committee in (1) withdrawing £10,000,000 to £15,000,000 of India's Cash Balances and Reserves from India to London in excess of the India Office's immediate requirements; and in (2) materially intercepting the flow of gold to India by selling rupees (*i. e.*, Council Drafts and Transfers) "unnecessarily, at very low rates," was inaugurated after the retirement from the Finance Committee of the India Council of the last Indian Government Official of Financial Experience (Mr. Finlay), and as soon as the Finance Committee passed under the Chairmanship of London City Bankers.

21. Sufficient has now been reproduced to show that in practically all *Financial* matters wherein the actions of the India Office have, during the last three or four years, been the subject of adverse criticism in India and in Parliament, the Royal Commission have found that there have been good grounds for such criticism. The Commissioners have recommended (or by their comments, induced) reforms in every direction—(a) smaller cash balances, (b) a better utilisation of surplus cash in hand, (c) a more business-like system of borrowing and lending in London and in India, (d) a clearer understanding and improved methods of selling Council Drafts, and (e) a reformation of the Finance Committee of the Secretary of State for India's Council. At the same time, the Secretary of State, has himself, it is understood, strengthened his Financial Department by the appointment of an additional Assistant Secretary with experience of financial matters.

22. The reforms here indicated may be regarded as wholly satisfactory. We may now turn to the Commission's views and recommendations with regard to India's Currency.

### PART III.—THE INDIAN CURRENCY POSITION.

23. Currency problems, it will be remembered, relate to the provision for the public use of an adequate supply of the best and most appropriate *monetary tools* to enable the people from day to day, (a) to purchase what they want, and (b) to store up a reserve of purchasing power for the day of need, or for subsequent employment as capital.

24. India, like other civilised countries in the West, has for hundreds of years utilised both gold and silver as monetary weapons. Silver rupees and gold mohurs and pagodas of various weights were in common use a century ago. Just as in Europe, much confusion arose from the simultaneous use of coins of both metals, and, following the example of the West, an effort was made to popularise one chief standard coin—the East India Company's silver rupee. At the same time gold mohurs were freely accepted at the Indian Treasuries. With the depreciation of gold that followed the amazing discoveries of the precious metal in California and Australia, the East India Company decided in December 1852 not to recognise gold mohurs any longer as money. The public, however, did not take kindly to the exclusion of gold money from India, and in 1864, the Chambers of Commerce of Bengal, Bombay and Madras memorialised the Government of India for a Gold Currency. In 1865, the Bank of Bengal urged that British sovereigns and half-sovereigns be made legal tender in India. The Secretary of State, however, replied that he saw no practical advantage in admitting British gold money to India.

25. Within a very few years, nearly every great nation in the world having adopted gold as the metal from which its chief metallic monetary tool should be manufactured, the value of gold commenced to rise, much to the inconvenience of those who had obligations in gold money to meet. The Government of India (whose annual liability of approximately £15,000,000 was payable in gold money), were much alarmed. From 1878 to 1890 constant representations were made to the Secretary of State in favour of gold money for India, but without effect. By 1893, the position had become intolerable, and, under the advice of the Herschell Commission, the Secretary of State changed his mind, sanctioned the closing of the Indian Mints to the free coinage of silver, and the passage of India from a silver to a gold monetary standard. It may be mentioned that in adopting this new Currency Policy, India was merely following the example of the whole civilised world. In 1898, the currency position of India was again exhaustively reviewed by the Fowler Committee. The action taken in 1893 was confirmed, and recommendations were made for carrying out the Gold-for-India Policy in all details. The Fowler Committee's recommendations were accepted by the Secretary of State and by the Government of India and, so it was understood at the time, were to be put into operation forthwith.

26. It will be well to recall the exact words of Sir Henry Fowler's Committee, so that we may realise exactly what that body of currency experts were aiming at for India. Here are their four main recommendations :—

(a) " We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that at the same



time, the *Indian Mints should be thrown open to the unrestricted coinage of gold* on terms and conditions such as govern the three Australian Branches of the Royal Mint. The result would be that under identical conditions the sovereign would be coined and would circulate both at Home and in India. Looking forward as we do to the effective establishment in India of a *gold standard and currency based on the principles of the free in-flow and out-flow of gold*, we recommend these measures for adoption." (Section 54).

(b)...“ When Government has accumulated a sufficient gold reserve and so long as gold is available in its Treasury, it might *discharge its obligations in India in gold* instead of in rupees.” (Section 59.)

(c)...“ Government should continue to give rupees for gold but *fresh rupees should not be coined until the proportion of the gold in the currency is found to exceed the requirements of the public.*” (Section 60).

(d)...“ Any profit on the coinage of rupees should not be credited to the revenue or held as a portion of the ordinary balance of the Government of India but *should be kept in gold* as a special reserve *entirely apart from the Paper Currency Reserve and ordinary Treasury Balances.*” (Section 60).

27. The words printed in italics in the above extracts, emphasise clearly and unmistakably the currency ideal for which the Fowler Committee recommended India to strive, namely, a gold standard *based on a gold currency accompanied by a free in-flow and out-flow of gold according as the balance of trade demanded.* This ideal was accepted by the Secretary of State for India, by the Government of India, and by the general public in India.

28. Strangely enough, when summarising this ideal in Section 19 of the Report, Mr. Chamberlain's Commission omits to refer to a “*gold currency for India*” or to the “*free in-flow and out-flow of gold*” upon which the Fowler Committee based their gold policy for India. Thus, the conclusion of Section 19 of the Chamberlain Commission's Report runs as follows:—

“ It will be observed that “ the effective establishment of a gold “ standard ” was the paramount object which the Committee of 1898 “ set before the Indian authorities. The other recommendations were “ made only because they were considered to be necessarily connected “ with that supreme purpose. ”

This translation of Sir Henry Fowler's Committee's recommendations is not warranted by the words of the Committee's Report. The Sections quoted above show quite clearly that the Committee considered a gold currency and an Open Gold Mint of paramount importance to India. Indeed, Section 54 states explicitly that the Committee's conception of a “ gold standard and currency ” for India was “ based on the principles of the free in-flow and out-flow of gold.”

29. However, be the Fowler Committee's "paramount objects" what they may, the fact remains that the opening of India's Mints to the free coinage of gold, the discharge of Government's obligations in India in gold, the cessation of rupee coinage, the active encouragement of the sovereign as a current coin in India, and the retention *in gold* of the profits made on the coinage of silver tokens have not been carried out as recommended by the Fowler Committee in the Sections of their Report quoted above.

30. It is not necessary to reproduce the Commission's recapitulation of Indian Currency History for the last twenty years in the above matters. It is a matter of common knowledge that an Open Gold Mint has not yet been established in India owing to obstructions created by the Home Mint and Treasury Departments. By a secret stroke of the pen on the 13th December 1900, the Secretary of State decided that the profits made in India on the silver token coinage should no longer be retained in India *in gold*, but should be "remitted to London and invested in sterling securities" (Section 27). Eight millions sterling of India's Paper Currency was also remitted to London after the same formality and on the same authority. (In these connections it will be noticed that the "conditions laid down"—*vid.* para 17 (b) above,—were unceremoniously swept away by the India Office without the slightest hesitation and without consulting or even mentioning the matter to the public in India.) The explanation of these and other manipulations of India's Reserves subsequently put forward was that the transfer of State Money from India to London was considered economical and necessary in order best to safeguard the maintenance of the purchasing power of the rupee in relation to the sovereign. It is not necessary to reproduce here the oft repeated arguments for and against these innovations in currency management.\* It will suffice to quote the Commission's euphemism in this connection which is given in Section 44 of the Report:—

"...It will be clear from the above summary that the measures taken to maintain the exchange value of the rupee have been, to use the words of our reference, *less in pursuance of the recommendations of the Committee of 1898 than supplementary to them.*"

31. We may leave the Commission's finding at this, and turn to the proposals of a new currency policy for India.

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\* *Vide* the author's "Britain's Dilemma," Chapters V and VI.

#### IV.—A NEW CURRENCY POLICY PROPOSED.

32. The concluding words of the chief paragraph in the Reference to Mr. Chamberlain's Commission are

...“and to make recommendations.”

The Commission have understood this instruction in its widest possible sense, and have given expression to opinions of a novel and extraordinary character on the subjects of both Currency and Finance. The Commission's new principles of Finance will be dealt with in Part V. We shall here summarise the Commission's new Currency Policy for India and at the same time explain its dangers to India and to the Empire at large.

33. The best metallic monetary tools in the world are those which can be relied upon (1) to purchase what we require without fail over the largest area of the earth's surface, and (2) to maintain their power of purchasing undiminished from year to year, so that if we accumulate reserves of these tools for any purpose, or if we make long-term contracts involving the payment or receipt of these tools, neither we nor those with whom we have contracted, will suffer injustice from fluctuations in the purchasing power of the tools.

34. The four great defects or dangers of India's present currency tools are (1) that if the rupee is accidentally disfigured, bent, broken or damaged in any way, the holder loses at least a half, or possibly more, of its value; (2) that the purchasing power of the perfect rupee *in India* has, for some years past, been continuously diminishing to the serious hardship and loss of all fixed-wage earners in India; (3) that the purchasing power of the perfect rupee *outside India* is very considerably less than in India, indeed in many places its purchasing power is next to *nil*; and (4) that the purchasing power of the rupee currency outside India, when utilised through the agency of an Exchange Bank with an Office in India or of the Government of India itself, is liable in times of economic crisis or of war to sudden collapse, in which case not only Government but thousands of private individuals are liable to be terribly embarrassed, if not ruined.

35. The accepted remedy for these several defects and dangers, as prescribed by Lord Herschell's Commission, confirmed and developed by Sir Henry Fowler's Committee, and accepted by the public of India for the last fifteen years, was the introduction of the British sovereign into India by direct importations and through the agency of an Indian Branch of the Royal Mint. With a large volume of sovereigns and half-sovereigns in circulation in all parts of India, the defects and dangers of the Indian currency system would completely vanish. Sovereigns from India would always and everywhere command as much of the world's goods and services both in India and outside India as sovereigns from England, or from Canada, or from Australia. Moreover a restriction in the coinage of new rupees and the introduction to India of sovereigns instead, would tend to check that shrinkage in the purchasing power of the rupee that in recent years has caused so much injustice and hardship to all small, fixed-wage earners. Further with an Open Gold Mint, no man in India, who possessed or held a reserve of sovereigns, would run any risk of loss of purchasing power owing to his monetary tools

being disfigured, bent, broken or damaged in any way. They would always be worth their weight in gold, and neither ants nor rats, fire nor water would be likely to diminish their value and purchasing power in any way.

36. The time has been particularly propitious for giving India a first class, up-to-date, full-value gold currency because the annual production of gold has never in the history of world been so enormous as during the last fifteen or twenty years. Every nation in the world has taken advantage of these vast supplies of gold to strengthen its Gold Reserves to the utmost, except India and—England.

37. Now comes Mr. Austin Chamberlain's Commission with its new ideas and proposals for India ... "The time has arrived for a reconsideration of the ultimate goal of the Indian Currency system"... we are told. Gold in circulation is...."neither desired nor needed" (*sic*) in India: an Open Gold Mint is an unnecessary "luxury" (Sections 69—73): and the best currency system for India is a token currency pure and simple, supported by a great reserve of gold and securities the whole of which should be retained in London, *vide* Sections 55, 76, 90 and 100, etc. (Sir James Begbie, as before stated, entirely disassociates himself from this conception of an Indian currency).

38. That the Chamberlain Commission must have reasons—possibly good reasons—for recommending an almost complete reversal of the Official Indian Currency Policy of the last twenty years, goes without saying. Here are the Majority's reasons :—

- (1) The crisis of 1907-08 and subsequent experiences have proved that it is possible to maintain the purchasing power of the rupee *outside India* at about one-fifteenth of that of the sovereign without the aid of a gold currency circulating *within India*. (Sections 48, 50, 51, etc.)
- (2) "We regard gold in circulation as wasteful, and we think that "India should be encouraged to develop economical habits in "matters of currency."...(Section 74).
- (3) Therefore, as India "neither demands nor requires" gold coins as currency, the Majority are of opinion that..."the most generally "suitable media of internal circulation in India are rupees and "notes"...(Section 76).

39. Will the peoples of India share the Majority's opinion in this important matter? Is gold in circulation really 'wasteful' *in a country like India*? Though it may be possible whilst political and economic conditions are favourable in Great Britain, to maintain the external or gold value of the rupee by means of an artificial device such as a great Reserve of gold held perpetually in London on India's account, is it absolutely certain, beyond all possibility of doubt, that this could be done, if at any time a serious economic or political crisis or a great European war unfortunately developed involving the United Kingdom? Even if the answer be an unhesitating affirmative, is the external or gold value of India's chief metallic monetary instrument, the only matter that demands consideration in this connection? What about the value or purchasing power of the rupee *in India*, among the myriads of poor people

who earn very small, fixed wages? Is this not important? Is India's over-valued silver currency (or paper certificates payable only in this same token currency) the best possible form in which these millions—most of whom live many miles away from a big city, or a line of railway even,—can hold their diminutive monetary reserves? Should we, who know our India, recommend any of our distant village friends—simple folk unable either to read or write—to keep their little “nest eggs” in rupees rather than in sovereigns?

40. These are questions that require answering. And there can be but little doubt that many in India will answer them in a way diametrically opposed to the assumptions and conclusions of the Majority of the Chamberlain Commission. It will be quickly pointed out (as Sir James Begbie has already pointed out) that the mere fact that India has imported, apart from gold bullion, over £ 60,000,000 in sovereigns in the last twelve years (*i. e.*, almost as much as the value of the new coinage of rupees in the same period), clearly indicates that the Commission's statement that India “neither demands nor requires gold coins as currency” calls for correction. The fact is that India now demands gold monetary tools as insistently as she used to demand silver tools; and the reasons are obvious—a growing distrust in the token rupee, and a growing appreciation of the superior attractions of the sovereign as currency. The probability is that before many more years have passed, India's demands for silver tokens will be quite subsidiary to her demands for full-value monetary tools of gold similar to those in daily use in Great Britain and many other parts of the British Empire. And it will be extremely difficult, if not impossible, to prove that India will be otherwise than well-advised to lay in a large stock of metallic money of a quality universally recognised, universally in strong demand, and reserved in far larger volumes by the great nations of Europe and America than by the peoples of the United Kingdom.

41. Nor is it easy to prove that a policy of gold in circulation is “wasteful” in the present conditions of India and Great Britain. Some people consider the £ 70/75,000,000 annually spent by Great Britain on her Navy and Army to be wasteful, and they are never tired of pressing for a much smaller expenditure. It is a question of national risk, however; and those responsible for the safety of the Empire consider the money well spent. In exactly the same way the reintroduction of gold money into India is considered by those who advocate this policy, to be well worth the comparatively trifling additional cost in view of the very greatly increased conveniences, power, and security that India will enjoy. There would unquestionably be a small saving to India if the balance annually due to India for goods sold to the world at large were accepted by India in silver and paper tokens, and the difference between the real and the artificial values of the tokens retained for ever in London, and invested in interest-bearing securities until such time as the money was wanted. Exactly, the same could be said of Canada, of Australia, and of South Africa. But nobody has dreamt, or ever will dream of suggesting to those Self-Governing Colonies that they should send the whole of their gold currencies and reserves for safe keeping to London, and should for ever rest content with perpetually expanding coinages of half crowns or two-shilling pieces (guaranteed

through all emergencies by the bankers of London), and supplemented by such paper money—payable in silver—as the people would consent to use. The truth is that such a policy would involve very serious inconveniences and dangers, not only to the Self-Governing Colonies but also to Great Britain, including the risk of imperial bankruptcy were the Empire to be involved in a great war. Precisely the same objections exist to the equipment of India with a colossal silver token coinage guaranteed by a gold reserve held in London. The Commission...“recognise that for many years to come a *metallic currency* will be the only suitable one for the vast majority of transactions in India where over 90 per cent. of the people are illiterate and cannot be “expected to use paper notes or cheques to any considerable extent.” (Section 74.) This being so, why not give these people an opportunity of using the best metallic monetary tools available (especially as the annual supplies of gold are now far greater than at any period in the world’s history), instead of adding to the present huge supply of inferior, cumbersome tokens which, if accidentally disfigured, become almost worthless to the villager? Why, when the supply of metallic money in the world is so enormous that the purchasing powers of money in general are everywhere shrinking, add a silver tributary to the already swollen golden stream, and so further reduce the purchasing power of the rupee in India? Why complicate, add to, and *make permanent* the risk of a fall in the gold value of the rupee when the danger could be altogether averted by restricting the further coinage of rupees and making the sovereign the chief metallic monetary tool and standard of India? And lastly, why import an altogether new danger into Indian and British finance by accumulating in London at India’s risk and expense a huge Gold Standard Reserve *that would soon exceed in magnitude the gold reserve of the Bank of England upon which the entire fabric of British Finance and Commerce rests*, just at a time when it is admitted on all hands that the gold reserves of Great Britain are dangerously inadequate.

42. It may be thought by those who are not familiar with the gold situation in the United Kingdom that this last is an exaggeration. But it is not so. For nearly fifty years, recognised authorities of every shade of political opinion have not ceased to urge upon the public, the bankers and the statesmen of the United Kingdom that the growth of financial business in England and in particular the marvellous expansion and octopus-like activities of the great Joint Stock Banks, unless accompanied by special measures for augmenting the national reserves of gold, involves dangers to the Empire of a magnitude and character that the Empire has never before faced. Those measures have never been taken, and the universal consensus of informed opinion is that the situation is now critical and dangerous owing to the reserves of gold in London being seriously deficient when compared to (1) the magnitude of the deposits lodged with Government and with the Banks, and to (2) the volume of financial transactions which are adjusted by way of Bank credits.

43. It is not necessary to load this Note with quotations from the writings and sayings of all those eminent publicists who have studied this subject. We might commence with the late Walter Bagehot and conclude with Sir Felix Schuster and recent issues of the Bankers’ Magazine. We shall rest content with some half a dozen extracts. At the Meeting of the Association of Chambers

of Commerce of the United Kingdom held on the 14th March 1911, during the debate on the question of the inadequacy of England's gold reserves, one of the speakers (Mr. J. Howell of Bristol) reminded the Meeting that

... 'this is no new question. It has been discussed for 45 years, during which time 15 resolutions have been proposed by the Associated Chambers, three Memorials have been sent to Parliament and two to Chancellors of the Exchequer in succession'...

In 1908 the Council of the London Chamber of Commerce appointed a very strong special Committee †

...to consider whether the Gold Reserves of the country are sufficient, and, if not, what remedies can be suggested'.

After a year's deliberation, the Committee issued its report. The Committee were unanimous in recognising the

... 'desirability of strengthening the Gold Reserves of this country'

and a majority made certain specific recommendations with the object of improving the situation. These recommendations are still the subject of discussion amongst the interests concerned. In the meantime, the Association of Chambers of Commerce of the United Kingdom at the Meeting referred to above, unanimously passed the following resolution:—

'That the Association re-affirms the Resolution with reference to the Gold Reserves passed in March, 1906, in the following terms:—

'That the recognised and constant insufficiency of the Gold Reserve of the United Kingdom requires the immediate attention of the Government'

Not that Government had not already taken cognisance of the dangers of the situation. Thus, Mr. Asquith, when Chancellor of the Exchequer, at a Bankers' dinner in July 1906, said that this question of the Gold Reserve was

... 'a matter of grave and increasing importance, and it was at that moment engaging his most serious attention'...

The late Lord Goschen followed at another Bankers' dinner in July, 1906,

... 'Here we are, with enormous liabilities and with a smaller stock of gold than any other country holds... It is not a satisfactory situation'...

Yet in spite of this unanimity of opinion, very little has actually been done. Mr. Edgar Crammond in Manchester and again in London delivered powerful addresses on the subject of our 'Gold Reserves in Time of War', arguing and proving with a wealth of illustration, that in the event of a powerful enemy organising large withdrawals of gold from London at about the date that it had made preparations to attack us, we should unquestionably be very seriously

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† The Committee consisted of the Right Hon. Lord Avebury (Roberts Lubbock & Co.), Mr. F. Faithfull Begg, Mr. I. Hamilton Bann, Mr. H. W. Birks, Lord Blyth, Mr. Charles Charleton, Mr. James Dixon (Chairman, Lloyd's Register), Mr. F. S. E. Drury (Peck Bros. & Winch), Sir J. Fortescue Flannery, Bart., Mr. Howard Gwyther (late Chairman of the Chartered Bank of India, Australia and China.), Mr. Alderman Hanson, Sir E. H. Holden, Bart, M. P., (London, City & Midland Bank), Sir Edward Law, Mr. R. A. Patterson, Mr. J. Spencer Phillips (Lloyds Bank), Mr. J. A. Pixley (Pixley & Abel), Mr. J. Innes Rogers, Sir Felix Schuster, Bart., Mr. A. Serena (Galbraith Pembroke & Co.), Mr. Nathaniel Spens, Sir Albert Spicer Bart., M. P., Mr. J. Herbert Tritton (Barclay & Company) Mr. A. J. Waley, Mr. Stanley Machin Sir Roberts Giffen, K. C. B., the Hon. Herbert C. Gibbs (Antony Gibbs & Sons), and Mr. Lawrence Currie (Glyn, Mills, Currie & Co.)

embarrassed, if not reduced to financial chaos,—an argument in which the *Times* † admitted there was some weight. Professor Foxwell has recognised that it is by no means certain that we could get through a first rate war without an inconvertible currency. At an important discussion of this subject at the Royal United Service Institution in 1908, when an important paper by Sir Robert Giffen was under consideration,

...‘several speakers expressed their conviction that a suspension of payments would be inevitable on the outbreak of a first-rate war; and Sir Felix Schuster said that we should certainly prohibit shipment of gold to the enemy,—(a course) which would involve a partial suspension (of cash payments)’ ‡

44. Every financial newspaper—including the *Economist*, the *Statist* and the *Bankers’ Magazine*,—has united in pressing the same lines of argument on the attention of the public. The latest and most weighty pronouncement is that made by the Chairman of the London City and Midland Bank, Ltd., at the Annual General Meeting of the Bank held in London on the 23rd January 1914. Sir Edward Holden towards the conclusion of his most important address said:—

...“the total liabilities on current and deposit accounts of the Joint Stock Banks of this country, excluding the Banks in Scotland and Ireland, amount approximately to 860 millions sterling; while the total amount due to depositors in Post Office and Trustee Savings Banks is about 250 millions sterling, (*i. e.*, over £ 1,100,000,000 in all). In face of these great liabilities and the small amount of gold held in the Bank of England (£ 39,000,000 on the 14th January 1914), few, I think, will deny that the position is unsound”\*

45. Yet a majority of the Members of Mr. Chamberlain’s Commission recommend India to use only silver tokens and paper, to abandon a gold currency, to keep no Gold Reserve in India, but to accumulate a Gold Standard Reserve of between £ 30,000,000 and £ 40,000,000, *i. e.*, a reserve as large as the Reserve of Gold upon which the credit and trade of Great Britain and of a large portion of the British Empire at present rests—and to place the whole of that Reserve in London, at a time, too, when every expert is agreed that the Gold Reserve Position in London is unsatisfactory and unsound!

46. In this connection one question and answer from Vol. II of the Minutes of Evidence taken before Mr. Chamberlain’s Commission may be reproduced. Date, 6th November 1913. Questioner, The Right Hon. Austen Chamberlain. Witness, the Lord Inchcape, G.C.M.G., K.C.S.I., K.C.I.E.

Q. 10,815. You do not think there is a danger that in some severe crisis when there has been, say, not only famine in India, but a severe monetary disturbance in London, you would find it difficult to realise your (Gold Standard Reserve) securities at anything but a ruinous price?

A. Things then would be very bad indeed. You would all be “bust” up, if it came to that.

Quite so. That is the unanimous opinion of everybody who has thoroughly studied the subject. It only requires a severe monetary disturbance in London and the inevitable realisation by the Secretary of State for India of a substantial portion of the securities in which the bulk of the £ 25,000,000 or £ 35,000,000 in India’s Gold Standard Reserve had been invested, and a financial crisis

† March 14th, 1911 (Financial Supplement). ‡ Vide Professor Foxwell’s Preface to Dr. Andreades’ History of the Bank of England (English translation).

\* Sir Felix Schuster confirmed this when on the 13th May 1914, at the Annual Dinner of the Association of English Bankers, he stated that it was the generally acknowledged opinion of Bankers that the gold reserves of Great Britain...“did need further strengthening”...



would be precipitated that would shake the Empire to its foundations and ruin thousands in all parts of the world. Which being so, why run these risks? Why not encourage India to build up a sound, metallic currency and keep such Gold Reserves as India may deem expedient *in India*, and not in a Financial Centre on the other side of the world where wholesale credit spinning on admittedly inadequate gold reserves has already reached danger point?

47. When, in the early years of the last century, Napoleon endeavoured to overthrow British power, one of the means, that he employed, was a subtle attempt to drain Great Britain of its stock of bullion. Regarding our valuable credit structures of those old days as dangerously over-developed, Napoleon decided to attack this vulnerable point in every possible way: hence, among other measures, the Berlin and Milan Decrees. That his schemes eventually failed was not so much due to any flaw in his premises as to the innumerable difficulties experienced in the carrying out of the measures that he devised for our discomfort. With a credit development of immeasurably greater proportions and far more delicate and sensitive to international activities than anything that Napoleon ever imagined, is not Great Britain with the smallest gold reserve of any first class power in the world, already running sufficiently heavy risks without adding to those risks the possibility of India withdrawing £ 9,000,000 or £ 10,000,000 at a time of international crisis? At such a time India would inevitably require much liquid money in London. Would it not be far better in a period of panic for India to be shipping gold to London rather than making forced sales of millions sterling worth of securities in London in order to give Anglo-Indian interests command over gold in London?

48. We can now sum up the main objections to the Chamberlain Commission's views as to the "ultimate goal of the Indian Currency system"—namely, an ever-expanding silver and paper token currency supported (for external purchasing purposes) by an ever-increasing Gold Standard Reserve the whole of which, it is proposed, should be for ever held and invested in London. The objections are these:—

- (1) Such a currency ideal entirely ignores the conditions of life and the requirements of the peoples of India, in that it fails to provide *full-value*, metallic purchasing tools (such as the people have been accustomed to for countless generations) that can be relied upon not to lose or dwindle in purchasing power owing to (a) local accident, or (b) any unregulated activities on the part of the Finance or Currency Officials in England or in India; and also that can in the absence of convenient railways, or towns, or banks, be easily and cheaply transported, or kept in convenient reserves until such time as the money may be required.
- (2) Instead of curing and removing the Indian Currency evils once and for all (which evils consist of (a) loss of purchasing power, and (b) a grossly excessive circulation of over-valued, depreciating silver coins), the remedy proposed would make the disease with all its risks and inconveniences, *chronic*. Every sovereign added to the coins in circulation in India is a source of strength

to India—tending to arrest the shrinkage in the purchasing power of the rupee in India, and to remove all risks of the purchasing power of the rupee outside India ever collapsing. Mr. Chamberlain's Commission would continue to supply India with an ever-increasing stream of depreciating and COLLAPSIBLE RUPEES but at the same time would provide an ever-growing Reserve in London designed to prevent the purchasing power of the rupee *outside India* from collapsing. The additions to the sum total of the world's metallic currency involved in the coinage of further supplies of rupees for India (instead of utilising sovereigns) could only tend to accentuate the rise in prices throughout the world, and so further reduce the purchasing power of the rupee *inside India*—to the further hardship and misery of small fixed-wage earners whose salaries would probably before long once more need to be raised.

- (3) The proposed new Currency policy for India would thus be not only a source of dissatisfaction, inconvenience and possible hardship for the peoples of India, but it would make permanent a very serious risk which all traders engaged in foreign commerce,—and these include some of the richest and most influential merchants in India—are now forced to accept. That is the risk of the collapse of the rupee to 9*d.* or 8*d.* or 7*d.* in the event of England being involved in a great European war. This risk includes the danger to the London money market itself which the presence of a single £ 30,000,000 or £ 40,000,000 creditor of necessity involves. It has been cheerfully suggested by more than one high authority in London that if London is ever again involved in a great financial panic, then India must be brought to her knees too. No doubt, if the whole of India's Reserves were held and invested in London as now proposed by the Chamberlain Commission, India *would* in such a case be brought down with a smash, *volens volens*. But there is not the slightest necessity why India should be called upon to run any risk of this kind or be dragged into the present unsound monetary situation in London. If India's currency consisted largely of sovereigns, no Gold Standard Reserve would be necessary. Until that time, India's Gold Reserves should be kept in India whence, in a time of financial panic or crisis in London, they could, if necessary, be utilised to help in restoring confidence at the Headquarters of the Empire.

49. Thus, it can be seen that local and Imperial reasons combine in raising objections to the new Currency Policy proposed for India by a Majority of the Chamberlain Commission. Sir James Begbie, as before stated, dissented altogether from his colleagues' ideas in this connection, and his Minute of Dissent will be found reproduced at the end of this Note. The provision of first class metallic monetary tools is vital to India's material advancement and the matter cannot, therefore, be allowed to drop. It is hoped that Sir James Begbie's views will be studied with that care which their importance demands. They represent the outcome of long practical experience as weighed against theoretical

ideals which, however attractive in the study, involve more risks and dangers than practical men care to face in the present stage of world's development. Lord Herschell's Commission recommended Gold for India. Sir Henry Fowler's Committee recommended Gold for India. Nothing has happened since 1898 to bring us to the conclusion that, as suggested by Mr. Austin Chamberlain's Majority, silver is now good enough for India.

50. We cannot leave this branch of the subject without reproducing a further opinion of Mr. Chamberlain's Commission in connection with a gold currency for India. Although every great country in the world is equipped with an Open Gold Mint for manufacturing its own gold purchasing tools, the Commission do not consider that such a Mint is required or is necessary in India. (This follows as a matter of course on the Majority's recommendation that India should for ever remain content with a token silver and paper coinage bolstered up by a Reserve for ever held in London). At the same time the Majority make the following concession :—

... "If Indian sentiment genuinely demands it (*i. e.*, the establishment of an Open Gold Mint) and the Government of India are prepared to incur the expense, there is, in our opinion, no objection in principle either from the Indian or from the Imperial standpoint, provided that the coin to be minted is the sovereign (or the half sovereign); it is pre-eminently a question in which Indian sentiment should prevail".....

In short, whilst putting forward their own views as to what they consider best for India, the Majority of the Commissioners are, at the same time, of opinion that if India really wants Open Gold Mints and Gold Monetary Tools then Indian should be given these weapons.

51. Had the Majority *commenced* their review of the subject in this belief, and studied the latest Reports of the Paper Currency Department on the subject of the circulation of sovereigns in India, it is difficult to think that they would have gone to such trouble in advocating the initiation at this stage of an entirely new currency policy for India. The people of India who have used sovereigns as currency, like sovereigns. We may take it that the sovereign is now an accepted and popular monetary tool in many parts of India, and that it will be used in yearly increasing volumes, provided the Home Authorities do not, as in the past, actively hinder its importation, manufacture, and circulation in India.

52. It may here be pointed out that it is essential, when the right of manufacturing its own gold monetary tools is restored to India, that the Secretary of State should not be permitted to undermine and nullify that right by selling rupees every Wednesday at prices which force the trading public to employ the inferior silver token in preference to the full-value and universally accepted gold coin. Without such a safeguard, we can no more expect sovereigns to circulate in increasing quantities in India than they would in England, were the Home Treasury regularly to sell two-shilling pieces freely at 1s. 11d.!

## V.—FINANCE EXTRAORDINARY.

53. We have seen that a new Currency Policy for India has been suggested by a Majority of the Commissioners. The same Majority, in pursuance of this new Policy and in part mitigation of some of the financial activities of the Finance Department of the India Office during the last three or four years, have propounded for the consideration of India certain new "principles" of finance of so remarkable a character that they cannot be allowed to pass unnoticed. These strange ideas—certainly quite novel so far as India is concerned,—appear in Sections 9 and 130 of the Majority Report, and are expressed as follows:—

*... 'The first principle to be borne in mind in any consideration of the Indian finance and currency system is, that the balances of the Government of India in India and of the India Office in London, and the portions of the Gold Standard and Paper Currency Reserves located respectively in India and in London, all represent in the last analysis one single fund. The titles, attached to the constituent portions of this fund, indicate to some extent the nature of the needs and liabilities for which the fund, as a whole, is required to provide. The name, attached to each portion, indicates the primary function of that portion; but neither in theory nor in practice have the separate portions of the fund been entirely reserved for the objects indicated by their separate names'... (Section 9.)*

Section 130 of the Majority Report—the section that deals with the location of the surplus balances of the Government of India,—contains the other financial principle:—

*... "The first object to which any surplus (cash balance) should be applied, is the reduction or avoidance of debt"...*

Let us consider this last principle first.

54. Many would be inclined to accept it as axiomatic that the best use to which a revenue surplus can be applied, is the "reduction or avoidance of debt." It is, in truth, almost axiomatic in the case of the finances of the United Kingdom. But is it similarly axiomatic in the case of India? The £716,000,000 of national liability upon which the people of Britain have now to contribute an annual toll of interest, consists almost entirely of **Unremunerative Debt** the bulk of which was incurred a century ago in crushing Napoleon. Well, indeed, may any British Treasury surplus be applied to the lightening of this millstone around the present generation's neck. The £ 270,000,000 which India owes to-day, represents in the main expenditure upon valuable public works—railways, canals, telegraphs, posts, etc., and is almost entirely **Remunerative Debt** which Government could get rid of tomorrow if it cared to part with its valuable State properties in India. In these circumstances, is ... "the reduction or avoidance" ... of remunerative debt, the first object to which an *Indian* surplus should be applied?

55. Let us think this out. India is a rapidly growing country that urgently calls for development in all directions. To carry on that development, four things are essential—brains, hands, materials and capital. Materials India

possesses in abundance; nor are hands and brains lacking in this great continent. The monetary essential—capital—is everywhere deficient, largely owing to the lack of confidence and organisation which results in much of the savings of the people being retained in private reserves instead of being accumulated and invested for the good of all concerned. This deficiency could sometimes be obviated to a certain degree by utilising any surplus cash balance as capital to be employed on urgently needed Public Works in India. A Treasury Surplus in India may be regarded as a windfall in capital and can often be treated as such. To devote this windfall to the reduction or avoidance of remunerative debt would clearly be absurd. We do not, at present, want to reduce or avoid remunerative debt in India. On the contrary the incurring of such debt being as essential to India's further development as the expenditure of brains, labour and materials, we want to see as much remunerative debt created as possible. Can we imagine private enterprise about to construct, say, a feeder railway, coming to the conclusion that as the work would involve the expenditure of capital which would have to be borrowed from the public, therefore the work had better not be attempted! Government are often in the position of wanting to undertake works that involve large capital expenditure. It is desired, say, to spend £ 15,000,000 on Railways but Government can only manage to provide £ 12,000,000. Fortunately they have a Treasury Surplus of £ 3,000,000. Should this three millions be applied to the... 'reduction or avoidance of debt'...? Or should it be expended as capital on railway extensions, or some other equally remunerative public work?

56. Sufficient has perhaps now been written to make it clear that in the case of India, the avoidance or restriction of capital outlay would simply mean the avoidance or restriction of India's development and advancement. In short, the Commission's thesis as to the application of surplus cash balances (and the arguments deduced therefrom that India's surplus cash ought always to be sent to London *because it is in London that Indian debt can be "reduced" or "avoided"*), are seen to be quite inapplicable in the case of India.

57. The Commission's other "first principle" when examined in the light of ordinary business financial practices of common acceptance, will be found to be even more unsound than the idea of always sending Indian surplus cash to London in order to reduce or avoid Indian indebtedness. This other "principle" (which would be more correctly defined as lack of principle), can be described thus:—All the money in Government's hands in India and in London, whether it be Revenue collections, proceeds of Loans, Reserves held for the encashment of the Paper Currency, or the margin of profit derived from the issue to the public at 1s. 4d. each of rupees which cost 9d. or 10d. to manufacture, is, "in the last analysis one single fund"... "The titles, attached to the constituent portions of this fund indicate to some extent the nature of "the needs and liabilities for which the fund as a whole is required to provide ".....but neither in theory nor in practice have the separate portions of the "fund been entirely reserved for the objects indicated by their separate names." (Section 9 of the Majority Report.)

58. It is quite true that in practice the various funds of the Government of India and of the India Office have during the last five or six years been

intermingled in an almost inextricable confusion—so far as the public have been able to observe. But to suggest that the India Office's activities in this connection have been carried on in obedience to some "first principle" of finance whereby names are given to the several Departments of Currency and to several other Departments of Finance—quite separate businesses be it remembered,—merely for the sake of a momentary convenience, and that other and more important considerations exist which compel the authorities at Whitehall from time to time to ignore the regular Departmental requirements, is to put forward a theory of financial management that might possibly command respect among the administrators of some of the Central and South American Republics, but which will certainly be received by the great majority of business people in India and elsewhere with amazement.

59. To understand clearly the significance of this "one single fund" conception of financial management, let us recall for a moment the ordinary methods of business observed in ordinary, large commercial houses in the east. The various Departments of the business are in charge of various Managers. One Manager and Staff are working Exports—say, Cotton, Wheat, Seeds, &c. Another Manager is controlling "Industrials"—say, Coal Mines, or Cotton Mills or Paper Mills, Match and Cement Factories. A third Manager is handling Sea and Land Transport—Steamers, Railways, and River flotillas; a fourth Manager with several Assistants is in charge of the General Imports Department—Manchester and Glasgow goods, Sugar, Timber and Lubricating Oils; and so on. Each Departmental Manager's attention is concentrated on his own branch of the business. Each Departmental Manager's main concern is to conduct and develop his Branch efficiently and with the maximum profit. Each Department it is true, is "in the last analysis" a part of one great Indian Commercial Business, but each Manager works to show the best results for that portion of the business in his immediate charge; and a combination of Departmental successes means a great success and advancement for the Commercial House as whole.

60. Now let us picture the introduction to this business of the "first principle" expounded in Section 9 of the Chamberlain Majority Report. Let us apply the words, *mutatis mutandis*, of that Section to a real business such as that sketched above. "The titles attached to the different Departments indicate to some extent the nature of the aims, needs and requirements of "the several Departments, and the primary functions of those Departments. "*But neither in theory nor in practice have the activities of these separate Departments been entirely restrained to the business indicated by their separate names*"... "This first principle which has not always been understood "by the public, must be carefully borne in mind in any criticism of the "working of this great Mercantile House which the public may feel inclined "to make"...

61. No commercial man would be surprised to learn that a private business managed on a 'first principle' of this kind had drifted into difficulties,—that the Transport Branch had placed stocks of cotton in the Cement Factory, or shipped all the Firm's coals to Newcastle. (A year ago, most of the metallic currency in the Paper Currency Reserve consisted of *gold*, the Paper Currency

promising to pay bearer *silver* : while most of the metallic currency in the Gold Standard Reserve was composed of *silver*, the first object of the Reserve being to supply the public with *gold*). In fact, nothing but chaos and bankruptcy could be expected to result from the elevation to a 'first principle' of the strange idea that "the titles attached to different Departments" merely served to indicate "to some extent" how those Departments should conduct their business : and that there existed other and superior considerations to which the businesses of individual Departments had normally to be subordinated. The truth is that ordinarily and usually *no such considerations can or ought to exist*, although it must be pointed out that in recent years the India Office has created an impression to the contrary as, for example, when, with a cash balance some £14,000,000 in excess of its immediate requirements, it (1) continued to withdraw money from India, (2) at unnecessarily low rates of exchange, (3) merely to lend it out to the London money-market, (4) from whom it was simultaneously borrowing large sums—temporarily and permanently—on India's account. These oddities of financial management, it may be repeated, were each and all explicitly condemned by the Commission (Sections 181 to 185 and 192.)

62. There is one, and only one occasion when the Majority's "first principle" of financial control would apply : and that would be when, owing to continuous bad management in several Departments, losses had accumulated upon losses, and the great Commercial House was on the verge of bankruptcy. In such a crisis the supreme management would be in urgent need at headquarters of all the ready money available in order to meet the growing liabilities of the House from day to day. Then might the distracted proprietors of the Firm suspend all the ordinary methods of conducting business and, ignoring the needs of the various Departments, force their Managers in all Branches, to remit ready cash at all hazards thereby temporarily sacrificing the businesses of the parts in a supreme effort to save the life of the whole.

63. In the same way there is one, and only one occasion when the Secretary of State might legitimately over-rule the requirements of the various branches of the Indian Currency business and also the various Departments of India's Financial Administration, and, applying the "one single fund" principle, create confusion in the various parts in the hope of saving the whole. That single exception to the ordinary rules of business would be when, owing to some great national or Imperial crisis accompanied by sudden collapse of confidence and credit in Great Britain (a serious financial panic or a great European war involving the United Kingdom would certainly bring about such a collapse), it became necessary to concentrate in London at any hazard all the Money Power that Great Britain could command. In such a crisis, the Secretary of State for India could plead the exigencies of the moment: and, quoting Section 9 of the Majority Report of the Indian Finance and Currency Commission, urge that "in the last analysis" all our resources constitute but "one single fund." The Secretary of State could and would call for all the Money Power available whether the same belonged to the currency portions of the Indian business, or was lying in the hands of the Financial Departments of Government. In the meantime he would, of course appropriate as a temporary measure and for the general good all India's gold

and Reserves that happened to be lying in London, whether they were labelled Paper Currency, Savings Banks Deposits, Gold Standard Reserve, Loans, or Treasury Balances. In a grave national emergency involving a general collapse of Britain's colossal credit structures, the Secretary of State would be fully justified in Imperial interests in temporarily utilising any Indian gold upon which he could lay hands, to buttress the national credit structure.

64. It is quite certain that in such an emergency nobody would object to the "one single fund" method of handling any gold over which Government could temporarily secure control—Indian, Canadian, Australian or other British gold. Indeed, a sudden massing of Money Power of this character might be the most effective way of dealing with the crisis. But to build upon this extreme possibility a "first principle" of finance whereby all India's monetary tools are normally to be manipulated in obedience to unknown laws at the uncontrolled discretion of the Financial advisers of the Secretary of State for India, instead of in accordance with the ordinary, well-understood requirements of the various Departments of India's Currency and Financial Administrations in India, would be to reverse the ordinary principles of business,—to introduce confusion and misunderstanding into the management of the simplest operations of India's Currency and Finances,—to substitute lack of principle for principle,—disorder for order.

65. Put in the simplest possible language, the new "principle" of Indian financial management now introduced for the first time to the public notice by the Majority of Mr. Austin Chamberlain's Commission, is this :—That whilst there are in the possession of the Government of India, various sums of money representing Treasury Surpluses, Unspent Balances of Loans, Deposits from the public in the Post Office Savings Banks, (*N. B.*, all **Financial** balances), special Reserves for the encashment of the Paper Currency *in India*, and special Reserves for the encashment of the Rupee Currency *outside India* (*N. B.*, purely **Currency** balances), these various sums must not in future be regarded as earmarked for any particular Departments or for any special purposes. The names attached to the Balances and to the Reserves merely indicate... "to some extent" ...(*vide* Section 9) the nature of the needs and liabilities of Government in certain directions. But there are always in existence other and more important considerations which may at any moment make it desirable in the unfettered discretion of the Secretary of State (*i. e.*, the Finance Department of the India Office) to move those balances to the other side of the world, and to employ them when, and how, and to such extent as the Secretary of State may on his own entire responsibility think fit. For this reason we do not recommend that any Department of the Indian Currency or any Branch of the Indian Financial Administration should be restricted by the operation of legislation.\*

66. It is doubtful if any responsible body of experts ever put forward a more amazing suggestion (under the cloak of a "first principle" of finance) than that outlined above. It is a frank and open plea for the abolition of all scientific financial management *according to the requirements of the several great Departments of Government in India*, and the substitution in its place of a general financial Hotch-Potch wherein all who could might dip their

\* ... "We do not recommend that the Gold Standard Reserve should be regulated by Statute," *vide* Majority Report, Section 101, &c. The Bank of England, it will be remembered, is compelled by its Charter to keep its Paper Currency Reserve and Business entirely separate from its ordinary reserve and business.



fingers but *only to such extent as the Finance Department of the India Office in London might be pleased to allow*. Where such a "system" of financial control would end, nobody could foresee. All local safeguards would disappear and the India Office would remain in supreme control of every rupee of India's money no matter in what Department or for what object that rupee had been collected, borrowed, or deposited.

67. It is not difficult to picture what might, and probably would, happen under such a "system" of finance. Only two years ago, the India Office withdrew from India nearly £ 20,000,000 of India's cash which was certainly not needed in London for State purposes at the time of its withdrawal. Under the proposed "one single fund" ideal of Indian financial control, there would be nothing to prevent the India Office from further developing this unusual method of monetary management, and withdrawing from India to London the whole of the £ 13,000,000 of the Indian Post Office Savings Banks Deposits, the whole £ 44,000,000 of the Indian Paper Currency Reserve, to make no mention of £ 30 to £ 40,000,000 of the Gold Standard Reserve and any other Funds and Balances that might be in existence in India. In short, the bulk of India's Money Power could (and possibly would) be transferred from India to London, and the Government of India instructed to "carry on" with its local supply of inconvertible tokens. In such circumstances any local pressure in any Department—Currency or Financial—would have to be met temporarily from any local accumulation of monetary tools that happened to be available at the moment, and the necessary adjustment of accounts made some months afterwards between the India Office, the Government of India, and the Local Governments and Departments concerned.

68. Many will regard this picture of an irresponsible, autocratic financial control from the India Office and a monetarily anæmic Government in India as fanciful in the extreme. That it is not so can be seen from the following figures exhibiting the monetary situation two years ago, when the India Office had withdrawn from India and were holding in London the following sums—the property of the Government of India :—

About £ 8,400,000 of the Indian Paper Currency Reserve\*  
 „ 14,000,000 of the Indian Treasury Balances†  
 „ 18,000,000 of the Indian Gold Standard Reserve‡

*i. e.*, over £ 40,000,000 in all. There being no immediate need for all this money in London, a large portion of it was lent out to private borrowers in the "City" on the best terms that could be obtained locally!

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\* The Indian Paper Currency circulates in India, not in England. It is only encashable in India, not in England, and there is not the slightest necessity, therefore, to hold a single rupee or sovereign of this Reserve in London. I know of no other case in history where the Reserve against a Paper Currency circulating and encashable on one side of the world, has been held by another country on the other side of the world.

† The Commission have found that a Treasury Balance in London of £ 4,000,000 is fully adequate for the requirements of the India Office (Section 122), and have recommended that surplus Treasury Balances in the hands of Government should in the first instance be lent to the Indian Money Market (Section 161), preferably through the Presidency Banks to start with (Section 163).

‡ The object of this Reserve is to enable Government and that section of the Indian and Anglo-Indian public who desire to make payments outside India, to purchase Gold Money for that purpose at the rate of approximately one sovereign for fifteen rupees. If the Indian Currency contained an appreciable volume of sovereigns, there would be no more necessity for the Government of India to maintain a Gold Standard Reserve than there is for the Government of Great Britain to hold a reserve of gold for the benefit of exporters of gold from the United Kingdom. No other nation in the world keeps so large a deposit as £ 18,000,000 in London to protect its foreign exchanges.

69. What has happened before may happen again: especially when the Majority of a Royal Commission lend their support to a "principle" of finance which is in truth no principle at all, but a mere throwing of the whole of India's Finances and Currency into a hotch-pot over which it is seriously suggested that no statutory control of any kind should be created.

70. Against this new hotch-potch theory of Indian Finance, one Commissioner, and only one, has entered a vigorous protest. In Sections 15 to 20 of his Minute of Dissent, Sir James Begbie declines altogether to accept the Majority's suggestions that current Treasury Balances should be used (1) to support exchange, (2) to supply the wherewithall for purchasing new rupees, (3) to intermingle at the will of the Finance Department of the India Office with the Gold Standard Reserve, and (4) with the Paper Currency Reserve. In short, this "one single fund" administration which the Majority suggest should rank superior to the needs and functions of the different Departments in India, is a financial conception to which Sir James Begbie declines to subscribe. And there can be little doubt that here, as in the case of the proposed new Currency Policy for India, Sir James Begbie has shown himself to be a sounder and more practical financier than the Majority of his colleagues. Sir James Begbie's Minute of Dissent will be found at the conclusion of this Note.

## VI.—CONCLUSIONS.

71. We can now summarise the conclusions which a first study of the Commission's work brings us. That work is represented by a Report, two Volumes of Evidence, three Volumes of Appendices and a most valuable Index. The statements and evidence submitted by witnesses, especially of those of the official community, are full of interest, and will repay careful perusal by all who are interested in the development and good administration of India's Currency and Finances.

72. The Report itself treats the two subjects quite separately. Sections 1 to 118 review the **Indian Currency Problem** from 1893 to 1913, and arrive at the conclusion that the actions of Government in recent years have been "supplementary to" rather than in pursuance of the Currency Policy initiated in 1893, confirmed in 1898, and accepted on all hands as the best policy for India. With regard to the five matters wherein it has been repeatedly urged that the administration of **India's Finances** has lately left much to be desired, the Commission have unanimously found (Sections 119 to 223) that the critics have been right. In the case of each of these five matters, the Commission have made satisfactory comments and recommendations which, if acted upon and carried out, will unquestionably raise the London administration of India's Finances to a higher standard than has prevailed during the last three or four years.

73. So far, the results of the Commission's work may be considered as highly satisfactory. The Commission, however, has gone beyond the actual points upon which it was asked to report, and has expressed opinions regarding India's monetary future which can only create more controversy, and indefinitely prolong (instead of ending once and for all) the Indian Currency question. Propped by two financial 'principles' one of which is inapplicable to India and the other unsound and unacceptable to all who place efficient administration before political opportunism of a very undesirable type, a Majority of the Commissioners, have propounded an entirely new Currency Policy for India! Asked to report if the Currency recipes of the Herschell and Fowler Experts have been exactly administered, Mr. Austin Chamberlain's Majority replies in the negative; and then recommends an entirely new course of treatment that whilst admittedly making the Indian Currency disease chronic, will at the same time provide a large bottle of gold and paper medicine in London which we are asked to believe will always be kept for India's sole use in all emergencies, no matter how urgently Great Britain may need it. But in case the patient declines this suggested new treatment, then the Majority advises that India should be allowed to do whatever she pleases! (... "It is pre-eminently a question in which Indian sentiment should prevail"...Section 73). And that, too, whilst reminding us that..."over 90 per cent. of the people in India are illiterate."...! (Section 74.)

74. This portion of the Commission's work is disappointing in the extreme. The idea of providing India for all time with nothing but a perpetually expanding token Currency, eternally guaranteed by a constantly expanding Gold Standard Reserve the whole of which is for ever to be held

by the India Office in London, is obviously the dream of a student and not of a man of the world. As the subject of a Lecture in a College theatre, such a fantasy would afford much scope for useful discussion; as a practical scheme for carrying forward the monetary development of the wealthiest and most populous over-sea division of the British Empire, its dangers cannot be too quickly exposed, and its extinction recorded. Unassailable *theoretically*, it entirely ignores the *practical* features of the monetary, political, and economic situation of the present day both in India and in Europe; and so, whilst aiming to save a few pounds for India, would run risks of a very grave and widespread character jeopardising not only the interests of poor and rich alike in India, but bringing into England a new danger of a magnitude that the public at Home do not realise—namely an Indian Gold Standard Reserve in London that would soon be larger than the Gold Reserves of the Bank of England.

75. It is not necessary to follow out these risks and dangers in detail. Whilst some people in India would be quite content to go on using over-valued silver tools to an unlimited extent and leave India for ever almost on a par, monetarily, with Persia, or Mexico, exposed to the danger of a depreciating currency at Home and a Collapsible Rupee abroad, so, too, some financiers in London would be highly elated at the prospect, in these days of inadequate British gold reserves, of a transfer of £ 30,000,000 or £ 40,000,000 or £ 50,000,000 of India's money to their midst. No doubt such a transfer would be "good business" for London; but it would be very poor business for India—the possibility of a paltry gain purchased at the expense of the permanent arrest of India's monetary development, and the creation of a grave risk that would jeopardise the financial stability not only of India but of the whole Empire.

76. One feature of the Indian Finance and Currency Commission's Report has been the subject of much comment, and that is the relegation of Sir James Begbie's strong Minute of Dissent to the very last pages of the Report, and at the back of a 31-page "Annexe" by Professor J. M. Keynes on the subject of a State Bank for India. It is always customary to publish any Note of Dissent in immediate continuation of a Majority Report; and the departure on this occasion from the usual procedure misled at least one leading organ of the Press in India to announce that the Indian Finance and Currency Commission's Report was unanimous. In order that this misapprehension may be in some measure corrected, Sir James Begbie's Minute of Dissent is reproduced on the following pages.

77. It now remains for the public of India to decide how the Currency and Finances of India shall be managed in the future. Excepting always the Majority's "first principles," the Commission has made very sound comments on the management of Indian Finances which cannot but do good, and will, therefore, be universally accepted. With regard to the Indian Currency, the problem is one of national pride and national strength. Is India for ever to remain content with second-rate monetary tools whose efficacy must be guaranteed by a Government Office on the other side of the world, or is India to advance and acquire a full-value metallic currency of universal power, that will relieve her of all dependence upon outside assistance or guarantees, and raise her monetarily to the rank of Great Britain and the Self-Governing Dominions?

## APPENDIX A.

## NOTE OF DISSENT BY SIR JAMES BEGBIE.

The following Note by Sir James Begbie appears at the end of the Final Report of the Royal Commission on Indian Finance and Currency, 1914 :—

I have signed the Report subject to the following note :—

1. I regret that I am unable to concur in the conclusions and recommendations contained in the Report on the subject of the currency policy.

2. That policy has been directed to the attainment of stability in the exchange value of the rupee by means of gold reserves collected from the profits realised on the coinage of rupees. Whilst it has been successful in achieving that object, it has brought into existence an extensive token currency which, in my opinion, is not conducive to the interests of India. I regard that form of currency as undesirable for a country which absorbs gold on a very large scale.

3. A brief examination of some of the chief arguments brought forward in favour of the measures actually adopted for securing stability in the exchange value of the rupee, and of those urged against the use of the means originally proposed for securing stability, *viz.*, a gold currency with gold in active circulation, may help to make my point of view clear.

4. I take first the arguments given in support of the existing policy. The point has been pressed that the public preferred and demanded rupees, and the demand had to be met. That is a reason which carried considerable weight in the early years of the period during which the policy has been developed, but it has now lost its force. The public have absorbed during the last 12 years approximately equal amounts of rupees and sovereigns, but the demand for sovereigns has rapidly increased during the last four years. These recent gold requirements show an important change in the currency needs of the people, and indicate a preference for gold over rupees.

5. The next argument is one which has latterly come into prominence, *viz.*, that the Indian system has close affinities with the currency systems of certain other countries. Such analogies are, I consider, unsafe as a guide to Indian policy, because the conditions are not identical. In none of those other countries is there the same private absorption of gold that there is in India. Whatever experience elsewhere may be, the recent demands for gold in India show a loss of confidence on the part of the public in the token rupee, and that is a situation that should not be ignored. The need for confidence to secure the exchange value of the rupee is recognised, but not the need for confidence in the currency in other respects. It is no longer possible to say that the token rupee is preferred by the Indian public and satisfies their currency requirements in face of the fact that they have latterly exhibited so strong a desire for gold as the statistics indicate. At least there is not now such general confidence in the rupee as would, in my opinion, alone warrant further large extensions of the token currency.

6. Another argument given is that it is desirable to educate people in the use of more economical forms of currency than gold. That, of course, is a desirable object, but the experience so far gained does not inspire the hope that the educative effect of present methods will be successful in attaining it. The increased circulation of notes may be pointed to as an advance towards the use of more economical forms of currency; but it is due, not solely to a desire to economise in currency, but partly at least to increased facilities for the employment of notes. Against this favourable sign must be set the increased absorption of sovereigns. This demand for gold coin, accompanied as it has been by increased demands for gold bullion, dominates the whole currency situation. For a country which takes gold in great quantities an extensive token currency is most unsuitable. It has the usual effect of driving gold out of circulation. It has the still greater disadvantage that it keeps the gold out of useful employment. People who value gold so highly as to store and hold it to the

extent witnessed in India are not likely to invest or make other profitable use of it, so long as they have to take the risk of being repaid in token coins when they realise their investments. The token currency not only prevents the holders of the gold from utilising it to some advantage, but the country as a whole loses the benefit that should accrue to it from the possession of great wealth. While, therefore, the process of education in the use of economical forms of currency is proceeding, the probabilities are that the people will none the less continue to amass their growing wealth in solid gold. In my opinion, what is needed is not education in the use of economical currency so much as education in the use of the stored up gold. The first step, however, is to convince the people that if they use their gold they will get it back when they want it, and that cannot be done while there is this extensive and expanding token currency. A currency in which gold was a more prominent feature and to which token coins were less freely added would be more practical as an educative force. Gold coins would be suitable and convenient for many ordinary currency purposes, and by using them the public would be gradually led to use gold for other purposes, such as investments, especially if a considerable circulation of gold existed, sufficient to inspire the public with confidence that when they wanted their gold restored to them they could get it.

7. I come next to reasons advanced against a gold circulation. It has been said that gold in reserves is better than gold in circulation for the support of exchange. That, of course, is true, but it is equally true that gold in circulation is a better protection for exchange than token coins. Gold in circulation can never endanger exchange stability. It cannot be too strongly emphasised that danger lies in the token currency alone when unfavourable trade conditions prevail. In the words of the Report (paragraph 62), "It is the surplus tokens and not the gold which will seek an outlet at times of weak exchange" Moreover, reserves of gold can be accumulated from a gold circulation through the note issue and a good banking organisation. Even under the existing system the most satisfactory part of the gold reserves is the gold in the Paper Currency Department. The full equivalent of the currency issued against it is saved in gold for the reserve, whereas the Gold Standard Reserve represents only about one-third of the token currency from which it was saved, and will redeem only that proportion of it, unless the extreme step is taken of melting down rupees. Also, a considerable portion of the coin reserve of the Note Department must be held in rupees at present. With a free circulation of gold a much smaller portion could be held in rupees and a correspondingly larger part in gold.

8. The objection that gold is an expensive form of currency is one which, I consider, can easily be pressed too far in the case of India. The token currency is being steadily exchanged for gold. To the extent at least to which that process is carried the country is not saved the expense of the gold by the present system. Also, if, as I think is the case, the token currency has the effect of encouraging and strengthening the hoarding habit, it is not true economy to object to the expense of a gold currency, and as a result to force gold out of circulation and prevent its employment in other useful ways, thus causing extreme waste.

9. Another objection is that gold coins, especially coins of small value, would be formidable rivals to currency notes. In my opinion notes will usually be preferred to coin—whether gold or silver—for such purposes as bank cash reserves and frequently for effecting remittances. If the use of notes for other purposes is endangered in any way by a circulation of gold coins because the latter are preferred, it has to be remembered that notes may be affected by the growing demands for gold. The possibility that these demands will spread should be recognised. If the public want gold they will get it whether they hold notes or rupees, and when they prefer gold they are not likely to be satisfied with notes, payment of which can be demanded only in rupees.

10. The hoarding habit in India is no doubt a difficult problem. Its recent rapid development in increased demands for gold, and the possibility of its further expansion, make it a question of the highest importance. I do not, however, think the opinion expressed in paragraph 75 of the Report that "the hoarding habit is sanctioned by the experience of centuries in India and by

“religious and racial laws and customs” sufficiently accounts for the accelerated pace it has latterly acquired. In my opinion, that is to a large extent the outcome of the policy which has brought into existence the extensive token currency. Up to the closing of the Mints in 1893 to the free coinage of silver the public had been accustomed for generations to full-value coins for their currency requirements, and they are not now prepared to hold their profits and savings in the form of overvalued rupees. Hence their preference for gold, both coin and bullion. I am, therefore, unable to agree that the habit is one which should be regarded as inevitable in Indian social or religious conditions and not susceptible to treatment. The statistics show that great progress has been made in attracting the cash reserves of the people into useful and profitable channels, such as investments and deposits with banks. But they also show this later reversion to hoarding on an extended scale, which is thus a retrograde movement, indicating a greater and not unnatural desire for solid security than for profitable returns on investments in a currency medium which does not provide the kind of security now clearly preferred. It seems to me that it is not to the interest of India to have its rapidly accumulating wealth diverted into idle hoards by the token currency policy.

11. But even if that policy has not been the cause of the increased demand for gold, the difficulty remains of drawing hoarded gold into profitable use. Capital is proverbially timid and nowhere more so than in India. If, therefore, the gold held in India is to be attracted into useful employment it can, I think, be done only by providing security that when it is invested the investments will continue to represent gold; and be convertible into gold, by means of a gold currency policy in which the public will have confidence.

12. For the reasons I have indicated, I am of opinion that the true line of advance for the currency policy is to discourage an extension of the token currency by providing increased facilities for the distribution of gold when further increases in the currency become necessary. These greater facilities should, I consider, include the issue of gold coins from an Indian mint of a value more suitable for general currency use than the sovereign and half-sovereign, for the purpose of assisting the distribution of gold when, as is frequently the case, the balance of trade is strong in India's favour and gold arrives in considerable quantities. I also think that supplies of gold coins should be laid down in the up-country districts with the object of giving the general public effective opportunities of obtaining gold coins.

13. I do not, however, recommend the dispersal into circulation of any of the existing gold reserves. The maintenance of the exchange value of the rupee should continue to be the guiding principle of the policy, and the reserve accumulated specially to secure the stability of exchange should continue to be specifically set apart for that purpose. But as future additions to the currency become necessary by reason of favourable trade balances, the additions should take the form of gold which will be imported in settlement of the balance of trade. With the present system it is sometimes found necessary to anticipate fresh additions to the currency by providing silver for coinage from the reserves. In my opinion it would be better to issue gold from the Paper Currency Reserve to the public in such circumstances and allow the gold when imported later to accumulate again in that reserve.

14. The procedure which I have suggested would, of course, be applicable only to normal times. Should the situation caused by the crisis of 1907-08 recur, and the gold reserves be depleted to support exchange and the silver reserves inflated, the issue of gold for internal purposes would require to be suspended until the surplus rupee reserves were reabsorbed by the public and the gold reserves restored. So long as such an extensive token coinage is in existence, it is important that the public should use it.

15. I also regret to be unable to assent to the proposals contained in the Report whereby the Treasury balances in India and in London may be utilised for the purpose of maintaining the exchange value of the rupee and for the provision of fresh supplies of coined rupees. I see no good reason for associating the Government cash balances with currency reserves

for purely currency purposes. If the gold reserves should not be strong enough to maintain exchange in a time of difficulty, it would be better to raise additional funds by the issue of temporary loans than to rely upon cash balances for such a purpose.

16. Also, I consider the cash balances an unsuitable source from which to provide supplies of silver for coinage. For example, the balances laid down in London represent mainly the proceeds of Council drafts which are sold throughout the year at current rates of exchange, and frequently at rates well below gold import point. If money so provided in London is used to add rupees to the currency in India it means that fresh rupees are issued at more than the established ratio of 15 rupees to the sovereign.

17. The same objection applies to sales of Council drafts below gold point against the Gold Standard Reserve in India for the re-issue of rupees withdrawn from circulation to support exchange, as in 1909-10, and against that Reserve and the Paper Currency Reserve for the provision of new currency. The necessity for working at gold import point in such circumstances does not appear to be sufficiently recognised, but in my opinion it is most important. To work the system by means of drafts at any other rate not only breaks the standard ratio, but lays Government open to the charge of departing from the standard to secure the profits on coinage.

18. The system by which the proceeds of all Council drafts sold are passed into the general balances of the Secretary of State, and portions are subsequently allocated to the Gold Standard or Paper Currency Reserves is open to the same objection. It seems necessary to separate sales on account of these latter funds from sales for purely Treasury purposes, as they should be made only at the special rate indicated above.

19. I am not convinced that a good case has been made out for the location of the metallic portion of the Gold Standard Reserve in London. I consider that the portion which the Commission are recommending to be held in gold should be held in India earmarked for the support of exchange, and that when it has to be used for that purpose, it should be issued to the public who want it for export. I should not, however, be in favour of an immediate transfer of the gold now held in London to India. But when the Reserve in London is again drawn upon for the support of exchange, it should not later be restored to London, but should be allowed to accumulate in India in gold.

20. I also consider that the coin reserve of the Paper Currency Department should be held exclusively in India. It is in India alone that the notes for the redemption of which the Reserve is maintained fall to be converted into coin on demand. The transfer of a portion of the Reserve to London is a measure which is not calculated to improve the credit of the note issue and is, therefore, undesirable. For the same reason, I am unable to approve of the proposal to employ in London a portion of the Reserve in temporary investments.

J. BEGBIE.



## APPENDIX B.

## A STATE BANK FOR INDIA.

“One of the most difficult problems that face modern Governments, is to determine exactly at what point and to what extent it is expedient in the general interests to aid the weak and restrain the strong. Nobody who has studied the growth of monetary Combines in the United Kingdom and in the United States of America, will argue that it is necessary in the public interest further to help the bankers and financiers of the world by placing still more of Government’s monetary business in their hands. Particularly is this the case in India where there are additional and special reasons for Government, whilst taking the utmost advantage of expert advice from private sources, retaining the whole management and control of its enormous Money Power entirely in its own hands.”—M. de P. Webb in *The Insurance and Financial Record* (Calcutta.)

The following Note on the subject of a State Bank for India was written in continuation of the “Advance, India!” Series of Pamphlets published in 1913. It indicates briefly the lines upon which, in the author’s opinion, the proposed State Bank for India ought to be formed.

Although the desirability or otherwise of establishing a Central or State Bank in India was not specifically included in the Terms of Reference to the recent Indian Finance and Currency Commission, it has been understood that the Government of India were anxious for the Commission to consider the matter and to make such recommendations in this connection at the circumstances of the moment seemed to warrant. In the absence of definite proposals, it was by no means easy for witnesses to express opinions. If we may assume that suggestions made in the past by the Bank of Bengal and by eminent bankers in London represent current ideas, then what the public have now to weigh is the expediency of engineering some amalgamation of the existing Presidency Banks that would take over Government’s treasury balances and manage the Public Debt of India, the Paper Currency, the Gold Standard Reserve and the payment of the Home Charges. In the work of this great Central or State Bank, Government would, no doubt, expect to exert some sort of control, but the general idea seems to be to transfer the practical management of Government’s Currency and banking business to really practical bankers. No Government in the world, it is argued, can be expected to utilise its cash as profitably for all concerned as expert bankers could do. Government itself is popularly supposed to be not altogether averse to being relieved of some of the responsibilities of managing its own currency, reserves, and banking business, so that the moment is distinctly favourable for action of some kind or another.

Were I an enthusiastic and ambitious banker like, say, Sir Edward Holden such a scheme would certainly make my mouth water. Fancy taking over £13,000,000 of Post Office Savings Bank money, £25,000,000 of the Gold Standard Reserve, £20 to £30,000,000 of Treasury Balances £44,000,000 of Paper Currency Reserve; also the management of close upon £300,000,000 of Indian debt of various kinds, and the opportunity to collect deposits from the public at nearly a thousand branches spread all over a thickly populated Continent of the size of Europe minus Russia. What a prospect! Mr. L. G. Dunbar, Secretary and Treasurer of the Bank of Bengal, in a note submitted to the Indian Finance Commission, modestly expresses his opinion that.. “the capital of a State Bank for India should not exceed £5,000,000..” But why £5,000,000,? Surely, with resources and possibilities, such as I have sketched above, we might inaugurate a State Bank for India on the latest Australian model—with no capital at all!

But there are other and more important matters to consider than the profit to Government and to a section of the trading community that a concentration and banker-like management of the State’s monetary resources would yield. Money is Power. And a Central Bank that held a metallic Reserve of over £50,000,000 and controlled other monetary resources running up to probably hundreds of millions sterling, would clearly be one of the greatest Money

Powers in the world. Who is to control this tremendous World-Power,—the Government of India, or a group of private individuals—Europeans and Indians—among whom Government's Representatives would endeavour to exert a controlling influence? India is not England. And even if it were, the man who would reproduce in India the present monetary situation of the City of London, would certainly deserve to forfeit the gratitude of the general public in India. In Great Britain the demands of kingly rulers and their Governments in the past combined with a wide-spread ignorance and apathy on the part of the public regarding monetary science, have resulted in the supreme control of money power passing into the hands of a comparatively few great financiers—often of the Jewish race. These great money merchants have carried on their business with the utmost skill and foresight; so much so, that whilst their ingenuity and integrity have greatly benefited both Government and the public, they have at the same time succeeded in placing the leading governments of the world in quite a subordinate position so far as the control of Money Power is concerned. Now, in civilized states, Government, I submit, and not private individuals, ought to be the chief source and controller of all Money Power. So successful have Britain's bankers been in the past in relieving Government of one of its most important functions—the issue and control of Money Power—that at this moment, in the United Kingdom, perhaps the most advanced country in the world in many ways, neither people nor Government have yet commenced to enjoy the advantages of a State Paper Currency! In the absence of such a currency, the bankers of Scotland and England have discovered and developed (with much profit to themselves) means of building up colossal dealings on the strength of paper promises to pay in gold, not one per cent. of which promises are ever, or can ever, be carried out. Yet thanks to the assistance and encouragement of the bankers, the public continues to make these promises from day to day, largely regardless of the possible dangers of the situation. To such a degree has the science of banking and credit-spinning been carried that many responsible authorities have commenced to ask themselves whether Britain's gigantic credit structures are not beginning to get a little top-heavy. Statesmen, economists and newspapers of the highest standing have openly stated that, compared with the volume of business now transacted in the United Kingdom, Great Britain's gold reserves are inadequate. *Yet no British Government has so far felt itself strong enough to interfere or to make any attempt to safeguard the public interests by controlling the activities of the great financiers and bankers in any way by legislation.* Lord Goschen, Mr. Asquith, Sir Edward Holden, Sir Felix Schuster, the London Chamber of Commerce, the Associated Chambers of Commerce of the United Kingdom, the *Economist*, the *Statist* and even the *Bankers' Magazine*, have all talked; but very little has yet been actually done, so far as the public know. The truth is that, so powerless is the Government of Great Britain to grapple with the danger, in the event of any serious crisis, local or international, arising out of the insufficiency of our gold reserves or the unexpected restriction or destruction of credit, Government would find itself compelled to act, not independently as its own position as guardian of the whole of the public interests would demand, but subserviently as the great financial and banking interests of the City of London might require. It is possible that the interests of the great mass of our people and the interests of London's cosmopolitan financiers and bankers might exactly coincide. On the other hand, it is conceivable that they might not. As things stand at present in England Government has no choice in the matter. **GOVERNMENT MUST ACT AS MONEY POWER DICTATES.**

Is this the situation that we desire to work up to in India—Government nominally supreme, but the purse-strings in the control of a mixed directorate of Europeans, Hindus, Muhammadans, Parsis, the first possibly in a minority? It would be folly to shut our eyes to the direction in which we are steadily moving in India. Though the days of self-government on the Colonial type may be very far distant, there can be no doubt that our Indian subjects under our active and whole-hearted tuition are slowly advancing in social, economic, and political efficiency, and step by step they will probably reap the rewards of that efficiency in every department of their activities. Bearing these facts in mind,

remembering the special conditions that prevail in India—the multiplicity of interests, racial and religious, as well as economic and political, the overwhelming magnitude, numerically, of the illiterate and uninformed classes as compared with the numerical insignificance of Government's leading brains and hands, I am forced to the conclusion that it is imperative in the interests of the people of India as a whole, as well as of Government itself, and of the commercial and general interest of the United Kingdom and the Empire, that the Government of India should not now relinquish one jot or tittle of its MONEY POWER, or what is almost of equal importance in India, of the prestige that universally attaches to great MONEY POWER. Lord Mayo, when referring to Mr. Dickson's scheme of 1867 for amalgamating the three Presidency Banks, wrote to the Secretary of State for India :—

“.....I submit that it is not for the interest of a State that a great institution of this kind should grow up for all India, the interests of which may in time be opposed to those of the public, and whose influence at any rate may over-shadow that of Government itself.....”

Here we have words of wisdom, as sound to-day as when they were penned.

If, then, we desire India to obtain the benefits which a concentration of her currency management, monetary resources, and financial machinery, under one central control in India, would undoubtedly give, that central control must be exercised solely by Government and not by private interests amidst which Government might be more or less effectively represented. In other words, the proposed Central Bank must be a Department of Government—a real STATE BANK—wherein, whilst public interests would be strongly represented, Government must exercise supreme, unfettered control. Such a State Bank might be advised by Local Financial Boards in Calcutta, Bombay, and Madras, on which private, commercial and financial interests would preponderate. To such a State Bank Department it would be incumbent on Government to appoint permanent financial and banking officials of the highest calibre. Under a control of this kind, an enlightened and progressive development of India's Money Power would follow. The superiority as money of nickel to copper, gold to silver, and of paper to gold would, each in its place and to a proper degree, receive methodical recognition. Every treasury and sub-treasury in the Continent would become a branch of the State Bank. Depositors would be welcomed in every corner of the country, though not in cutting competition with private banks. There seems no reason why the State Bank should need to raise any capital as such. Government's balances, cash reserves, and other resources (paper money and deposits) could from time to time be employed to help the progress of public works (whether undertaken by Government or by Indian Rulers and governments), of agricultural banks, and of India's largest private banks and financiers, especially during periods of pressure that regularly arise when the most valuable crops are being moved. With a State Bank managed on these lines, it is doubtful if any advantage to Government or the public would accrue from the amalgamation and inclusion of the existing Presidency Banks, though the special positions of these Banks would have to be recognised and fully provided for.

A REAL STATE BANK of this character, undertaking Government's monetary business, internal and external, whilst adding materially to Government's power and prestige, would at the same time greatly encourage the banking habit amongst India's timid millions, and would thus be a new source of strength not only to Government but also to the masses of the people of this great Continent.

# APPEAL

BY

## THE AHMEDNAGAR FAMINE RELIEF COMMITTEE, 1912.

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The Ahmednagar District, being a tract of precarious rainfall, is always exposed to the risk of famine or acute distress. During the last twelve years it has passed through three famines, in addition to several seasons of partial failure of crops. The last two seasons were consecutively unfavourable. The rains were generally scanty and ill-distributed, entailing severe distress in many parts of the District. Plough and milch cattle have suffered much more than human beings. In 1911-12 thousands of animals died of hunger or disease; and there is prospect of heavy mortality in the approaching hot season.

2. Government are carrying out their own measures for the relief of cattle this year, as they did last year. For the encouragement of private trade in grass, the railway rates have been substantially reduced by the Companies on the invitation of Government, who will bear the loss in receipts. Enormous quantities of grass are being collected for transport to the affected districts, including Ahmednagar, for sale at rates below cost price; and advances are being made to cultivators to enable them to buy the grass from Government depots. There is, however, a proportion of indigent cultivators who are not in a position either to buy the grass or to take advances for its purchase. In ordinary seasons they have their own resources in their meadow-lands or in the free communal grazing grounds or in other directions, which fail them when the rains are unfavourable. The great difficulty is the preservation of the cattle of agriculturists of this class until on the return of a favourable season they can fall back on their own resources. The experience of the last fodder famine in the Ahmedabad district shows that the difficulty can be overcome in great measure by private charity organized with the help of Government.

3. It is proposed, in addition to any other measures which may be found necessary, to form cattle-kitchens for the benefit of animals of indigent owners. Only young and otherwise useful animals will be received at these kitchens; and such as are admitted will be maintained wholly or partially free according to circumstances. Government have agreed to supply the required quantities of grass at reduced rates; to make a free grant from forest of all the timber required for structures; and to give the services of Veterinary Surgeons. With assistance in these directions, a large number of useful cattle can be saved if sufficient funds can be raised by public subscriptions for the purchase of grass.

4. Among human being also there are necessarily numerous cases of distress which the State methods of help cannot reach, but which can be relieved in great measure by organized private charity. There is, for instance, much scope for useful work among those who owing to family pride or social customs would be unwilling to expose their privations to Government officers, or among those who owing to the entire exhaustion of their resources would need help to enable them to resume agricultural operations on the break of the rains.

5. A sum of Rs. 1,00,000 at least is required and it is hoped that a large part of it will be secured in Bombay, where a committee for the collection of funds has been formed. It is felt, however, that Poona, the chief city in the Deccan, should also come to the relief of a stricken Deccan district. The local committee now appeal for funds to all classes of the community, European and Indian, official and non-official. Subscriptions will be gratefully received by any of the Honorary Secretaries and will be acknowledged by them from time to time in the Newspapers.

N. MACNICOL,  
F. P. JEHANGIR,  
C. G. BHANU,  
C. S. DEVLE,  
EBRAHIM JAFFER JUSSUFF,  
*Honorary Secretaries*

gokkele G. K.  
Fulbonde.

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# LAND ASSESSMENTS IN INDIA.

## Memorial

FROM

R. K. PUCKLE, C.I.E.,

Late Director of Revenue Settlement, and Member of the Board of Revenue,  
Madras.

J. H. GARSTIN, C.S.I.,

Late Member of Council, Madras.

J. B. PENNINGTON,

Late Collector of Tanjore, Madras.

H. J. REYNOLDS, C.S.I.,

Late Revenue Secretary to the Government of Bengal, and late Member of the  
Legislative Council of the Governor General of India,

Right Honourable Sir RICHARD GARTH, Q.C.,

Late Chief Justice of Bengal.

ROMESH C. DUTT, C.I.E.,

Late Offg. Commissioner of Orissa Division in Bengal, and Member of the Bengal  
Legislative Council.

C. J. O'DONNELL,

Late Commissioner of the Bhagalpur and Rajshahi Divisions in Bengal.

A. ROGERS,

Late Settlement Officer and member of Council in Bombay.

W. WEDDERBURN, BART.,

Late Acting Chief Secretary to the Government of Bombay.

JOHN JARDINE, K.C.I.E.,

Late Judge of the High Court of Bombay.

J. P. GOODRIDGE,

*To the Right Honourable*  
*Lord George Francis Hamilton, M.P., Her Majesty's Secretary of*  
*State for India,*  
*India Office, Whitehall S. W.*

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LORD,

In view of the terrible famines with which India has been lately afflicted, we, the resigned, who have spent many years of our lives among the people, and still take a deep interest in their welfare, beg to offer the following suggestions to your Lordship in Council, in hope that the Land Revenue administration may be everywhere placed on such a sound equitable basis as to secure to the cultivators of the soil a sufficient margin of profit to enable them better to withstand the pressure of future famines.

2.—We are well aware that the primary cause of famines is the failure of rain, and that protection of large tracts of country by the extension of irrigation from sources that seldom ever fail has been steadily kept in view and acted on by the Government for many years ; but the bulk of the country is dependent on direct rainfall, and the pinch of famine is most severely felt in the uplands, where the crops fail simply for want of rain. The only relief for the cultivators throughout the greater part of India is therefore that they should be in such a position as to enable them to tide over an occasional bad season.

3.—To place the cultivators in such a position, we consider it essential that the share borne as the Government demand on the land should be strictly limited in every Province. We fully agree with the views of Lord Salisbury, when Secretary of State for India, as set in his Minute of April 26th, 1875:—

“So far as it is possible to change the Indian fiscal system, it is desirable that the cultivator should pay a smaller proportion of the whole national charge. It is not in itself a thrifty policy to draw the mass of revenue from the rural districts, where capital is scarce, sparing the towns, where it is often redundant, and runs to waste and luxury. The injury is exaggerated in the case of India, where so much of the revenue is exported without a direct equivalent.”

4.—Without going into tedious detail, we consider it very advisable that, in those parts of the country in which the Land Tax is not permanently settled, the following principles should be uniformly adhered to:—

(a) Where the Land Revenue is paid directly by the cultivators, as in most parts of Madras and Bombay, the Government demand should be limited to 50 per cent. of the value of the nett produce, after a liberal deduction for cultivation expenses has been made, and should not ordinarily exceed one-fifth of the gross produce, even in those parts of the country where, in theory, one-half of the nett, is assumed to approximate to one-third of the gross, produce.

(b) Where the Land Revenue is paid by landlords, the principle adopted in the Saharanpur Rules of 1855, whereby the Revenue demand is limited to one-half of the actual rent or assets of such landlords, should be universally applied.

(c) That no revision of the Land Tax of any Province or part thereof should be made within thirty years of the expiration of any former revision.

(d) That when such revision is made in any of those parts of India where the Land Revenue is paid by the cultivators direct to the Government, there should be no increase in the assessment except in cases where the land has increased in value (1) in consequence of improvements in irrigation works carried out at the expense of the Government, or (2) on account of a rise in the value of produce, based on the average prices of the thirty years next preceding such revision.

5.—Lastly, we recommend that a limit be fixed in each Province beyond which it may not be permissible to surcharge the Land Tax with local cesses. We are of opinion that the Bengal rate of  $6\frac{1}{4}$  per cent. is a fair one, and that in no case should the rate exceed 10 per cent.

We have the honour to be,

Sir,

Your obedient Servants,

24, PALACE COURT, W.,  
20th December, 1900.

(Signed)

R. K. PUCKLE,  
Late Director of Revenue Settlement, and Member  
of the Board of Revenue, Madras.

J. H. GARSTIN,  
Late Member of Council, Madras.

J. B. PENNINGTON,  
Late Collector of Tanjore, Madras.

H. J. REYNOLDS,  
Late Revenue Secretary to the Government of  
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lative Council.

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Late Commissioner of the Bhagalpur and Rajshahi  
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(Signed)

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JOHN JARDINE,

Late Judge of the High Court of Bombay.

J. P. GOODRIDGE,

Late B.C.S., and formerly Offg. Settlement Com-  
missioner, C.P.

### 'VALUE FOR PUBLIC MONEY.'

The *Economist* of March 4 has a notable article on 'The Army Estimates and Value for Public Money.' After remarking on the difficulty of creating 'a new spirit of criticism and a new attitude both in the press and in Parliament towards the great spending departments' where 'the powers that be and a cluster of busy interests are strongly entrenched,' it states the questions, 'two perfectly distinct ones', which should be borne in mind: 'Are we maintaining excessive establishments and excessive armaments?' 'Are we getting value for our money?' 'Are the Army and Navy anything like as good as they might be with the same expenditure, or could not there be a force equally strong in every respect at much less cost?' There is not really speaking a reduction this year in the Army estimates by £70,000 but a real increase of £230,000 in the expenditure as well as an addition to the National Debt 'through the revival of some unexhausted borrowing under one of the Military Works Loans Acts—

an Act of which we had hoped under the stricter financial principles enunciated by the Prime Minister to have heard no more; for nothing can be worse than a system of borrowing for naval and military purposes in time of peace. Such a system, in so far as it exists, cancels the Sinking Fund, weakens the resources of the country, lays an improper charge on posterity, and encourages waste and confusion by withdrawing public expenditure from the purview of Parliament.

The accounts are 'highly complicated' and contain 'a multiplicity of curious items' which are set out under Vote 10 for works and buildings, but it is not possible to discover anything about the new works to be constructed under Mr. Haldane's loan. To those public-spirited and independent members of Parliament who are seeking with it to secure for the public taxpayer better value for his money, the *Economist* says that they should give very special and critical attention to this 'works and buildings' vote and to the problem of its control and management. The staffs of the War Office and the Admiralty are good men in their way, 'but it does not follow that they have a natural talent for business or for business organisation. From this point of view, indeed, 'their previous training has been useless or worse than useless, and the new office life is not calculated to enable them to cope with those very sharp specimens of commercial life who contract with our great spending departments.' The *Economist* affirms with confidence that 'enormous savings may be effected for the benefit both of the services and of the taxpayers in the contracting departments of the Admiralty and War Office.' No regard is paid to economy. 'The policy of making things easy all round has gone on so long that it is very hard to stop. The red-tape system causes waste as well as delay. On the one hand, contractors are persecuted by a long list of uselessly minute conditions. On the other hand, they are often let off far too easily for grave delinquencies.' Military and Naval officers are, we are told, many of them aware that there are many leakages: 'but finance is a mystery, and they feel that it is not their business to interfere.' Lord Haldane seems to be alive to 'his principal defect of his department' if we may judge from his action in sending some of his officers to the London School of Economics for learning business methods. But the *Economist* for one does not anticipate any real reform until a number of first-class business men are drafted into the

At present it says the salaries paid on the commercial side of the War Office are not business salaries, 'and millions are lost because thousands are spared.' When this blunder has been corrected, and when certain 'superfluities', such as the South African garrison and the maintenance in commission of obsolete ships, have been properly dealt with, the *Economist* has no doubt that a 10 per cent. reduction in the estimates of both the War Office and the Admiralty, yielding seven millions a year, would be perfectly feasible, even assuming that the present establishments are not excessively large. But are these not large? Two years ago Mr. Haldane hinted that the South African garrison might be reduced, and at the same time a corresponding saving made in home forces. Not only has this not been done, but the expenditure on the South African garrison has been increased by over £52,000. 'To this expenditure not one penny is contributed by the people of South Africa.' Mauritius pays £25,000 towards the upkeep of her garrison, but West Africa, with a more expensive garrison than Mauritius, escapes scot free. 'Similar anomalies may be traced throughout the whole table, and Parliament ought to know the reason for this unequal distribution of the burden of defence.' What about the case of India, the hardest of all, for she is made to pay so much more for the army than she ought in fairness to be? The *Economist* concludes its very instructive article as follows:—

It seems to be clear that as at present, organised, and under present conditions, neither the House of Commons nor the Treasury can help much towards giving the public value for its money. An Estimates Committee composed of picked business men from the House of Commons might work wonders, not only by awakening a real sense of responsibility among permanent officials, but also by definite suggestions. There is really no reason why the Government should not welcome this proposal and act upon it immediately. It would save the House a great deal of time, and make its criticism of the estimates a great deal more effective. Besides, it would give able and unemployed members some very useful work to do. It is for a similar reason that Sir William Wedderburn has long pressed for a Standing Committee of the House of Commons to scrutinise Indian finance every year. We have given this lengthy summary of the *Economist's* article as it is full of lessons for us in India in connection with our army expenditure.

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## **SALT-TAX.**

*The Working of Salt-Tax in the  
Madras Presidency.*

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# SALT-TAX.

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## The working of Salt-Tax in the Madras Presidency.

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The Salt Tax being the most important and oppressive of all the other taxes, and which has been recovered from so many millions of consumers, whose consumption of salt is indispensable, and whose universal cry in regard to the increased taxation, having made the merciful Government to reduce the tax from Rs. 2-8-0 to Rs. 1-8-0 per maund on two occasions, it is now necessary to see, whether the consumers have been benefitted by such reduction, and if not, let us try to trace out the reasons, and the measures to be adopted towards successfully carrying out the object with which such reduction has been made. That so long as the Salt Administration of this Presidency, is worked on the principle that it does not care for competition with other salt, on the reason of the maximum revenue not having been affected, without considering the fact, that such competition is necessary in the interests of the consumers, it is impossible for the consumers, to benefit themselves by the reduction. It must be prominently noticed, that when a foreign salt ventures into this Presidency, it will naturally, and in fact, make the local salt, to disappear altogether from its centres, so as to enable it to take its root in such centres, and to have its own way in the system of working, and the fixing of selling rates in accordance with time and circumstances and this has actually been the case; and consequently, unless there is competition of other salt to control over the ruling prices, the desired object cannot be realized; and it must be also noticed, that such a presumption on the part of the Salt Administration, has made the foreign salt to take such prominence in its centres, as to make the consumers stick up to it, in spite of the superiority and cheapness of the locally produced salt; and under such circumstance, it becomes a matter for question, that, whether under the existing state of affairs, any change for the better can be expected at all. The foreign salt has been manufactured elsewhere and worked in this Presidency by private capitalists, whose freedom in manufacturing any quality of salt suited to several markets, and whose enterprising spirit, have made them gradually pave their way into this Presidency against all competition, while in the case of the locally produced salt, evidently intended for competition, it has been manufactured under Government Agency and worked by middlemen, and hence the competition becomes an indirect one, coupled with a motive of self interest, and if it should be a direct one, then it would be productive of beneficial results to the consumers. Thus therefore, that as long as the competition becomes a direct one in both cases, it is doubtful, whether the intended object will be realized. In regard to the Salt Administration of this Presidency, the following material points should be considered.

- (1) Why the Madras Presidency has not been able to manufacture the entire quantity required for it.

- (2) Why the Madras salt has not been able to compete with that of Bombay.
- (3) Why the consumers have not been benefitted by the reduction of the duty.
- (4) What measures to be adopted towards successfully carrying out the above ends.

## I. Why the Madras Presidency has not been able to manufacture the entire quantity required for it.

I beg to give below the several Salt Factories of this Presidency, where they are situated, and for what purpose they are utilized.

### SOUTH INDIAN RAILWAY.

#### Tinnevelly District.

- 1 Arasadi.
- 2 Karapad.
- 3 Levingipuram.
- 4 Sevendakolam.
- 5 Koyalpatnam.
- 6 Arumuganari.
- 7 Keranur.
- 8 Kulasegrapatnam.
- 9 Kuttanguli.

The stations up to Trichinopoly and a few beyond up to Kumbakonam, have been supplied by Arasadi, Karapad, Levingipuram, Sevendakolam, Koyalpatnam, Arumuganari, and Keranur. The first four also export salt to the Straits Settlements. The last two confine themselves to local and near surrounding markets. The sales in the interior from Koyalpatnam, Arumuganari and Keranur are very great.

#### Madura District.

- 1 Theethandithanam.
- 2 Vattanam.
- 8 Manakkudi.
- 4 Muthuragunathapatnam.
- 5 Morekolam.

These confine themselves to local and surrounding markets, and do not at all make their way into other District markets in appreciable quantities.

#### Tanjore District.

- 1 Tranquebar.
- 2 Neidavassal.
- 3 Negapatam.
- 4 Vedaranium.
- 5 Thambikanallavankottai.
- 6 Adirampatnam.
- 7 Kattumavadi.

Negapatam supplies salt to the French Settlement of Karikal, also exports small quantities to the Straits Settlements. Adirampatnam and Kattumavadi supply to the Pudukotta State. All these factories confine themselves to interior parts and adjacent District sales. Stray consignments go to Trichinopoly and Karur from Negapatam and Neidavassal.

#### South Arcot District.

- 1 Cheyur.
- 2 Chunampet.
- 3 Merkanam.
- 4 Cuddalore.
- 5 Manambaddi.

Cheyur, Chunampet, and Merkanam supply to the French Settlement of Pondicherry. The salt also goes into the Trichinopoly District by carts, as also to the adjacent District markets. Cuddalore, and Manambadi confine themselves to the District, as also small quantities to Trichinopoly.

## NORTH-EAST LINE OF THE MADRAS RAILWAY.

### Chingleput District.

These ancient factories which are notorious for the manufacture of light and good salt are almost nearing their end. These were sending large quantities of salt to far distant markets in spite of the want of cheap transport facilities.

- 1 Vadasamanjeri.
- 2 Covelong.

These factories of Ennore though situated on this line, no salt has been utilized in any of the Districts bordering on it, and as the entire manufacture has been stored at Madras and utilized on the Madras Railway proper, they will be dealt with in that line.

- 3 Vallur.
- 4 Athipet.
- 5 Voyalur.
- 6 Kattur.

### Nellore District.

- 1 Tada.
- 2 Krishnapatam.
- 3 Dugarajapatam.
- 4 Iskapalli.
- 5 Pakala.
- 6 Kanuparti.

*Tada.*—Sales confined to the surrounding markets, as also large consignments of salt are being sent to some of the stations of the Ceded Districts beyond Tadpatri bordering on the North-West Line of the Madras Railway.

*Krishnapatam.*—An outlying but important factory 14 miles off Railway station supplying salt to far interior and inland markets by carts, also by rail to Cuddapah and parts of the Ceded Districts, as also to a few stations between Bezvada and Secundrabad on the Nizam's Guaranteed Railway.

*Dugarajapatam.*—This is a far interior factory which is, as it were, the Penal Settlement to the officers of the Salt Department. The production is very poor, being disposed of in the vicinity.

*Iskapalli.*—This is a small outlying factory being about 12 miles off the Railway station producing a comparatively small yield, which is disposed of by cart sales in the near surrounding markets.

*Pakala.*—Large quantities of this salt are sent to Nandyal Taluq of the Kurnool District, and to the far interior parts, and to a few stations in the Nizam's Dominions by Rail and Canal.

*Kanuparti.*—Sales are confined to interior markets by carts, as also to a few stations in Hyderabad by Rail and Canal.

### Guntur District.

- 1 China Ganjam.

Sales heavy having been confined to the District and to the Nizam's Dominions by Canal and Rail.

- 2 Nizampatam.

The salt goes into surrounding markets by carts, and to the Nizam's Dominions mostly by Canal, and stray consignments by Rail.

### Kristna District.

- 1 Manginipudi.

The produce has been utilized for interior markets by carts, and for the Nizam's Dominions in stray consignments by Canal.

2 Pandraka.

This is a factory producing Quasi Spontaneous salt solely intended for the Nizam's Dominions, and the salt has never been used for consumption elsewhere.

### Godavari District.

1 Penuguduru.  
2 Jaganayacapur.  
3 Mogalturu.

All these factories confine themselves to District sales and for interior markets by carts, and the salt has not been found fit to be utilized in distant parts.

### Vizagapatam District.

1 Balacheruvu.  
2 Polavaram.

These confine themselves to District sales.

## BENGAL NAGPUR RAILWAY.

### Vizagapatam District.

1 Karassa.  
2 Konada.  
5 Kuppili.  
6 Bimilipatam.

The outturn of these has been consumed in the interior District markets by carts, and not fit to be sent to distant markets.

### Ganjam District.

1 Calingapatam.  
2 Surla.  
3 Naupada.  
4 Ganjam.

The outturn and sales of these factories are too heavy, being utilized in the District and in the far distant markets in Orissa and Calcutta. Ganjam factory is considered to have the heaviest sales in the Presidency.

## South-West and North-West Lines and Bangalore Branch of the Madras Railway Proper.

The salt manufactured in the Ennore factories of Vallur, Athipet, Voyalur, and Kattur under the monopoly system, has been stored at Madras Salt Depot, the Madras Salt Depôt, and issued to the Districts situated on these lines of Railways.

### Of the Districts of this Presidency.

These are situated on the South Indian Railway, and with the exception of Trichinopoly and Karur Taluq, the other Districts possessed of factories more than enough to satisfactorily cope with their demands, and no salt of any of the factories of this line, ever found its way into other lines of Railways, not for want of sufficient stock, but for want of demand on account of its incapability to work in far distant markets, while on the other hand, the Madras Depôt Salt, has been

1 Tinnevelly.  
2 Madura.  
3 Trichinopoly.  
4 Karur Taluq of the Coimbatore District.  
5 Tanjore.  
6 South Arcot.  
7 Chingleput.

working in parts of Chingleput and South Arcot Districts, and the Bombay salt has been imported into the South Arcot District *via* Cuddalore port. As the supply of salt requisite for these Districts has been found to be regular and adequate, and no want of sufficient stock has been and will be felt in consequence



of the existance of several factories, which are within an easy reach of each other, there has been no question in regard to short fall of stocks ; and as the salt of none of the factories, has been found to be fit or has ever been utilized in distant and foreign markets on other Railways, it is not worth considering, whether or not the stocks are high or low, so long they maintain the supply of the Districts that depend on them.

These Districts are situated on the North East Line of the Madras Railway, and have also factories more than enough to satisfy their demands. In addition to maintaining the supply of their respective Districts, the factories of Nellore, which are far too many, have been sending large consignments to the Ceded Districts and Cuddapah, and to the Nizam's Dominions, and those of Guntur and Kristna also to the Nizam's Dominions. The consignments to the Nizam's Dominions from these factories, go only to the stations up to Secundrabad, and considering the large consumption of Bombay salt in the State, the supply from these factories, has been something like a drop in the ocean.

- 1 Nellore.
- 2 Guntur.
- 3 Kristna.
- 4 Godaveri.

These Districts are on the Bengal Nagpur Railway, and are possessed of good yielding factories, and the outturn of these being far in excess of the demand, of the Districts depending on them, also been largely utilized in Orissa and Bengal Presidency.

- 1 Vizagapatam.
- 2 Ganjam.

These Districts are situated on the South West and North West Lines and Bangalore branch of the Madras Railway proper, and the only source of supply for these, are the factories of Ennore stored at the Madras Salt Depôt. The District of South Canara, being far beyond the reach of Madras Salt, and the consumers having been accustomed to the consumption of Bombay salt from time immemorial, should be allowed to have recourse to Bombay salt, which can be had much cheaper than that of Madras. As all the other factories of the Presidency situated on other lines of Railways, have not been found to produce salt, capable of being brought into these Districts, and as they have been found to maintain the supply of the Districts depending on them, they cannot be held liable for the nonproduction of sufficient salt, but the Ennore factories, which form the means of supply to nearly half the Districts of this Presidency, and which are capable of producing as much salt, as would also cover the imports of Bombay salt, are solely responsible for having given ingress to the Bombay salt into the far interior Districts. These important factories which are in the hands of Government under the monopoly system, and which must necessarily produce such enormous quantity of good salt, as to discourage the imports of Bombay salt in the interests of the consumers, have been restricting manufacture, consequent on the want of interest, because of the Imperial Revenue not having been affected, and have brought on a slur on the Presidency not being able to manufacture the entire quantity which it requires. Thus therefore, the Ennore factories must necessarily protect the interests of the consumers of these Districts depending on them.

- 1 South Canara.
- 2 Malabar.
- 3 Coimbatore.
- 4 Nilgiris.
- 5 Salem.
- 6 North Arcot.
- 7 Cuddapah.
- 8 Bellary.
- 9 Anantapur.
- 10 Kurnul.
- 11 Mysore Province and Bangalore.

**Reasons adduced for the non-production of enough of good salt in several of the factories of the Presidency.**

The systems of manufacture are :—

- (1) Excise system.
- (2) Modified excise system, and
- (3) Monopoly system.

The introduction of these varied systems of manufacture, has affected the production of salt in several of the factories, discouraged the manufacturers in laying out sufficient funds, and to manufacture good and saleable salt in abundance, and tended the salt traders to lose all confidence in regard to having an adequate and timely supply of salt at payable rates, and thus to divert their attention to foreign salt. When all the factories were under the excise system, the manufacturers took special interest in the production of good salt, as it was in their interests to do so, to avoid the restriction of yearly outturn, so much so, that it was able to keep out the Bombay and other foreign salt, from venturing largely into the markets of this Presidency, which will be corroborated by the fact of the Bombay salt, having confined itself in small quantities to near ports up to the year 1877, and in increasing quantities into the adjacent interior Districts up to 1889, and subsequently in large quantities into the far interior Districts. As monopoly factories and extensions have been opened suppressing the sales of excise factories, and placing restrictions on those of monopoly, the imports of Bombay salt both by sea and rail, have increased. The manufacturers of excise factories, not being possessed of any freedom and liberty to produce the different kinds of salt suited for different markets, have been carrying on manufacture merely to maintain their profession and living, which accounts for none of the excise factories, situated in the Districts of Tinnevely, Madura, Tanjore and South Arcot on the South Indian Railway, not coming into the Districts on the Madras Railway proper, which have been affected by the intrusion of Bombay salt. The monopoly extensions opened alongside of several of these factories, are only intended to maintain reserve stocks to keep down the excise prices, and these stocks have not been utilized for any other purpose. The important obstacle for the well being of factories, and for the unrestricted manufacture year after year, are, that owing to the impoverished condition of the excise manufacturers, they have to fall on the capitalists to advance them with money for carrying on manufacture; and these capitalists advance them to such an extent, as not to be liquidated by the yearly yield, which results in the discontinuance of further advances, owing to which the poor manufacturers restrict or sometimes give up manufacture. Thus therefore the excise factories are not capable of producing enough of good salt fit for distant markets, or for the competition of Bombay salt, and when there exists so many obstacles in the manufacture and sale, nothing better than what has hitherto been done, can be expected from the excise factories, the existence of even some of them, is a matter of question.

As already explained the only factories that are responsible for the competition of Bombay salt, are those of Ennore, comprising of Vallur, Athipet, Voyalnr. and Kattur. The system of manufacture carried on having failed to carry out that purpose, the Bombay system of manufacture was introduced in Vallur and Athipet factories in 1900. The trial of this special salt was made in a District, where the competition of a major portion, was against the Madras salt, and a minor portion was against that of Bombay, and as it was utilized in the major portion, leaving the minor portion untouched, it tended to bring on a slur on the manufacture, instead of on the procedure adopted. This special salt had not been purely tried against the Bombay salt. Such a method of distribution of the special salt, had tended to produce an impression, that this process of manufacture had proved a failure, while in reality it had not been the case, and if the distribution had been made so as to adapt the several centres, then it would have proved a success. Turning to the importance of these factories, these are in the hands of Government under the monopoly system, capable of manufacturing more than 25 lakhs of maunds, enough for the Districts that are dependent on them, if not more. The Excise licensees reverted to the monopoly system on the understanding, that they would be allowed every year to manufacture the entire quantity, which their pans are capable of yielding, and this has never been fulfilled owing to the gradual increase of Bombay salt into the far interior Districts, which has affected the sale of Ennore salt, with the result, that as the sales fell off, the manufacture had to be restricted year after year, to the discontentment of the licensees by the fixing of Dittam, which make them to neglect their pans, and in some years they have to give up manufacture, as the low Dittam fixed will not cover their cost; and these state of affairs have tended to establish a general impression that the Madras salt is heavy. The reason for such a conclusion has been due to the storage of the manufactured salt being conducted at the Madras Salt Depôt. The salt has to be brought a long distance by boats packed up in gunny bags, and as it has been subjected to frequent tampering and the consequent crushing of crystals, it loses its measurement a good deal, owing to which, it becomes unfit for the competition of Bombay salt, for which crystallised salt of good measurement is necessary. Consequently the storage of Ennore salt at the Madras Salt Depôt, has allowed the Bombay salt to gradually step into the far interior Districts. The main point which the Government should consider is, that labour is getting scarce every year, because these factories are not worked regularly; and it is only a matter of time before much larger areas will be left uncultivated than are at present wastes, if steps are not taken to keep the labour supply on the spot by providing them with regular work at least during 4 months of the year, when agricultural operations are at a stand still, on account of hot weather. The noncompetition with Bombay salt therefore, cannot be attributed to the Bombay system of manufacture followed in the Ennore factories, but to the storage of that salt at the Madras Salt Depôt, which has rendered it, lose its superiority and measurement on account of frequent tampering. The inability on the part of the Madras Depôt salt to discourage the imports of Bombay salt, has made it to establish itself permanently in the different centres, and to supply salt to the Mofussil Districts in the same way as the Madras Depôt salt has been supplied. It has become more emboldened because of its having to compete with no other factories of the Presidency than that of the

solitary one, the Madras salt Depôt; and if the present state of affairs should continue there will be every chance of the Bombay salt coming in much increased quantities to the gradual restriction of manufacture at Ennore, and to the eventual disinterestedness on the part of the manufacturers, to turn out good saleable salt. In conclusion, it is absolutely necessary in the interests of the consumers, that the Ennore factories should be made to produce such salt as would effectively put down the influx of Bombay salt, encroached upon their Jurisdiction.

### Imports of Bombay Salt.

The way how the Bombay salt has been able to venture into the far interior Districts, is explained thus:—

1. By sea into the West Coast Ports as also into South Arcot *via* Cuddalore port.
2. By rail into the interior Districts.

The imports take place twice a year. (1) from March to May (2) from October to February.

#### Imports by sea.

The West Coast imports, supply the whole of the Malabar District, Nilgiris, and parts of Coimbatore and Salem Districts; and those of Cuddalore port to Panruti and the surrounding markets of the South Arcot District. For the adequate and regular supply of salt, the Bombay merchants have their established godowns at Ponnani, Cannanore, Tellicherry, Badagara, and Calicut where they import large quantities, maintain reserve stocks, and keep supplied to the merchants throughout the year. As the storage of the newly manufactured salt at Bombay is generally said to be completed by the middle of February of each year, that during the time of imports from March to May, salt of good measurement has been imported and sold at high rates; and during the time of the second import from October to February, the remnant of the years manufacture of inferior quality and short measurement has been imported and sold at moderate rates.

#### Imports by rail.

The Districts into which the Bombay salt has been imported are parts of the Ceded Districts, Mysore Province and Bangalore. The Bombay merchants come to the several centres of their trade with the first import, and remain there until the end of June, when they go back to Bombay owing to the cessation of imports, consequent on the setting in of monsoons. During their stay, they import large quantities of salt, and distribute among the leading merchants of the locality on credit, and whatever may be left at the time of leaving, they leave as a reserve stock in the several centres of their trade to answer for the rest of the season. The average imports per year of Bombay salt both by sea and rail are as below,

**THE AVERAGE IMPORTS BY SEA PER YEAR INTO THE  
WEST COAST PORTS.**

**South Canara Ports.**

			Mds.
Baindur	...	...	7,573
Coondapoor	...	...	28,510
Hangerkatta	...	...	42,236
Malpe	...	...	2,775
Mulki	...	...	3,953
Mangalore	...	...	1,63,052
		<b>Total</b>	<b>2,53,099</b>

**Malabar Ports.**

Cannanore	...	...	71,802	Distribution of salt imported into	
Tellicherry	...	...	66,609	Malabar Ports.	
Badagara	...	...	36,448	Malabar	5,99,812
Quilandi	...	...	6,329	Salon	1,53,657
Calicut	...	...	4,66,921	Coimbatore and Nilgiris	1,57,934
Peypore	...	...	42,960		
Ponnani	...	...	2,13,166		
Cochin	...	...	2,163		
		<b>Total</b>	<b>9,11,403</b>		

**South Arcot.**

Cuddalore	...	...	17,639
		<b>Total</b>	<b>17,639</b>

**The average imports by rail per year.**

Chingleput and Madras	...	2,705
Bellary and Ananthapur	...	1,38,215
Kurnool	...	45,883
Mysore and Coorg	...	4,19,082
	<b>Total</b>	<b>6,06,785</b>

**Measures to be adopted to produce unrestricted saleable salt at the Ennore factories year after year so as to be sufficient for the Districts dependent on them if not more, as also to take up the place of Bombay salt by effectual competition.**

Of the factories of Vallur, Athipet, Voyalur, and Kattur, the manufacture of Vallur and Athipet, should be under the Bombay system, with the improved method of separating the large grains from the small at the time of scraping in the pans, and that of Voyalur and Kattur under the ordinary method, also separating the large grains from the small. The salt of Vallur and Athipet must be utilized for the competition with Bombay salt, and that of Voyalur and Kattur, in places

where the Madras salt has been consumed. The small grained salt can be utilized for the Fish Curing Yards on the West Coast, which require about  $2\frac{1}{2}$  Lakhs of Maunds per year, and which have hitherto been getting their supply from the Sevendakulam Extension at Tuticorin. The storage of salt must take place on a Central Platform in the swamp between Athipet and Voyalur near Minjur, instead of at the Madras Salt Depôt. The advantage of such a scheme would be, that the public would get its supplies at a much cheaper rate, the salt would not be crushed and disturbed as it is now by boat transit, the factories would be regularly worked, and the markets much more regularly supplied with Madras salt than they are now, and lastly to the manufacturers an unrestricted outturn of nearly 25 Lakhs of Maunds per year. The concentration of manufacture will have to raise the Dittam, which means satisfaction of the licensees, who will work hard and try to scrape good marketable salt, as it will give them regular and continued work for nearly 5 months in the year. Thus therefore, to facilitate the production of good saleable salt, as also for the competition of Bombay salt in the Districts depending on the Ennore factories, as also for supply to the Native States of Travancore and Cochin, as well as to the Fish Curing Yards on the West Coast, the local storage must necessarily be introduced, as otherwise matters will remain as they have hitherto been:

## II. Why the Madras Salt has not been able to compete with that of Bombay.

As already explained, the only factories that must necessarily compete with that of Bombay, are those of Ennore, and now the point to be considered is :—

Whether the competition is necessary to effectively put down the imports of Bombay salt, or to introduce the same in several of the Bombay salt centres, so as to prevent its monopolizing the same to the oppression of the consumers.

In my opinion, the competition is intended for the latter purpose, as otherwise the consumers will be greatly oppressed by the high prices of Bombay salt, as has been the case for years, in Malabar, Coimbatore, Nilgiris, Salem, Mysore Province and Bangalore and parts of the Ceded Districts, where it has had the facilities of monopolizing the sale. The attempts made to compete with Bombay salt for years past, having proved a failure, the sale of the special salt that was manufactured in 1900, was placed at the disposal of the Madras Railway Company, for sale in Coimbatore and Malabar Districts and Bangalore. They were successful in competing with Bombay salt in the said places, and when the sales were in full swing, further quantity could not be had for want of stock. In 1901 and 1902 the same method of manufacture was followed, and the salt was also sifted. Almost the entire manufacture of the two years was given away on contract sale in the Coimbatore District, and as the salt was utilized in places where the competition was unnecessary, and as no quantity of this salt was allotted to the other centres, it has not been given sufficient trial to ascertain, whether it would accomplish the desired object; and if it had been issued for general sale to the public, it would have competed with Bombay salt. In 1903 the manufacture was also under the Bombay method, but not sifted. As the contract system of sale

had proved a failure, the sale of this salt was placed on monopoly in the hands of the credit merchants of Madras without restriction of localities, and they made use of this salt in whatever place they pleased, but not in the Bombay salt centres. If it were not for the failure of stocks in Bombay, and the consequent large demand for Madras salt in several of the Bombay salt centres, owing to which the merchants of these centres came to Madras, and purchased their requirements from the credit merchants as also from the Madras Salt Depôt, no Madras salt would have gone into these centres. In 1904 and 1905, until the new salt of 1905 had been stored the same system of sale had been followed; and during that time, and even after the cancellation of the sale restriction, no Madras salt has been freely imported into the Bombay salt centres, though only stray consignments have been sent to Bangalore during the slackness of imports. The Bombay system of manufacture therefore, though introduced with the express object of competing with Bombay salt, has been only in name; and if it had been utilized quite in accordance with the system of working followed in the several centres, it would have carried out the desired end. Of all the factories of this Presidency, those of Ennore have the facilities for competing with Bombay salt, and if these should prove to be incapable, then such competition can never be expected from other factories, and in which case, the Bombay salt should be allowed to have its own way in any part of this Presidency. That unless the Salt Administration of this Presidency is worked on the principle, that the calculation of the maximum revenue should be based on that realized purely on the locally produced salt, and not partly on this, and partly on the imported salt, it is impossible to expect any competition, in spite of the varied systems of manufacture that may be introduced. It is peculiar, that the factories out of which the competition is expected, are under the monopoly system, owing to which not much interest has been shown towards that end, consequent on the realization of the maximum revenue, without considering the fact, that the consumers have been the sufferers on account of non-competition, and if they had been in the hands of private manufacturers, they would have effected the competition successfully, to avoid the restriction of manufacture, and the accumulation of unsaleable stock, to the obstruction of further manufacture.

**Reasons adduced for the Madras salt not being able to  
compete with that of Bombay and the means to be  
adopted to carry out this end.**

The introduction of the salt credit system has a good deal to do towards the Madras Salt not being able to compete with that of Bombay. This system which has been the important factor in the salt trade, and which has been introduced solely for the purpose of facilitating the distribution of salt upcountry and for the benefit of the licensees and bona-fide salt traders in the mofussil to enable them to sell the salt as cheap as possible to the advantage of the consumers by successful competition with Bombay salt, has been an absolute failure in these respects, by its having fallen into the hands of Bankers, Trading Companies, and Money lenders, and has degenerated into a system of business, of which the credit merchant is enabled to use the money in that particular line of merchandise in

which he is most interested, or if he has but a small capital, is able to get 11 to 12 per cent. on his Government paper instead of the ordinary 8 or 3½ per cent. I suppose there are about 80 or 90 lakhs of Rupees worth of Government papers lodged as security all over the Presidency, of which, I doubt very much, whether 10 per cent. of same is really used in the salt trade. The fact is, that there are no real salt traders in the Madras Presidency as there are in Bombay, and that is one of the reasons why there is no competition with Bombay salt.

That so long as the retail sale by measure has been followed, only salt of good measurement will have the predominance in the markets. The Bombay salt which is possessed of this quality, has been able to come in largely into this Presidency, excluding the Madras salt from its centres. The Excise factories are far beyond the reach of the Bombay salt centres, and the privileges enjoyed by the monopoly factories, have not been extended to them; and besides their production has been found to be only sufficient to meet the demands of the adjacent and surrounding markets, depending on them; and further, under the restrictions placed on the manufacture and sale, they are quite content with their mere existence. The protection of the interests of the consumers therefore, rests with Government, and they can very well carry out this end, with the Ennore factories under their control, possessed of all the facilities, by the adoption of such a system of storage and disposal of the manufactured salt intended for competition, as would carry out the desired end. There is no doubt that salt of good measurement capable of competing with Bombay salt in all its centres, can be manufactured in the Ennore factories, and such good salt has been rendered unfit for competition, by storing the same at the Madras Salt Depôt, and consequently, the introduction of local storage, will render the salt to retain its measurement, and to successfully compete with Bombay salt.

### III. Why the consumers have not been benefitted by the reduction of the duty.

The protection of the consumers depends mainly upon the competition of Bombay salt, and solely for this purpose the Bombay system of manufacture has been introduced, with the express object of utilizing the same in several of the Bombay salt centres, to have a control over the ruling prices of Bombay salt. This object had been frustrated.

- (1) By the contract system of sale of almost the entire manufacture of 1901 and 1902 of the special salt, adopted in the Coimbatore District, which tended to the fixing of a selling rate of 6 as to 7 as per maund, when the cost price was 3 as. 1 pie per maund, and of the non-allotment of this salt to the other centres, to have a control over the prices, the consumers had been oppressed with high prices of Bombay salt.
- (2) By having placed the sale of this salt in the hands of the credit merchants of Madras in 1903 and 1904, the consumers had to pay triple profits (1) of the credit merchants of Madras, (2) of the wholesale mofussil merchants and, (3) of the retail merchants.



- (3) In 1905, though the restriction on the sale had been cancelled, the Madras salt could not venture into the several centres, under the combination system of sale followed in them, owing to which, the Bombay salt has been allowed to have its own way in the fixing of prices.

Thus inspite of the reduction of duty on two occasions, and inspite of the several systems of manufacture and sale having been introduced solely for the purpose of competition, the consumers, especially of the Bombay salt centres, have not, up to this time, been benefitted by the reduction of the duty ; and in spite of these attempts, nothing could be done towards freeing the consumers, from the high tax of Bombay salt, it is absolutely necessary that a system of sale, other than that followed hitherto, should necessarily be adopted, as otherwise the purpose for which, the salt tax has been reduced would be frustrated ; and probably, when it has been found by several trials, that there will be no further competition of Madras salt, the Bombay salt will work with double vigour on the consumers.

#### **Reasons adduced for the consumers not having been benefitted by the reduction of the duty.**

The Excise factories having invariably fallen into the hands of the capitalists owing to the advance system, have been fixing rates far above that paid to the manufacturers ; and besides there are credit merchants attached to almost all the factories, who purchase the salt from the capitalists on payment of their profits, and supply the wholesale merchants charging their own profits, in addition to taking for themselves the credit order commission. These wholesale merchants sell to the retail merchants putting on some profit for themselves ; and in the same way the retail merchants dispose of the salt to the consumers. Thus the consumers who are dependent on the Excise factories, wherever they may be situated, have to pay the profits of so many mediators. Though there are monopoly factories and extensions opened adjacent to, and alongside of several of these factories, the monopoly prices in several cases, being far in excess of that of the Excise, and as the facilities offered for the purchase of the Excise salt, are so very great, that the merchants prefer purchasing the same even at a higher rate, than that of the monopoly. The factories of Tuticorin have always been maintaining high rates, in spite of the existence of the monopoly extension called "Sevendakolum" the salt of which has been utilized for Fish Curing purposes on the West-Coast, and not for reserve stocks to have a control over the Excise prices, and so also some other factories. Thus therefore, the consumers depending on the Excise factories for their salt supply, have not been benefitted to that extent, as the reduction of duty would permit ; and in fact the middlemen and the salt traders, seem to think, that by having made some reduction in the selling price of salt by virtue of the reduction of duty, they have benefitted the consumers, as though they are at their mercy.

Turning to the Districts depending on the Ennore factories, those that have been purely supplied with Madras salt, the consumers have been benefitted to some extent, though not as much as the duty would allow. The sales at the Depôt

having fallen into the hands of the credit merchants, the consumers have to pay triple profits.

- (1) Of the credit merchants of Madras.
- (2) Of the wholesale District merchants.
- (3) Of the retail merchants.

As a matter of fact, these mediators instead of giving the full benefit of the reduced duty to the consumers, and being content with the profit they had charged when the duty was high, allow only a portion to them, taking for themselves the remainder, as though the reduction has been effected for their benefit.

Apart from the above difficulties, the trading in Madras salt is attended with the following disadvantages:—

- (1) The storage of salt at the Madras Salt Depôt, has rendered it, lose its measurement and unfit for competition.
- (2) The cost price has been high on account of the addition of incidental charges, such as transport by boats, the cost of establishment at the Depôt, and the heavy Municipal Taxes, while the local storage would save all these additional expenditure, and would bring down the cost price to 2½ annas per maund or a little less.
- (3) The restriction of manufacture on account of incapability of competition, has tended to the short fall of stocks, owing to which the Bombay salt centres, cannot have an adequate supply of salt, even on prepayment of all charges.
- (4) The trade at the Madras Salt Depôt having fallen into the hands of middlemen and salt credit merchants, the District and mofussil merchants have not any freedom and facilities, and they have therefore to depend on the mediators for their salt supply; and these mediators are the cause for the increased price of salt in the mofussils.
- (5) The important draw back in the case of the District and mofussil merchants, has been, that they cannot afford to command enough of funds necessary to bring in a supply of salt, sufficient to meet their demands all at one time on prepayment, and they have not even the facilities to get their requirements, from time to time, on the spot on payment, just as they have in the case of Bombay salt.

#### **System of sale of Bombay salt.**

Regarding those places which have been worked by Bombay salt, the system of sale adopted by the Bombay merchants has been, as follows.

#### **Sale of salt imported by sea.**

The means adopted by the Bombay merchants, have been, that as the chances of competition in places that are supplied with salt from the West-Coast are far

remote, owing to the heavy cost of transport by rail of Madras salt, the sales carried on, have been invariably direct to the merchants on credit for a certain period. As regards the places, where the Madras and Bombay salt work simultaneously, to avoid the possibility of competition, the commission system of sale has been followed.

### Sale of salt imported by rail.

Since the chance of competition is possible, on account of the cost of transport being equally heavy from the other side, the system of sale followed, has been invariably on commission, by which the Bombay merchants, supply the leading merchants of the several centres of their trade with unextinguishing supply of salt to be sold on their account, at a commission of 2 percent, on the understanding, that they should be paid  $\frac{3}{4}$ th of the value on delivery, and the balance after sale of salt; and when they go back in June to Bombay owing to the setting in of monsoons, they leave a large stock with the leading merchants to be sold on the said conditions. These leading merchants have their established constituents, who also get their supply on credit; and hence these merchants with their constituents, are bound as it were, to the Bombay merchants.

Consequently by these contrivances and combination, they have been able to keep out the Madras salt from the markets of their several centres, and monopolize the sale to the oppression of the consumers. During the import season their selling prices are rather moderate, while during the slack season, they raise the prices to a great extent. As a corroboration of the fact of the Bombay merchants, being able to maintain high rates in the absence of competition, that though they had enough of stocks in each of their centres at the time the duty was reduced, it had not affected them in any way, as they were able to make up the loss, by maintaining the old high rates; and it is very singular that they have no competition among them. The successful working of Bombay salt into this Presidency, and its gradual appearance into the far interior Districts, therefore, have been due.

- (1) To the ready supply of salt suited to the different markets and to the fixing of prices in accordance with time and circumstances.
- (2) To the facilities offered to the merchants in supplying them with unextinguishing supply of salt, on credit for a certain period, so as not to divert their attention to other salt, and thus effect a combination of the leading merchants with their constituents.
- (3) To the conspicuous absence of Madras salt, to have a control over the ruling prices.

The most important feature in the trading of Bombay salt has been, that the retail sale has fallen into the hands of several men, irrespective of their worth and living, and the importers have been, as it were, the capitalists for the distribution of salt.

**Means to be devised to make the consumers to become benefitted by the reduction of the duty, as also to effectively put down the imports of Bombay salt**

As the selling price in all the far interior, and outlying Excise factories, cannot be controlled even by the maintenance of reserve stocks on monopoly factories and extensions, depôts must be opened in each Taluq within the premises of the Taluq Cutcherry, as almost all the Taluq capitals have been connected by railways, and the required quantity of salt for the Taluq, should be sent each month, on application by the Tahsildar, from the nearest monopoly factories, or from any Excise factories, where cheap salt is available, and the sales to be conducted, either by the Taluk Head Accountant, or by the Head Quarter Sub-Inspector of the Salt Department, and salt issued on production of the receipt of payment into any Treasury. The selling rate for salt at the depôt, must be the cost price at the factory, *plus* the transport charges to the depôt. Under this arrangement, those who can afford to purchase the required salt to last for some time, can either purchase independently or jointly, and those who can purchase only for the time being, can have their supply from the retail merchants who can also have their supply from the depôts, and in which case, the consumers will have to pay only the petty single profit of the retail merchant. The maintenance of these depôts, would not retard the sales at the Excise factories, while on the other hand, they will be freed from the clutches of the capitalists and salt credit merchants, who are the obstacles for the well-being of factories; and besides these depôts, will have a control over the ruling prices of such factories, because if they should sell at high rates, the consumers can have recourse to the Taluq Depôts. In the far interior parts of some of the Districts owing to the difficulty of getting salt, several cartmen go to distant factories, and purchase salt for such interior parts, after encountering a good deal of risk and difficulties, and consequently the cart sales in some of the factories are too heavy, and the establishment of these depôts would relieve the cartmen of such difficulties. The most important of all, those Excise factories, that cannot maintain themselves independent of the capitalists, would either revert to the monopoly system, or close themselves at their own accord. As regards the factory officers of the Salt Department, as they will have to conduct issues on certain fixed days in a month, their time can be better utilized for other purposes instead of confining themselves to the factory merely for the sake of issues, and in fact the work of the factory circles, and probably the establishment as well, will be curtailed. This procedure can also be followed in those Districts, that depend on the supply of salt from the Ennore factories.

As regards those places worked by Bombay salt, the contract system of sale of Madras salt should be followed, by which a quantity of salt should be allotted for each Bombay salt centre, to be sold on monopoly for a fixed period by an independent capitalist, who would break up the combination system of sale followed in them, by distributing the Madras salt in the same way as that of Bombay. It cannot be presumed, that this contract system, would result in any way in the oppression of the consumers, as in the first place, the existing combination must be broken down, and in the second place, the consumers who have

been accustomed to the consumption of Bombay salt from time immemorial, should be made to divert their attention to Madras salt; and consequently in the midst of such obstacles, the fixing of high prices to the oppression of the consumers, will be next to impossibility.

Lastly to carry out these ends, the storage of salt at Ennore abolishing the Madras Depôt circle, is absolutely and unavoidably necessary. This procedure would result in the closure of some of the factories of the Nellore District, which have in the absence of any monopoly stock to control over the prices, been allowed to have their own way in the fixing of selling rates for their salt, and would save Government from the necessity of reserving a monopoly stock at the Kristnapatam factory, and further it would also result in the adoption of the system of concentration of manufacture in small areas with bigger capacities.

MADRAS.  
8th September 1905. }

S. VENKATASAIYAR.

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## Accompaniment to "Salt-Tax."

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Proposal, laid before the Traffic Manager,  
Madras Railway, dated 12th June 1905,  
in regard to connecting the Salt Facto-  
ries of Ennore, with the North-East  
Line.

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# Accompaniment to "Salt-Tax."

Proposal laid before the Traffic Manager, Madras Railway, dated 12th June 1905.  
in regard to connecting the Salt Factories of Ennore, with the North-East Line.

I beg to place before you, my proposal, in regard to connecting the four factories of Ennore, with the North-East Line. I see from the file of papers in the office, that there have been some communications from Mr. F. G. Marshall, the Deputy Commissioner, Salt Department, in regard to the construction of a siding to the Athipet factory, but nothing final appears to have been settled. Further under your orders, I visited the Ennore factories, about the latter part of 1902, and submitted a report on the 25th November 1902, as to the advisability of securing the transport of all the manufactured salt of the said four factories to the Madras Salt Depôt for storage, pointing out at the same time, that it would be advisable to have local storage. Just about the same time, when I visited the Ennore factories again, in connection with the opening of a flag station at Athipet, I submitted a report on the 29th November 1902, in which I suggested the construction of a siding near the bridge, between Posts Nos. 11/2 & 11/3, which has canal communications from all the factories, so that the salt may be loaded in trucks on the siding, and conveyed to the Madras Salt Depôt, and the Railway rates did not compare favourably with those of the Boat rates. As the entire correspondence that took place hitherto, was merely to undertake the conveyance of the manufactured salt to the Madras Salt Depôt for storage, the question has not up to this time received your favourable consideration, presumably it was thought, that it would not be a remunerative undertaking, when compared with the large investment, that would be involved therein.

2. I now beg to venture to approach you with this report, suggesting the advisability of the undertaking on the condition of the storage, being introduced at Ennore, abolishing the Madras Depôt Circle; and if it should be carried out, the advantages derived by this Railway, as well as the consumers and Government will be very great, so much so, that the large investment that may be involved therein, will not be worth considering, when compared with the permanent benefits which the parties concerned, would enjoy for ever. The matter of opening this line of Railway, was considered, when the East Coast Railway was constructed, and why it was not carried out, there is nothing on record to show, probably owing to the heavy cost of expenditure. Unlike the other lines of Railways, the Madras Railway has the facilities for the encouragement of distant traffic. The competition by the Southern Mahratta Railway and South Indian Railway, arose after the storage of salt at the Madras Salt Depôt, having been introduced, and the increased imports of Bombay salt into the far interior Districts, can also be attributed to this. Thus by the storage of salt at the Madras Salt Depôt, the Madras Railway has always to contend against the imports of salt by the Southern

Mahratta Railway, which have been totally depriving of the traffic to Bangalore, and the other centres in the Ceded Districts, as also against the imports by sea, which have encroached upon its distant traffic.

3. The Madras Railway runs through the Districts of Malabar, Coimbatore, Salem, North Arcot, Chingleput, Cuddapah, Bellary and Anantapur, as also Bangalore and parts of Mysore Province; and these Districts depend for the supply of salt brought by the Madras Railway; and the factories that have been supplying salt to them, are those of Ennore, Tada and Kristnapatam. The last two confine themselves to a few stations on the North-Western Line beyond Cuddapah, and the remaining Districts and parts of them, have been supplied by the Ennore factories. Thus, therefore, the Madras Railway depends solely on the Ennore factories, for the maintenance of its salt traffic, which is, as it were, the back bone of it. In whatever way the salt is manufactured at Ennore, and in whatever place it is stored, the Madras Railway can maintain its usual traffic to those places, which have been solely accustomed to the consumption of Madras salt, while the traffic to those accustomed to Bombay salt, cannot be maintained, as long as the storage of salt is being maintained at the Madras Salt Depôt, irrespective of the quality and quantity of salt. It is therefore indispensable on the part of the Madras Railway, to offer such facilities to the Ennore factories, as would tend to secure for it, a permanent and undisturbed source of distant traffic, in spite of all competition by other lines of Railways.

4. The disadvantages and loss caused to Government, the consumers, and the Madras Railway, are explained below. That so long as the Imperial Revenue has not been affected, the Government do not care for competition with other salt, or for the extra cost incurred by the storage of salt at the Madras Salt Depôt, as such extra cost is included in the cost price of salt, and recovered from the consumers. As the consumers are the persons who pay the salt tax, and for whom the reductions in the Duty have been made, it is the duty of Government to see, that they have been benefitted by such reduction, and that they are not charged with any extra expenses to the cost price of salt, or by allowing the sale of salt to fall in the hands of middlemen; and if such duty be implicitly carried on by Government, the interests of the Madras Railway will also be protected. As matters now stand, by the storage of salt at the Madras Salt Depôt, the consumers have to pay high tax for their salt supply, and in the Bombay salt centres, by the Madras salt not being able to compete successfully with that of Bombay, it has been allowed to monopolize the sale in the said centres, with increased imports, and oppress the consumers with high rates; and consequently it is an established fact, that as long as the storage of salt is continued at the Madras Salt Depôt, the consumers cannot be freed from the high tax for their salt supply, and the increased imports of Bombay salt cannot be discouraged, by the introduction of such salt as would carry out the above ends.

5. The disadvantage of storage at the Madras Salt Depôt.

*To Government and the Consumers.*

- (i) The abolition of the Madras Depôt Circle, will save Government from the heavy cost incurred in maintaining a large establishment, merely



to store and issue the salt, and guarding of same, brought from the Ennore factories.

- (ii) The saving of heavy expenditure incurred year after year in the transport of salt from the factories, and its connected canal charges and Municipal taxes.
- (iii) The frequent tampering of salt :—
  - (1) Packing it in bags at the factory for boat transit.
  - (2) The transit in boats.
  - (3) The unloading of same at the Depôt.
  - (4) The storage of same at the Depôt.

Tends to crush and disturb the crystals and lose its measurement.

- (iv) Owing to the above disadvantages, the salt cannot be made to work in far distant markets, and consequently the manufacture has to be restricted to the discontentment of the licensees, by the fixing of Dittam, which make them to neglect their pans, and in some years, they have to give up manufacture, as the low Dittam fixed will not cover their cost; and these state of affairs have tended to establish a general impression, that the Madras salt is always heavy, and that sufficient salt required for the Presidency, cannot be manufactured.
- (v) The main point which the Government should consider is, that labour is getting scarce every year, because these factories are not worked regularly, and it is only a matter of time before much larger areas will be left uncultivated, than are at present wastes, if steps are not taken to keep the labour supply on the spot, by providing them with regular work at least during 4 months of the year, when agricultural operations are at a stand still on account of hot weather.
- (vi) Owing to short manufacture, and the high cost of salt stored at the Madras Salt Depôt, consequent on the addition of incidental charges as explained above, and the sales at the Depôt having fallen into the hands of middlemen, have tended to increase the price of salt in the Mofussils, to the disadvantage of the consumers. The stored salt having lost its superiority, and intrinsic value on account of frequent tampering, has not been able to venture into the Bombay salt centres, though not for competition, but for having a control over the ruling prices, and allowed the Bombay salt to appear in large quantities year after year, to monopolize the sale in the several centres, and oppress the consumers with high rates.
- (vii) Owing to the restriction of manufacture and the storage of salt at the Madras Salt Depôt, the Tada factory, in the absence of any monopoly stock, to control over the exoise prices, has been allowed to have its own way in the fixing of selling rates for its salt, and the Kristna-

patam factory, to maintain a reserve stock, though it has no cheap transport facilities. The unrestricted manufacture at Ennore therefore, would make the Tada factory to close itself at its own accord, and would save Government, from the necessity of reserving a monopoly stock at the Kristnapatam factory, as the Ennore salt will have a control, as it were, on the excise prices of the salt of this, as well as the still farther factories of the Nellore District.

(viii) The factories of Ennore are capable of producing more than 25 lakhs of Maunds, and if the licensees be given full scope for manufacturing the entire quantity, which their pans are capable of yielding, the Native States of Travancore and Cochin can be supplied with Madras Salt, and the Fish Curing Yards on the West Coast, can also have their supply at all times of the year with all facility, and the necessity for maintaining the Sevendakolum extension, and getting out the entire supply by sea at one time, so as to be kept stacked in the respective yards, to the occurrence of high wastage, and the possibilities of fraud, can be avoided.

(ix) There are a lot of waste lands fit for salt culture in Vallur and Athipet factories; and owing to the restricted manufacture they have been left unnoticed; and if facilities be given for unlimited manufacture then all the available waste lands will be utilized for salt culture, and in course of time, the manufacture of Vallur and Athipet factories will be found sufficient to meet all demands, and the retention of Kattur factory will become a matter of question.

(x) To be sure of successfully competing with Bombay salt in all its centres, as any quality of salt would suit for the fish curing yards, that if the sifting of salt be considered as too expensive, the system of separating the large grains from the small at the time of scraping in the pans, may be adopted, by which course, the large grained salt may be utilized for sale in the Districts and in the Bombay salt centres, and the small grained salt to the fish Curing yards. To avoid the crushing of salt in the course of transit, it may be brought in bulk in the wagons to the platform for storage, and this procedure would save Government from the cost of purchasing empty Gunnies,

6. The obstacles which the Madras Railway have to contend against towards securing its Traffic receipts are :—

(i) Owing to the want of abundance of good saleable salt, the distant traffic has been affected by the intrusion of Bombay salt into Malabar, Coimbatore and Nilgiri Districts, by imports by sea on the West Coast. The Malabar District especially, having been totally taken up by Bombay salt, the traffic receipts are very low in proportion to the large number of consignments passed in the District, and in the places of import, there have been no traffic receipts at all. The Bangalore traffic has been totally deprived of by imports of Bombay

salt by the S. M. Ry., and in the Ceded Districts, with the exception of a few stations on both sides of Guntakal bordering on the North-West line, all the other places have been taken up by Bombay salt imported by the same Railway.

- (ii) The competition with Bombay salt therefore, is necessary in the interests of the traffic, and this object can be realized only by the production of sufficient good salt in the Ennore factories, which can be had only by the discontinuance of storage at the Madras Salt Depôt, and by the offer of such Railway facilities to the manufactured salt, as to render it fit for sale in the distant markets, and this can be done only by the introduction of local storage.
- (iii) Even if the Madras Railway should succeed in securing some salt for the Bombay salt centres, as there is no assurance of a continued supply throughout the year, the salt can be encouraged into the Bombay salt centres, only during the time of the slackness of imports; and even then, as a large stock of Bombay salt has been reserved for sale in the several centres under the combination system, the competition still remains; and consequently, that so long as there is competition either by fresh imports, or by reserve stocks, a continued source of traffic of Madras salt to the Bombay salt centres, cannot be relied upon. As the merchants have not the assurance of a continued supply, owing to the stock at the Madras Salt Depôt being generally low, they cannot be induced to divert their attention to Madras salt.
- (iv) The North-East Line factories beyond Vencatachellam station, not being possessed of easy transport facilities, so as to adopt the Railway route, have been affected by Boat competition; and in spite of the reduction of rate sanctioned during the canal traffic season, the canal route has been adhered to, to a great extent. The introduction of the local storage therefore at Ennore, would relieve the Madras Railway from all such difficulties, and would also secure for it new and unexpected source of traffic.

7. With a view to increase the traffic receipts on salt commodity, and with a view to cheapen the supply of salt for the consumers, and with a view to avoid the crushing and dirtying of salt as much as possible, it seems to be perfectly feasible, to connect the Vallur, Athipet, Voyalur and Kattur factories of the Ennore circle, with the North-East Line, with a big platform near Kattiwak, to the East of and opposite to the present Ennore Railway Station, to entirely dispense with the Madras Salt Depôt. There are already large platforms, quite above the highest flood level, and small feeder lines to connect with the said four factories, to carry the manufactured salt, can be constructed. These factories all lie North and South of each other in a direct line, and contain plenty of waste lands, through which the sidings could run; and with the exception of the South end of Vallur, and North-West corner of Voyalur, these sidings would not be liable to injury from floods of ordinary volume, because, it would not be necessary to run the lines over these

portions of the factories. Vallur and Athipet are on both sides of the line, and a diversion can be made from any point to the north of the present Ennore bridge, and from Athipet along the swamp, extension can be taken as far as Voyalur and Kattur. The advantage of such a scheme would be, that the public would get its supplies at a much cheaper rate, the salt would not be crushed and disturbed, as it is now by boat transit, the factories would be regularly worked, and the markets much more regularly furnished with Madras salt, than they are now. To the Railway, the handling of some 24 lakhs of maunds per annum must be a consideration.

8. The question of concentration of manufacture in small areas, with bigger capacities, can be feasibly done by sticking up to Vallur and Athipet, including the available wastes. The advantages derivable from this are very great, and a small cost in laying rails on surface may not be grudged. It may be asked in what way the traffic receipts will get enhanced, seeing the consumption is the same; and I beg to point out, that by supplying with uncrushed and clean salt, the incoming of Bombay salt by water and Rail will stop, and the Railway in the midst of the factories, will very much cheapen the cost price of salt, which is the object always in view. Cheaper and cleaner salt must have a wide-spread circulation and this means extra traffic. No doubt it will be better still, if a central platform be opened in the swamp between Athipet and Voyalur near Minjur, but I do not advocate this now in a monetary point of view, and from the fact that the new platform will not work as satisfactorily as the old ones, which are well settled, and have also been previously worked, and by the side of the Ennore platform, there are the Inspectors and Assistant Commissioners' quarters, and the supervision is very great.

The object arrived at by this, is the abolition of the present Madras Depôt Circle, which is the cause of so much expense to the State; the cost price on account of transport charges, loading, unloading, and exposure, &c., &c., go to crush and dirty the salt to a great extent, so as not to render it marketable in distant Bombay salt centres. The cost price now at the Depôt, is 3 annas per maund, and if it be in Ennore, the cost may not exceed 2 annas 3 pies per maund, a reduction of 25 per cent, which is not a small benefit. The concentration of manufacture will have to raise the Dittam, which means satisfaction of the licensees, who will work hard, and try to scrape good marketable salt, as it will give them regular and continued work for nearly 5 months in the year. These suggestions, in my opinion, should have come from Board and Government, as cheapening of consumers, salt is their look out. The Company are only carrying Agencies, and as far as possible, the carrying rates have been reduced to a minimum. My proposal may also lead Travancore and Cochin to apply for Madras salt for consumption in their States, and this means extra traffic to the Company. An arrangement can also be made for supplying salt to the Fish Curing Yards, instead of leaving it in the hands of water contractors by sea, by Dingies and boats. Further the contemplated object of affording transport facilities to the Krishnapatam factory by the introduction of "Moto Car" or any other system, can be given up.

10. My proposal does not require any new construction of Bangalows, &c., &c., as the work can be carried on with the present ones, without adding any more

Question.

Answer.

(b) If the answer to (k) is in the affirmative, will the Government be pleased to undertake the opening of tramway to Ennore or sanction its being opened by a private firm ?

### Explanation.

The opening of a tramway in the Ennore factories is very essential to cheapen the consumers' salt, for with tramways, the salt can be carried in bulk and stored on local platforms without crushing the crystals. A maximum quantity of salt may be carried at a minimum rate of cost. There is no difficulty in laying out the tramways in the factories, and to the platforms, and there are many private capitalists, ready to start work on ordinary terms, if the Government and the Railway Co., are unwilling to launch this profitable, enterprise.

## Salt Credit System.

The important reasons connected with the question of the absence of competition with Bombay Salt have been explained to satisfaction in my pamphlet "Salt Tax" and the remedial measures to be adopted, have been brought forward, and I now beg to turn to the working of the Salt Credit System in this Presidency, which forms one of the main reasons for the *non competition* with Bombay Salt. This system, which has been the important factor in the salt trade, and which has been introduced for the benefit of the licensees, and *bona fide* salt traders in the mofussil, to enable them to sell the salt to the advantage of the consumers by competition, has been an absolute failure by its having fallen into the hands of Bankers, Trading Companies and Money lenders, and has degenerated into a system of business, by which the credit merchants are enabled to use the money in that particular line of merchandise in which they are most interested, or if they have but a small capital, are able to make 11 to 12 per cent. on their Government papers, instead of the ordinary 3 or 3½ per cent. It has brought capital only to big monied merchants to invest in business, other than for the work of distributing salt, which would have been so employed, under a system of cash sales, it has created no competition among the credit merchants, who do not invariably keep up connection with the inland merchants, but merely deal with those, who happen to resort to the factories to make purchases, and it has resulted in the purchasers being compelled to resort to credit merchants, when they would prefer to purchase direct. The system is not placed within the easy reach of petty traders, and it is only those who are possessed of large means, who can invest their money and turn it to profitable account, have been carrying on the same. As a rule the capitalist merchant cares very little for the distribution and disposal of the salt ; all that he cares for, is to try and get rid of his credit orders for cash, as fast as possible leaving it for middlemen to distribute the salt.

The system in vogue with the Bankers and Trading Companies has been, that they secure contractors to purchase the credit orders obtained from time to time on the deposit of Government securities, for a fixed period for such an amount as would cover the credits falling due during the period of the contract, if not for a greater amount, at a commission varying from Re. 1 to Re.  $1\frac{1}{4}$  per cent according to the fluctuation in the market value of securities. These contractors dispose of such credit orders to their constituents in several factories, either for cash or for a few days credit, allowing a commission of 6 to 8 as per cent. In the majority of cases, these credit orders are sold to only the capitalists of the factories, possessed of some stock of salt. The up country traders, who resort to the factories for the purchase of salt, generally go to such capitalists, who by the inducement of the stock of salt in their possession, collect money from the traders for their required salt, put in applications in their own names, and distribute the same to the merchants according to their payments. These capitalists purchase the stock of salt from the licensees at a comparatively low rate, and sell the same to upcountry merchants for cash, by adding their own profit, in addition to taking for themselves the credit order commission. In some cases, the capitalists become indebted to the licensees, who are paid as the salt is sold. Besides these capitalists there are the middlemen or commission agents to negotiate for the sale of salt, who get a commission from the capitalists as also from the traders in the majority of cases for transacting business, and since these capitalists are possessed of some stock of salt to induce traders come to them, they do not invariably make any reduction in their fixed selling price, or allow the traders any return commission out of their credit orders; but only those who have no stock of salt, and merely act either as agents to the wholesale credit order merchants, or doing business on their own account solely for the credit order commission, allow a return commission to the traders for getting salt out of their credit orders. Such a method of disposal only helps the Banking and Trading Companies, to increase their deposit of securities, and to draw more interest on the accumulation of them, but does not help in any way to cheapen the price of salt. In a few factories, the credit system has been carried on in its true light, and in all others, the disposal of credit orders on behalf of the said Trading Companies has been followed, to bring in capital for their other multifarious business than for the salt trade. If all the securities that have been lodged as deposits in all parts of the Presidency, be utilized for nothing else but the salt trade, they would have tended to cheapen the salt of the consumers, by raising a competition, as also by competing with Bombay salt. The cause for the unsatisfactory working of the system in this Presidency has been, that as the licensees for whose benefit it has been introduced, are of poor classes depending on the capitalists for carrying on manufacture, and as these capitalists, with little or no capital, manage to have them in their clutches and purchase their salt at low rates and secure stocks according to their worth, and as they care more for their own profit than for the well being of factories or manufacturers, they do not care to reduce their selling price, or to allow any return commission to the upcountry traders, and in fact they invariably entrust the distribution of salt with the middlemen. Thus the credit orders issued to the Trading Companies, have neither

been utilized by *bona-fide* salt traders, nor had any effect on the selling price of salt by raising a competition.

Turning to the sales at the Madras Salt Depot on which nearly half the Districts of the Presidency depend for the supply of salt, these are in the hands of about 9 or 10 credit merchants of Madras, who act as mediators for the mofussil merchants for the supply of salt on orders received. Of these 4 or 5 deal in credit orders on the deposit of Government Securities, while the others on those purchased from the Banks and Trading Companies. As it would not pay the former to make any reduction in the cost price of salt, in consequence of the comparatively small interest they realise on the accumulated securities, since their deposit has been lessened on account of the reduction of the duty, they only allow credits for a number of days and leave large outstandings in the mofussil; while in the case of those who deal in credit orders purchased for the time being, cannot afford either to reduce the cost price or to allow any outstandings on the merchants, and since they cannot carry on satisfactory business without allowing large credits, which would not be compensated by the small commission they derive in the purchase of credit orders, they are gradually giving up their business. The majority of the mofussil merchants are not possessed of means to prepay for all salt that may be required by them from time to time, and the few that can afford, are unwilling to do business on the deposit of securities, but they are content with the small return commission given by the credit merchants on cash payments; and in either case, the mofussil merchants depend on the credit merchants of Madras for their salt supply. Owing to the reduction of duty and the consequent fall in the accumulation of securities, several merchants are hesitating to do business in salt under the credit order system, which has not been found to be paying in comparison with the risk of outstandings, and if these credit merchants be not encouraged by the supply of salt suited to different markets so as to embolden them to do business on a large scale with enterprising spirit, they would gradually give up their business, and in which case they would not be replaced by the Trading Companies named above; and consequently as the competition with Bombay salt and the consequent cheapening of salt for the consumers, depend on the Ennore factories, it is necessary to encourage the credit business, by the offer of facilities to the *bona fide* salt merchants, so as to enable them to carry on mofussil business on a large scale.

The encouragement of the credit system and the increase in the number of credit merchants at the Madras Salt Depot are necessary for the speedy clearance of salt and for competition with Bombay salt. By credit merchants, I mean, those who deal in deposit of Government securities, who would solely invest their money in salt trade and bring in capital into the work of distributing salt, and their frequent revolving of securities so as to make an accumulation of them to secure increased interest would tend to the large removal of salt; and raise a competition, so as to cheapen the salt of the consumers; but not those who trade in credit orders purchased at a commission for the time being from the Banks and Trading Companies who cannot be expected to do much business. Unlike the other Districts of the Presidency situated on the South Indian Railway, North East Line of the Madras Railway, and B. N. R., which are possessed of factorics within

easy reach of each other, so as to enable the merchants in the majority of cases to get their required salt without the aid of the salt credit merchants and mediators at less expense, the Districts situated on the South West and North West Lines and Bangalore Branch, are far away from the Ennore and Nellore District factories on which they solely depend for their salt supply, and the merchants of the remote Districts, owing to the difficulty and expense of resorting to these factories, have always to depend on the credit merchants and mediators, who are as it were the capitalists for them just in the same way as the Bombay merchants are for the distribution of the imported salt, and farther, the Ennore factories being under the monopoly system, where one uniform selling price is fixed, owing to which the credit merchants cannot possibly expect to make any margin in the cost price of salt, they have to depend only on the interest on the accumulated securities to keep their business going, and to risk the outstandings on the merchants, and if this encouragement be denied, their carrying on credit order system will be of no avail. The sales at the Madras Salt Depot, and supply to the mofussil merchants, depend greatly on the credit merchants of Madras, and if these should give up their business, the mofussil trade will fall into the hands of the Bombay merchants, who would take up the place of the credit merchants of Madras. I further beg to point out, that after this system has fallen into the hands of the said Trading companies, the commission on credit orders has risen up high, and this high rate they can afford to pay, because of the large margin of interest which they have been able to secure on the accumulated securities, and of the facilities they have for utilizing the entire amount left after defraying the deductions &c., at the time of deposit, for investment in business other than salt trade ; while the Bona fide salt merchants, who are dealing in monopoly factories have to depend only on the interest accruing on the accumulated securities, and in excise factories in the cost price of salt as well in the majority of cases, and in either of these cases, the profits realized will be nothing when compared with the risk of outstandings and the responsibility they have for the supply of salt suited to different markets. Thus therefore, the increase in the number of credit merchants, and the enforcement of the credit system on them by the offer of facilities, would tend to the large removal of salt with such competition so as to reduce the price of salt for the consumers.

If it should be argued, that the credit orders obtained by the said Trading Companies, though disposed of by them through contractors, yet they are utilized for removing salt, I beg to contend that these contractors do not remove the salt themselves as they are not *bona fide* salt traders, but pass them on to their sub-contractors who also do the same thing, and when they at last fall into the hands of any salt merchants, they take their own time in giving effect to them, as it is not binding that the credit orders should be utilized within a certain period of their issue. Consequently, the said Trading companies have the advantages for the immediate using of the amount secured on deposits for credit orders, but such credit orders have not at once been utilized for the purpose for which they are issued; and hence, the object with which the credit order system has been introduced, has been frustrated apart from its costing to Government about 3 Laks of Rupees per year for maintaining the system ; and further, that as far as these Trading Companies are concerned they have no responsibility of any kind and they do not interest themselves to ascertain in what way the credit orders have been utilized and whether



any salt has been removed under them, and all that they care for, is the speedy disposal of them for cash, while in the case of the *bona fide* salt merchants, their attempts to revolve the securities as often as possible, so as to benefit themselves by the increased interest, would tend to the large and speedy removal of salt with competition.

In November 1890, the Board recommended the abolition of the system, by pointing out that instead of cheapening the salt of the consumers, it had done the reverse. Thereupon in May 1897, the Government wanted to abandon the same, but in November 1897, the Board recommended the advisability of continuing the system, on the ground, that some very important considerations were overlooked, pointing out at the same time, that the abolition recommended in 1890, was based on the credit system, being an adjunct of the excise system rather than against it on its own merits. The Board then consulted the senior officers of the Department, who appear to have reported, that the system had not been working as satisfactorily as it was intended to do. However in January 1898, the Government ordered the continuance of the system, with the remark, that the officers of the Salt Department, had devoted very little attention to the credit system, that the methods of its working, and the manner in, and the extent to, which it affects the salt trade, had not been generally understood by them. The Board then continued to work the system, after circulating the remarks of Government, to all the Collectors, and to all the Deputy and Assistant Commissioners and Officers in charge of Circles, and pointing out at the same time, that the success of the credit system depended on competition, and that its advantages must be made as widely known as possible, more especially among the upcountry merchants, for whose benefit it has been specially intended.

In recommending the continuance of the credit system, the Board of Revenue pointed out in their resolution of 1897, that "it is an adjunct of the Excise system rather than against it on its own merits." In regard to this I beg to submit, that the system, unless worked in conjunction with the salt trade, has not any virtue of its own, beyond that of bringing in capital for big monied merchants to invest in other business; and in as much as it has been introduced solely for the purpose of competition to cheapen the price of salt, this object can be realized only in the Excise system, where constant fluctuations in the selling price of salt can be expected, on account of which, the traders have the advantages of doing credit business on a large scale, while in monopoly factories, the cost price remaining fixed, the only inducement the traders have to carry on the system, is the interest on the accumulated securities. Consequently, the system can be better adapted to the excise system than to the monopoly. The cause for the Bombay Presidency working the system successfully in Foreign Presidencies, has been due to the sole adoption of the excise system throughout, which tended the merchants to venture into this Presidency against all competition. In conclusion, in my humble opinion, competition can arise only, if there are fluctuations in the price, which is the peculiar feature of the Excise system, and the principle of Free Trade would thereby be emphasised.

From the above it will be evident, that Board and Government intended the system, for the benefit of the *bona fide* salt merchants, and for raising competition

to cheapen the salt of the consumers, and in spite of which, it will be ascertained from its present system of working, that it has not satisfied the above ends, while on the other hand, it has extensively, permanently and unshakably fallen into the hands of the Banking and Trading Companies. In pointing out the several defects in the working of the system, it cannot be presumed, that I advocate the abolition of same, as I know as a fact, that the non-observance of the system, would go a great way towards affecting the sale of salt in this Presidency, and would also give room for Bombay Salt to appear in larger quantities, with the possibility of the Madras Salt not being capable of competing with it. Consequently, to make the system carry out the purposes for which it has been introduced, it must be made applicable to only *bona fide* salt traders. In spite of the above explanation, as to the unsatisfactory working of the system, if it be considered, that it should be made applicable to all who deal in credit orders on deposit of Government Securities, whether they are *bona fide* salt traders or not, then there should be a stipulation to the effect, that all credit orders obtained from time to time by any merchant or firm whatsoever, should be given effect to, within a prescribed minimum period, which would to a great extent carry out the intent of the salt credit system.

MADRAS, }  
1st December 1906. }

S. VENKATASAIYAR.

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P 6

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## Accompaniment to "Salt-Tax".

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Subject to be laid before Government, in regard to the Monopoly sale of Madras Depot salt in the Districts of Coimbatore and Nilgiris, Salem, North Arcot Mysore Province and Bangalore.

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Subject to be laid before Government, in regard to the Monopoly sale of Madras salt in the Districts of Coimbatore and Nilgiris, Salem, Mysore Province and North Arcot.

In conformity with the reply given by the Honorable Member in the Legislative Council meeting held on the 14th November 1905, to the effect that the absence of competition with Bombay salt in certain localities has been due, 'to trade preference and enterprise,' that tenders were submitted to the Board on the 13th December 1905 by M. Siviah Chetti and J. H. Azimudeen Sahib and Co. for 580,000 Mds. for sale in Coimbatore and Mysore Province, and 660,000 Mds. in Salem and North Arcot Districts, on the condition of the entire quantity being removed within a year, but in Boards' Progs. P. No. 4611 of 1905, dated 14th December 1905, the Board declined to sanction the same and passed a resolution to the following effect:—

"Petitioner is informed that the Board will not assist him in making a "corner in salt."

The expression "making a corner in salt" appears to convey two ideas.

(1) That by the allotment of such a large quantity of salt, there will be scarcity of stock.

(2) That by sanctioning the quantity on monopoly sale, there will be scope for the selling price being increased to the oppression of the consumers.

*Answer to (1.)*

The clearance of stock will result in the following advantages.

I. To the licensees, to manufacture as much quantity as their pans would yield, which would fulfil the conditions under which the Ennore factories, have been taken over under monopoly.

II. Such apprehension is rendered impossible by the fact, that the manufacturing season is to begin shortly or has commenced, and the question rather is a dearth of space to store salt at the Madras Salt Depot, and the clearance of stock becomes the more imperious to make room for fresh stocks, or it would obstruct further manufacture to the discontentment of the licensees.

III. The allotment of such a large quantity is necessary to take up the place of Bombay Salt by effectual competition, and thus to cheapen the salt of the consumers so as to carry out the intent of the salt credit system.

*Answer to (2).*

Probably the reason that could have dissuaded the Board from acceding to the petitioners request, is the interests of the consumers, but this is sufficiently guarded by the necessity on the part of the applicants to remove such a large quantity, which is almost equal to the yearly consumption of the respective Districts, to the centres specified within the prescribed period and that in the face of competition with Bombay salt, which is so popular among the masses for years past. The yearly consumption of the Districts in which the said quantity is to be sold.

DISTRICTS.	Madras Depot. Salt.	N. E. Line.	S. I. Ry.	Bombay Salt.	Total.
Coimbatore and Nilgiris ... ..	189,359	216	49,363	173,014	411,952
Salem ... ..	176,237	114	1,040	186,257	363,648
North Arcot ... ..	345,490	48,962	6,523	251	401,226
Mysore Province ... ..	58,687	...	...	428,794	487,481
Total ...	769,773	49,292	56,926	788,316	1,664,307

Against the total consumption of 1,664,307 mds. including 788,316 mds. of Bombay salt, the tenders were for the removal of 12,40,000 mds., and when only 7,69,773 mds. had hitherto been supplied from the Madras Salt Depot, the excess removal of 4,24,307 mds. would take up the place of Bombay Salt.

There was reason for such apprehension on the part of the Board, because in the contract system of sale adopted in the Coimbatore District in 1902, the contractors were able to fix a selling rate of 6 as. to 7 as. per maund, when it was sold to them at 3 as. 1 pie per maund, to the oppression of the consumers, and how they were able to fix such high rates, is explained thus:—

I. The quantity allotted was only 1,80,000 mds., which was less than the average quantity, consumed in Erode and Tirupur where Madras salt has been usually consumed, and consequently they were able to dispose of the entire quantity to their best advantage, in the said two stations, though they nominally consigned to Coimbatore Town the quantity that should be sold there under the contract in opposition to Bombay salt, but originally rebooked the same, and carted back afterwards, to Tirupur and sold there.

II. To facilitate their selling the entire quantity without any opposition, the salt was so specially made, as to exclude the ordinary salt from venturing into the markets.

In the case of the present applications, the quantity applied for is only as good as the ordinary salt, though manufactured under the Bombay system, and the quantity to be removed, will be about 4½ laks of maunds over and above the quantity hitherto been issued from the Madras Salt Depot, and consequently, when it is difficult to exhaust such a large quantity against the keen competition of

Bombay salt, the fixing of high rates to the oppression of the consumers, would tend to give room for other salt to venture and disturb the markets to the eventual failure of the contract; and hence the solicitude on the part of the Board from the stand point of the consumers, breaks down in the light of the reasons above set forth.

**II. Is it by means possible for the merchants to have enterprise and to secure the salt preferred by the trade, when unrestricted sale in the order of storage has been followed at the Madras Salt Depot.**

In places worked by Bombay Salt the system of sale followed has been, that the Bombay merchants distribute the imported salt.

I. In the case of imports by sea, sale to the merchants at a fixed rate on credit for a certain period.

II. In the case of imports by Rail, sale on commission.

Thus making the leading merchants of the several centres with their constituents to work in combination with them. In such places the contract system of sale of Madras salt should be followed, by which a quantity of salt should be allotted for each Bombay salt centre, to be sold on monopoly by an independent capitalist who would break up the combination system of sale of Bombay salt, by distributing the Madras salt in the same way as that of Bombay. The non observance of this system of sale, and the adoption of unrestricted sale in the order of storage, have precluded the merchants possessed of enterprise from securing the salt preferred by the trade, and have tended the Bombay salt to appear in large quantities, and to monopolise the sale in the several centres to the oppression of the consumers. The greatest disadvantage under this system, has been, that should heavy salt happens to come in the interrim even those places which have been accustomed to the consumption of Madras Salt, cannot have a continuous supply, so as to enable them to maintain their market, and thus keep out other salt. The disturbing of the regular despatch of consignments by the nonissue of the salt suited to different markets, and the occurrence of heavy salt in the interrim when following the system of issue in the order of storage, have resulted in the merchants to have no enterprise in trading with Madras Salt, and their carrying on business merely to maintain their profession, has made them to adopt the principle of "Large profit on small sales," and when they have the chance of working only in places, where the Madras Salt has been usually consumed, they have the facilities of putting up high rates to the oppression of the consumers. There will be enterprise and competition only in cases, where salt suited to different markets can be secured, and consequently, under the system of sale followed at the Depot.

I. The object with which the Bombay system of manufacture having been introduced in the Eunore factories have been frustrated.

II. When it is difficult for the places accustomed to Madras Salt to have their regular and adequate supply, it is impossible for the Madras salt to venture into the Bombay salt centres.

III. It has been found by sufficient trials, that the competition with Bombay salt is impracticable though it has not actually been the case, the Bombay salt will probably work with double vigour on the consumers.

IV. The restriction of manufacture year after year at Ennore consequent on the non sale of enough of salt in the Districts depending on it, will result in the licensees neglecting or eventually giving up manufacture, as also in the cooly labour becoming scarce.

The quantity that can be manufactured in the four factories of Ennore, Vallur and Athipet say 15 laks of maunds, Voyalur and Kattur say  $7\frac{1}{2}$  laks of maunds. The Bombay system of manufacture has been carried on in the first two, and the salt is considered to be light and fit for competition with Bombay salt, and as regards the other two, the manufacture has been under the ordinary method, being considered to be rather heavy, and only fit for local issues and for near surrounding markets. The Districts that have been affected by the intrusion of Bombay salt are, Malabar, Coimbatore and Nilgiris, Salem, Mysore Province and Coorg, and Ceded Districts, and if the Board have any desire at all to compete with Bombay salt in these places and to save the consumers from the high tax of Bombay salt, they should allot the salt of Vallur and Athipet on contract system of sale to independent capitalists for the distribution of the salt. As regards North Arcot and Cuddapah, these are purely worked by the Madras Depot and the salt of the Nellore District factories, and as the chances for the Bombay salt coming into these Districts are far remote, the salt of Vayalur and Kattur can be advantageously utilized in these Districts, as also for local issues. The heavy salt that may be manufactured or happens to come in the interrim of issues, can be made use of for fish curing yards on the West Coast, which require about  $2\frac{1}{2}$  Laks of Maunds per year, and which have been getting their supply hither to from the Sevendakolum extension at Tuticorin. The entire quantity required for these yards, has been brought by boats at one time, and kept stacked in the respective yards to the occurrence of high wastage and the possibilities for fraud; and these difficulties can be overcome by sending the salt from the Madras Depot by Rail all throughout the year, according to demand. It cannot be presumed, that the general sale of Vallur and Athipet salt, would enable it to pave its way into the Bombay salt centres, because of the distribution of salt to the mofussil stations being in the hands of the credit merchants of Madras, who execute the orders of the mofussil merchants and allow large credits to them in consequence of their want of means to prepay for all salt that may be required by them from time to time to meet their demands, and consequently the sale of the Madras Depot salt, whether in Bombay salt centres or otherwise, depends more on the credit merchants of Madras than on the respective mofussil merchants, and unless they are given the facilities of doing large business by the offer of salt suited to different markets, they cannot be expected to have enterprise and to risk large outstandings in the Bombay salt centres, in which their trade would be disturbed by the intrusion of other merchants.

Therefore the successful working of Madras salt against that of Bombay, and the putting a stop to the increasing imports of Bombay salt into the far interior

Districts, to the monopolizing of sale in several centres, and to the fixing of high prices in accordance with time and circumstance to the oppression of the consumers, can be overcome only by the adoption of the contract system of sale of Madras salt in the several Bombay salt centres.

**III. Will the contract system of sale increase the sales at the Madras Salt Depot and put down the imports of Bombay Salt by competition.**

The average quantity of Madras salt hitherto been consigned per year to the places in question; amounts to 7,69,773 mds. against 1,06,218 of North East Line and South Indian Railway factory and 7,88,316 mds. of Bombay salt making a total issue of 8 trucks per day from the Madras Salt Depot; but according to the applicants guarantee the quantity that would be removed will be 12,40,000 mds. 13 trucks per day.

Apart from these, there are the issues to Cuddapah, Ceded Districts, Madras and Chingleput, &c., but the total average quantity now being issued to all Districts comes to 11 trucks per day. Thus it will be evident, that under the contract system of sale, apart from there being a good increase in the issues from the Madras Salt Depot, will also enable the merchants to have enterprise and to raise competition to cheapen the salt of the consumers.

Under these circumstances, the Government may be moved to sanction the grant of the applications of M. Siviah Chetti and J. H. Azimudeen Sahib & Co., as otherwise the manufacture at Ennore will be restricted, the Bombay salt will be imported in large quantities, and the consumers will be affected.

CALICUT, }  
16th January 1906. }

S. VENKATASAIYAR.



11  
— p 7

## Salt Tax - III

Replies to Questions & Answers in the Madras  
Legislature of 6 April 1906 regarding the  
Salt Administration of the Madras Presidency

Replies to Questions & Answers in  
the Madras Legislature of 6th April 1906  
regarding the Salt Administration of  
the Madras Presidency

Question

Answer

As to answering to question  
asked in the meeting  
of this Council on the  
21st November 1905, and  
the answer to it by the  
Hon. Mr. D. Dudley, namely,  
the explanation of the  
fact that Madras Salt  
does not compete with  
Bombay Salt in certain

(a) & (b)  
localities is mainly  
the answer in the  
trade preference and  
enterprise, "Is it a fact  
that one Mr. Senial Patel  
submitted in December 1905,  
a tender to the Board of  
Revenue for 50,000 kds  
of salt for sale in the panchayat  
District of Mysore Revenue  
and that J. V. Adyameeswar  
submitted another  
tender for 60,000 kds for  
sale in Salt in 400 other  
Districts, the  
tenders undertaking  
to remove the entire  
quantity within a year?

It is a fact that  
these duties were  
repealed by the Board

### Explanation

It has been admitted that the application  
referred to, had been received, but no  
reasons have been assigned for declining  
to sanction the grant, and whether  
the prayer of the petitioners would be  
complied with or not. If the grant  
had been allotted the entire stock of  
Vallur & Athipet would be disposed of  
in the manner for which it has been  
intended, and avoided the necessity for  
fixing a Dittam of 12 Lakhs of Rupees  
for 1906-07, to the disadvantage of  
the part of the manufacturers in working  
the pans, and to their discontentment  
in restricting manufacture. The non-  
allotment of this grant clearly  
confirms the determination on the  
part of the Board of Revenue to compete  
with the Bombay Salt, and thus to see  
that the consumers benefit by the  
reduction of the duty, and firmly  
establishes their determination that  
so long as the maximum revenue  
has been realized, whether on Madras

or Bombay Salt, they do not care for competition. This competition with Bombay Salt is necessary in the interests of the consumers, as in the absence of any Madras Salt to control over the prices & to break up the combination system of salt followed in them, the Bombay Salt will have the facilities of monopolising the salt; and to the fixing of prices in accordance with time & circumstances.

Question -

Answer -

(c) With the permission be pleased to state.

(i) What is the price of salt at the Benne factories? The cost price of salt at the Benne factories is not available.

Explanation :

The answer to this question is very vague & not at all to be expected from the Supreme authority of the Salt Administration of this Presidency, at whose mercy so many millions of poor consumers depend for the supply of salt, and by whom they must be benefited by the remission in Salt Tax, in spite of the fact that the factories have been under monopoly.

for the last 10 years. If the cost price is not available, it is not understood on which basis the selling price, has been fixed. This reply clearly shows, how far the Board of Revenue are interested in working the Benone factories by acting in conformity with the conditions under which they were made to revert to the monopoly system:

To arrive at the calculation of the cost price of salt at the Benone factories the following items of expenditure should be included.

(1) Land assessment & taxes	Rs. 4 - 9 -
(2) Land & Village cess	" - " - 6
(3) Payment to manufacturers	13 - 2 - "
(4) Interest on capital cost of works	1 - 1 - "
(5) Works & repairs	1 - 2 - "
(6) Storing & other charges	1 - 2 - "
	Rs. 16 - 10 - 8

Salt per Maund 2 as 3 pice.

Question -

Answer

(ii) What is the cost price at the Madras Salt Depot?  
 The cost price at the Madras Salt Depot is 3 as 3 pice of No in 1924-25.

Explanation.

It is a fact that the selling price at the Depot is 3 as 3 pice, but of the Depot establishment & other charges

be included it will come to about  
3 aisker & 1/2. Though the salt  
has been sold at a loss to Government,  
yet it is of no advantage to the consumer  
Government, and the manufacturers.

(1) the consumers have to pay a higher  
rate for short measuring and culch  
salt at the Depot, when they can get  
salt of greater measurement & superior  
quality at a lower price, if stored  
at the place of manufacture.

II. The Government cannot manufacture  
the quantity required for half the  
Districts of the Presidency including  
the imports of Bombay salt, which  
are dependent on the Benares factories  
for their salt supply & the consequent  
non-competition with Bombay salt  
owing to which in spite of the large  
nominal stocks maintained in  
the factories scattered in the different  
parts of the Presidency which are  
enough for the consumption of it,  
the Benares factories have managed  
a share in the Presidency, not being  
able to manufacture the entire  
quantity required for its con-  
sumption:

1. The manufacturers cannot derive  
much quantity, as their pans mount  
it, as owing to the low sales in the Madras  
Salt Depot cause given on the Salt not  
being fit for competition with Raimbaya  
it; the manufacture has to be restricted  
for a year, and as a corroboration  
of this fact, the West Coast imports  
are taken up the whole of Malabar &  
Kilgim's & parts of Cannanore & Salem  
Districts, and the imports by Rail  
into Mysore Province & Bangalore & parts  
of Coorg Districts, and these Districts  
are within the jurisdiction of the Cannore  
factories; and are to be supplied by them.

Consequently when it has been of  
no advantage to the parties concerned,  
by the issue of Salt stores at the Madras  
Salt Depot, I fail to understand, why  
the Government should be subjected to  
unnecessary loss, which can be  
avoided with much advantage to  
all parties, by having the storage  
at the place of manufacture. Now  
the question for consideration is,  
whether the introduction of storage on  
the already existing platforms of the

respective factories; and to answer  
the purpose, and I beg to point out,  
that these local plantations not only  
being ~~sufficient~~ <sup>insufficient</sup> for storing all the  
manufactured salt, but also have  
not the facilities of easy, and cheap  
transport; and further the offering  
of facilities of Railway Communication  
to the different plantations will be very  
expensive & probably impracticable,  
and consequently the opening of a  
Central-plantation in the Swamp  
between ~~Madras~~ <sup>Madras</sup> & ~~Madras~~ <sup>Madras</sup> will be  
sufficient for all purposes; and a Con-  
=venient place to store all the  
manufactured salt of the factories  
can be selected, and Railway Sidings  
can be constructed at a comparatively  
cheap cost, so as to effect the removal  
of salt in the same way as that from  
the Madras Salt Depot.

Question                      Answer  
III. Whether the increase of comparison  
of cost price in Madras can be made between  
and that at ~~Madras~~ <sup>Madras</sup> the cost price of salt  
is not due to wastage at ~~Madras~~ <sup>Madras</sup>, and at  
in ~~Madras~~ <sup>Madras</sup>, and the cost the Madras salt depot  
of carrying salt to Madras



## Explanation

When it has been said that the cost price of salt at the Kenore factories is not available to have the calculation for the comparison between the cost price of delivery at Kenore, and that at the Depot, it is very unlikely that a reply other than that quoted above could have been given. However, when it costs 200 spic of Madras at Kenore as per particulars given above, there is a margin of 9 spic to the advantage of the purchaser, if delivered at Kenore. Surely there must be a perceptible difference between the price at Kenore, and that at the Depot, as the following items of charges should be added in the case of the latter before the salt can be removed from Kenore to the Madras Depot.

- (1) Sticking and loading in Boats
- (2) Transport charges by boats and unloading charges at the Depot
- (3) Cost of empty gunnies to transport the salt
- (4) Depot establishment charges.
- (5) Municipal Tax on the land
- (6) Buckingham Canal terminal charges



locally, and now it has been said, that  
it is not more profitable to store salt  
at Kenore than in the Madras Depot.  
When the Hon Member has declared in  
his answer to question (211) that the  
cost price at Kenore is not available  
to ascertain the advantage or otherwise  
of having the storage at the factories,  
it is not understood, how it can be  
inferred, that the storage at Kenore  
is not more profitable, than in the  
Madras Salt Depot. When it was admitted  
in the last Council, that the quality &  
quantity of salt wants be improved  
by local storage, which are the essential  
qualifications required for competition  
with Bombay salt, probably it was  
thought, that the admission in regard  
to the pecuniary advantage of such  
a course, would promptly establish the  
disadvantage of storage at the Madras  
Salt Depot, and necessitate the abolition  
of same, which the Hon Member  
evidently, not been disposed to meet  
with consideration. However it is clear,  
that the storing of salt at Kenore,  
wants a great deal from improving the quality  
& quantity of salt so as to render it

capable of competition with Bombay salt, will also reduce the cost price. So as to benefit the consumers, while the storage at the Madras Salt Depot is attended with several disadvantages.

- (1), Renders the Salt unfit for competition with Bombay Salt & thus restricts the sales at the Depot, by fixing ingress to the larger imports of Bombay Salt.
- (2), Increases the cost price of Salt to the disadvantage of the consumers.
- (3), Restricts manufacture at Ennore to the disadvantage of the licensees.

If it should be argued that though it may cost about 2 annas & 1/2 at Ennore, it is not compulsory on the part of Government to dispose of that salt at that rate; & beg to contend, that when the Salt stores & issues at the Depot at a loss, has been of no advantage to any of the parties concerned, it would not be of any disadvantage to ~~them~~ <sup>any</sup> of the parties concerned ~~them~~, if a higher rate be charged at Ennore; as it

of the Presidency, the Benmore factories  
 alone have had to dispose of the salt  
 at a loss, with no advantage to procurement  
 the consumers & manufacturers,  
 because of the storage at the Madras salt  
 Depot, and they can be made to serve  
 all purposes by the maintenance  
 of the same rate as the other monopoly  
 factories; by the introduction of storage  
 in a local Central Depot.

Consequently, that so long as  
 the retail sale by measure has been  
 followed, the consumers will not be  
 benefited by the storage of salt at the  
 Madras salt Depot. As a corroboration  
 of the above facts, I beg to state, that  
 after the storage at Madras having  
 been introduced & after the Benmore factories  
 have been converted into monopoly,  
 in 1895-96 the total average quantity  
 manufactured

Under the monopoly	} 995,131 tons
System from 1896-97	
to 1904-05 was -	
& there was no manu	

From these figures it will be evident, that the conversion of the factories into monopoly, has done no good to the licensee, while on the other hand the manufacture has been restricted year after year, because sufficient quantity of salt could not be sold owing to the increased cost price, and the loss of measurement of salt by frequent dampening.

Let us now turn to see how far the imports of Bombay salt have been affected.

Under the Monopoly System.

Imports by sea into Malabar = 911,403 lbs.

Imports by Rail into the Fedd

Districts & Mysore Province = 604,080 - "

Total - 1,515,483 lbs.

Under the License System.

Imports by sea into Malabar = 870,075 lbs.

Imports by Rail into the Fedd

Districts & Mysore Province = 212,178 - "

Total - 1,082,253 lbs.

There was thus an increase of about  $\frac{1}{4}$  Lacks of Maunds, in the imports of Bombay salt, nearly  $\frac{1}{2}$  Lacks of which by Rail into the Fedd Districts & Mysore Province, which are covered by the sharp fall in manufacture.

at the Kenmore factories; after they  
have been consolidated into monopoly.  
Therefore the short fall of manufacture  
& the consequent fall in sales of nearly  
6 Lakhs of Rupees, have been made up  
by the increased imports of Bombay  
Salt, and by the supply from the Belrose  
District factories, into the Districts  
that have been supplied by the Kenmore  
factories. It is most surprising, that  
under the license system, the manufacture  
was only under the ordinary method,  
and no concessions were granted,  
in regard to manufacture, storing  
during the sale, and yet it was able  
to put down the imports of Bombay  
Salt more especially by Rail, as the  
competition was a direct one coupled  
with a motive of self interest, while  
under the monopoly system, though  
very precaution has been taken  
in manufacture & sale under the Bombay  
method in Vallur & other factories,  
during the sale on the ridges & storing  
the special salt in 7+10 fence bags,  
yet the imports of Bombay Salt have  
been on the increase, which is mainly  
due to the salt being rendered impure for

Competition by storing at the Madras  
Salt Depot, by the issue of Salt in the  
order of Storage so as to purchase  
the General market from receiving  
the Salt prepared by the trade, by the  
adoption of the system of undecimated  
issue not adapted for Bombay  
Salt centres so as to discourage the  
merchants possessed of enterprise  
not to measure into the said centres  
with Madras Salt, and lastly, by the  
Competition being an indirect one  
coupled with the want of interest on the  
part of the Salt Administration,  
because of the realization of the maximum  
revenue in both the Salt, instead of  
solely on the locally produced one.  
Matters in regard to the disadvantage  
of the Storage at Madras, would not  
have been so had as they are now,  
if the distribution & issue of Salt,  
have been so made; as to fulfil the  
purposes for which they are intended.

(1) The Bombay system of manufacture  
carried on in Vallur & other factories  
should have been utilized for the  
Bombay Salt centres, for which  
it has been intended. Change under



the combination system of sale followed  
in these centres; the contract system  
of sale by independent capitalists  
should invariably be followed, yet  
when it is binding on the merchants  
to consign the special salt only to the  
above centres, the general sale of their  
salt, would have tended to the removal  
of a danger granted by the competition  
with Bombay salt, as the merchants  
would have the assurance of continued  
supply, so as to enable them to have  
endeavour to secure the salt preferred  
by the trade.

(2) Voyaher & Katter salt manufactured  
under the ordinary method, should  
have been utilized for local issues  
for places usually accustomed to  
Madras salt, as in the absence of  
competition with Bombay salt, this  
salt would answer the purpose, and  
if not, there would be facilities for  
the ab. & Line salt to come in greater  
quantities, which would not make  
matters worse.

(3) The heavy salt that may be  
manufactured or happens to come  
in the instance of issues in the order

of storage, could be utilized for the  
fish curing yards on the West Coast,  
which require about 2 1/2 Lacs of  
Rupees per year.

Thus therefore the conversion  
of the factories into Monopoly, have  
had no effect in discouraging the  
imports of Bombay Salt, in raising  
competition to cheapen the salt of  
the consumers, and in not restricting  
manufacture. If matters should  
continue in this state for some time  
to come, the factories will be so much  
neglected as to make the costly  
labour not at all available on the  
spot, with the result of the major portion  
of the Revenue being taken up by  
Bombay Salt to the oppression of  
the consumers.

S. M. Chavara

Madras }  
14. April 1906 }

$\frac{H}{p} 7^a$

## Salt Tax.

How far the consumers will be benefited by the reduction of duty to Rs. 1/- per kama.

## Salt Tax

How far the consumers will be benefited  
by the reduction of duty to Rs. 1/- per Maund

Regarding the recent reduction of duty to Rs. 1/- per Maund from the 20 March 1907, I beg to make the following observations. The Government after due consideration have very kindly reduced the Salt Tax to so low as Rs. 1/- per Maund, on account of the salt being an indispensable article of consumption to all classes of the community, at the sacrifice of several Lakhs of their Imperial Revenue, on the presumption that the reduction will benefit the consumers more especially of the poorer classes for whom it has been specially intended. It is now necessary to see, whether such good intention of Government has been and will ever be carried out under the present system of working the salt administration of the Presidencies of Madras & Bombay. Since the Government can exercise no control over the manufacturers and sellers rates, as the article is

one of free trade, means must be devised to have a check.

1, Over the manufacturers & sellers takes at the factories.

2, To have a control over the ruling prices of sale in the market.

3, To prevent the trade from falling into the hands of mediators & middlemen. The above are the obstacles preventing consumers to benefit themselves by the reduction.

2. Comparing the Administrations of the Madras & Bombay Presidencies, the factories in the Madras Presidency are far too many, several of them scattered in the far interior parts.

The systems of manufacture are:-

1, Excise & Modified Excise & Monopoly.

To control over the prices of the excise factories, there are monopoly stocks maintained by government, and

by the fixing of one uniform price per such stocks, the excise prices are always below that of free sale,

while the others, which are only

fit to be supplied to local, near & surrounding markets, maintain

such moderate rates as not to be considered as exorbitant,

and these are worked under the

capitalist system of advances, because of the inability of the manufacturers, who are generally of cooly classes, to pay out the manufacturing expenses.

The distribution of salt has been made through the lines of Railways running into the Presidency, as explained thus:

(1) On the S. I. Ry. there are 26 factories that are situated in the Districts of Dinnorelly, Madura, Tanjore and South Arcot, and the approximate

Dinnorelly	256,637	yearly Consumption
Madura	835,250	of the Districts depending
Tanjore & South Arcot	352,223	on these, has been as follows:
Dinnorelly	581,382	per annum.
Madura	632,478	there, those of the

Total 27,60,970. Dinnorelly District one of some importance; because of the production being consigned to distant markets on the same Railway, and also a good quantity being exported to the Straits Settlement, and the remaining with the exception of the supply to the French Settlement of Karaikal & Pondicherry, confine themselves to local & surrounding markets by carts & rail. All the factories invariably confine themselves to the Districts situated on this line, and they are so numerous

as to be capable of producing & maintaining  
a stock far more than the demand.

2. On the N. E. Line of the Madras Railway  
& B. N. R. There are 24 factories on  
these lines situated in the Districts of  
Chingleput, Bellare, Guntur, Godavari  
& Nizagapatam & Gajyam; and also  
those of Ennore comprising of Vallur  
& the jet, Voyaler & Kattur, and as the  
production of these has been stored  
at the Madras Salt Depot & utilized  
on the S. N. Line; they will be dealt  
with separately. The yearly consumption  
of the Districts depending on the said  
24 factories has been as per margin.

Of these: -	Bellare	342,956
(1) Pakala & Kustnagapatam Guntur		362,959
Supply to the Coes & Krishna		433,695
Districts	Godavari	426,145
(2) Pakala to Kurnool Nizagapatam		662,114
on the S. N. Railway to Gajyam		374,595
& Kurnool Road		<u>Total 26,62,457</u>

(3) Gajyam, Surula, & Kaupada to several  
markets in the Bengal Presidency  
(4) Pandraba specially reserved for  
the Mysore Dominions, and Benne  
Gajyam, Kameparthi, Nizampatam  
& Nizanginipudi contribute largely  
to the State.

The remaining solely, confine themselves to near & surrounding markets. The production is more than enough to meet the demands of the Districts depending on them.

(3) S. W. & N. W. Lines & Bangalore branch  
 The Districts situated on this line, are South Canara, Malabar, Coimbatore & Belguris, Salem, North Arcot, Coimbatore, Bellary & Nandapur, Kurnool, Mysore & Srirang & Chingleput & Madras. The average yearly consumption of these comes to as per margin

South Canara	266,266	and the only source
Malabar	624,801	of supply, is, from
Coimbatore & Belguris	404,642	the factories of Coimbatore
Salem	361,975	Leaving out South
North Arcot	296,337	Canara, which is
Chingleput & Madras	379,563	far beyond the reach
Coimbatore	191,834	of Madras salt, and
Bellary & Nandapur	226,647	which can be supplied
Kurnool	179,321	with Bombay salt
Mysore & Srirang	524,457	at a much cheaper
<u>Total</u>	<u>55,40,023</u>	rate; the others

must have their supply from Coimbatore  
 The consumption of the remaining Districts comes to about 32,53,456 lbs which is made up of



2,37,928 Nos from the Kenmore factories  
situated at the Madras Salt Depot.

342,313 Nos from the S. & L. factories of  
Bellare & Krishna Districts.

61,698 Nos from the S. & L. factories of  
South Arcot, Tirumel & Tanjore Districts.

16,01,577 Nos of Bombay Salt.

The total consumption of the Presidency  
comes to 28,80,306 Nos, of which only

16,57,939 Nos have been supplied by the  
Madras Salt factories; and the remaining

16,01,577 Nos have been imported from  
Bombay, and supplied to Mysore &

Coorg & parts of the Coorg Districts  
by Rail, and to Malabar & other

parts of Coimbatore & Salem Districts  
by sea on the West Coast ports.

3. The manufactures of these  
factories, as well as those of the modified

excise system, are of poor classes  
depending on the capitalists to provide

them with funds, these capitalists  
purchase the salt at very low rates,

and advance them to such an extent  
as not to be liquidated out of each

year's net, which results in the des-  
truction or cessation of manufactures;

and besides owing to the high rates  
charged by these capitalists for

the disposal of their salt, the sales become dull, and large stocks remain on the platforms to the detriment of further manufacture. The manufacturers of the modified excise system, though bound under their license to supply for export, the whole or any portion of their output for the maintenance of reserve stocks at a fixed rate of Kudamaram, yet they are possessed of the liberty to deal with their salt in the same way as the excise licensees. Besides these, the Government maintains monopoly factories; where they get salt manufactured by the licensees at a fixed rate of Kudamaram & sell the same at a fixed rate. Though the measures adopted by this Presidency have been intended to benefit the consumer by the maintenance of monopoly stocks in excise factories to have a control over the prices, and by having monopoly factories where a uniform price has always been maintained, yet in the far outlying factories which have fallen into the hands of capitalists & middlemen, the selling prices have been run far above those of the manufacturers, and such high rates cannot be controlled unless the

manufacturers are freed from the clutches of their mediators. Even in monopoly factories which are in the hands of permanent, the selling rates fixed in some cases, are higher than those of the excise, which coupled with the interference of credit merchants acting as agents for the supply of salt to the mercantile traders, tends to increase the price of salt.

\*. In spite of all precautionary measures taken to control over the prices of the excise factories, and to maintain an uniform rate in monopoly factories, that with the exception of a few important factories on which the demands are very great from distant markets, as also those few interior factories whose sales are limited to a few surrounding markets, and where the prices are a little high, the ruling rates of the rest of the factories do not exceed about 4 as per Maund, and this rate has always been maintained whatever may be the increase or decrease in the duty; and when the price of such salt becomes high, when it falls into the hands of the local traders, the chances for charging high rates are minimized. The markets that have been supplied by the factories

other than those of Benares will have  
variation in the selling rates, in  
proportion to the value paid for the  
salt at the factories that supply salt  
to such markets, while in those worked  
by the Benares salt, as there is com-  
petition among the merchants owing  
to the prevalence of one uniform price  
at the solitary source of supply, a  
uniform price has been maintained  
so as not to be oppressive to the consumer.  
It is therefore in markets & markets  
by the produce of the Madras Presidency,  
the consumers will be benefited by the  
reduction of the duty, though not to its  
full extent in the far interior parts,  
where the prices cannot be controlled,  
and there will be no probability of  
the manufacturing or selling rates  
being regulated according to the variation  
in the duty.

2. Turning to the imports of  
Bombay salt both by sea & Rail,  
it is very peculiar that they have  
been working in those Districts, which  
depend for the supply on the Benares  
factories, and which are far beyond  
the reach of those factories that are  
capable of producing salt fit for  
competition. These places have

been marked under the combination system, owing to the importers being few, and possessors of established centres. They have monopolised the sale in the several centres to the total exclusion of Madras sale, and their mode of working has been such as not to benefit the consumers. The importers, viz into the Malabar ports, have been working in the whole of the Malabar District, and parts of Coimbatore & Salem Districts. The busy import season takes place in March, April & May, and during these periods, large quantities of the newly manufactured salt sufficient for sale during these months, as also to maintain stock for sale during the slack season from June to October, have been imported. Owing to the manufacturers prices at Bombay, and the Pattemans rates being generally high during these months, the imported salt has been sold at high rates, and the available for measuring salt is distributed among the merchants of the interior Districts, and the quantity left for sale for the slack season, which is of inferior quality & short measurement, has been sold at the same high rate as, & not higher than that, sold during

the busy months of March, April & May. Then the second imports take place from about the end of October to February. The imports during this period, will be the remnant of the manufacturing season, on which the same high rate that was prevalent during the previous months will be maintained, and the pricing of salt prices according to this will of course, has been due to the conspicuous absence of Madras salt to have a control over the ruling prices.

b. It is possible to introduce Madras salt, though not during the busy import season of March, April & May, yet from June to February, when the Bombay salt will be of short measurement and the selling rates will be high, but there are the following objections to contend against.

(1) The consumers having been accustomed to the use of Bombay salt from some immemorial, must be made to direct their attention to Madras salt.

(2) The importers have been acting as capitalists in the distribution of salt to the mojarid merchants

who have been carrying on their business solely on credit transactions, and in the case of Madras salt, all charges should be prepaid, and unless the same system of sale & distribution as has been done in the case of Bombay salt, has been followed, the merchants will not effect independent removals, whatever may be the advantage and superiority of Madras salt.

On account of the above disadvantages the Bombay salt has had the monopoly sale in all its centres. As regards the imports by Rail, they have been accustomed to the consumption of Madras salt as well, which can be advantageously introduced, in case the Contract system of sale has been followed. Consequently, under the way, the Bombay salt has been working in the centres worked by both sea & rail, that unless the Madras salt is introduced under the Contract system, the consumers will not be freed from the exorbitant rates of Bombay salt.

It will be therefore evident, that the trade in Madras salt has been worked by competition, while that in Bombay salt, has been purely

examined under the combination system. If it should be argued, that so long as the maximum Imperial Revenue has been realized, whether on Madras or Bombay salt, the competition is unnecessary, I beg to contend, that when the object of excise duties is to control by government, which, while it aims at the integrity of Provincial or Imperial Revenue has for its primary object, none the less, a provision for a wholesome check upon the agencies of private manufacturers, whose tendency must always be to charge fabulous prices unless controlled by at least competition. As every possible check has been contemplated in the administration of Madras salt so as to benefit the consumers, it is necessary to devise means to control over the prices of the imported salt, especially when there is no uniformity of rates, in the sea freight & the manufacturers charges at Bombay, it is open the question as to how far the consumers will be benefited by the reduction, even



when the sale of salt brought under the reduced scale of duty, is effected.

To bring about a successful competition as a solution to the difficulty, the system of manufacture of saltpetre has to be improved.

(1) To allot the manufacture of saltpetre as a monopoly solely for the competition of Bombay salt.

(2) Instead of lifting the salt, after expensive; the system of separating the large frames from the small at the time of scraping in the pans, as has been done at Subassin, can be adopted, the small & large frames being stones separately.

(3) The large framed salt will give a much increased measurement, while it wants to reduce the cost of delivery, bringing it up to the volume of Bombay salt, the small framed salt being utilized for the fish curing yards on the West Coast.

Thus it will be observed, that apart from securing the salt suited for competition, also both the consuming & buying capacity can be enhanced. This will further tend to shake off the restriction over the manufacture of saltpetre; keeping the skilled labour steady & continuous during the whole

of the non-agricultural season, and the once time honored reputation of Kenore Salt, which seems to have commanded an extensive trade, would be restored to the advantage of the consumers.

8. Turning to the Bombay Presidency the factories are but few, situated in the Guyanah, Suriah, Thana & Kolaba Collectorates, of these: -

(1) The Paraganah Salt works of Khanapala & Ahmedabad, confine themselves to Central Provinces, Lucknow Provinces of Agra & Oudh, Central India including Malwa & Rajputana, and Sindia's Territory, and do not take a part in the supply to the places, which have been supplied by the factories of the other Collectorates.

(2) Suriah Collectorate has only one factory "Dharasana" which confines itself to its own Division, and to Central Provinces & Hyderabad if the stock should permit.

(3) Thana Collectorate; the factories here have Railway communication being conveniently situated on the G. I. P. & B. P. & C. I. Ry, and consequently through out the Presidency as also to the stations on the A. N. Ry including the Coed Districts, and

Mysore Province & Coorg & Bangalore  
in the Madras Presidency.

Of the patarees of the Kolaha Collectorate those of Pan have only carting facilities, and the transport charges are so very great, that the sales are confined to the interior markets, as also by Rail to Cholarpur, Bansi Road & a few stations in Hyderabad; and the remaining three Patarees, Khan & Karanya have only canal facilities, and large quantities are exported to Bhubesh Nalabar, as also to Travancore & Cochin. Consignments have also been sent by Rail, by bringing by boats to Dana, to the General Stations of the Presidency. The duty is considered to be heavy.

The system of manufacture carried on in all the patarees, has been wholly excise, and since the Government do not exercise any sort of supervision over the ruling princes, the manufacturers are left to their own liberal will, in debating their own terms in regard to the fixing of selling rates for the manufactured salt, and as they have the facilities of increasing their prices, the reduction of duty will not affect them in the least, nor will they be bound to maintain an uniform rate; and consequently that so

long as the entire Presidency has been  
 worked under the excise system, the  
 prices of salt at the places of manufac-  
 ture, will be always high, and  
 when the profits of the wholesale and  
 retail merchants are added, the  
 selling rates to the consumers will be  
 even more exorbitant & oppressive; and  
 therefore the consumers of the Bombay  
 Presidency will not benefit by the  
 reduction; at the same time the same  
 sort of high rates, the West Coast  
 importers will be maintained in the  
 Madras ports, and such steps  
 as are necessary to frustrate  
 their object should be taken by the  
 Madras Government, as otherwise  
 that portion of the Madras Presidency  
 which has been supplied with the  
 West Coast imports will be placed  
 on the same level as that of the  
 Bombay Presidency.

Comparing the stock, manufacture  
 and disposal of the salt of the Madras  
 Presidency with that of Bombay.

	Madras	Bombay
Stock - Excise	53,26,118	53,25,971
Monopoly	44,63,361	"
Manufacture - Excise	57,77,685	101,89,982
Monopoly	28,28,885	"
Total	183,96,249	183,15,953

	Madras	Bombay
Enjoyment of duty	88,30,306	88,20,408
Enjoyment of nominal duty (Karnataka & Peshwa)	"	820,175
Free of duty (Cash Currency)	192,124	68,172
Wastage & destruction	186,712	775,875
Supply to French Garrison	53,310	"
Exports to Straits Settlements	420,910	"
Total	93,83,764	104,24,628
Balance	90,61,955	80,81,525

Of the 50 1/4 Lakhs of Rs. balance in the Bombay Presidency, the balance of Bangalore salt comes to 37 1/2 Lakhs, and that of the factories near Bombay, on which the demands within & beyond the Presidency are very great, comes to 12 3/4 Lakhs, and thus in spite of the high prices charged, the balance is very low, which is accounted for the manufacturers being allowed to have their own way in regard to manufacture & sale of salt, without any wholesome check on the part of Government, and the consumers have no alternative but to fall upon this salt, because of their having no other salt in the market, while in the Madras Presidency the large stock of 90 Lakhs of Mounds in spite of the restricted character of the manufacture adopted, is due to the great distance at which the factories

and to take from the market.

9. In the Madras Presidency, the result of effect on the competition between the Madras & Bombay salt has been due to the existence of partly monopoly & partly excise system, instead of the whole or either monopoly or excise. There will be much scope for competition in the excise system, if solely followed, but the partial observance of both of them, has discouraged the excise system to such an extent, as to make the manufacturers lose all freedom & assurance of manufacture of salt of good quality, while in Bombay, the system followed has been wholly excise, which has emboldened solvent capitalists, to undertake manufacture on a large scale, and to work in foreign Presidencies against all competition. Therefore to enable Madras salt to compete with that of Bombay, either the system of manufacture at Ennore should be improved, and the sales to be conducted through the medium of capitalists, under contract system or to revert to the excise system, and make the manufacturers

compete with those of the other  
existence, so as to make the competition  
level one.

The reduction of duty has a  
is deal to do towards the suppression  
competition, by not making  
local merchants to make free  
use of the late credit system, and  
traders to make a decent margin  
on their investment, consequence  
the manufacturers fully deriving  
facilities of increasing their  
sales. The principle, the solvent  
merchants observed in trading in  
all under the credit system, prior  
the reduction of the duty, was large  
investment & small profits, which  
allowed ample scope for competition,  
which the recent reduction in duty  
as stifled. No doubt the cost of the  
'all in the market is low, but the  
producer & the middlemen have had  
the opportunity to combine & make  
their hay. It is here, that the  
solicitude & circumspection of the  
advocates of reduction, would not  
be too much. This is a hard nut  
to crack, and the necessity for the  
intervention of fully equipped  
government agency, in rendering

and distributing the steep is  
imperative, if the benefit contemplated  
by the reduction is to reach the  
consumers at all. It is natural  
for the consumers to enquire into  
the cause of any variation in the  
ruling rates only when they have  
to pay rates higher than that paid  
hitherto, but when they have to pay  
a little lower rate; they want no  
care to go into the question as to the  
cause & the extent of the variation;  
and consequently, as the middlemen  
share the benefit of the reduction  
among themselves, the object for  
which the duty has been reduced  
will not be realized.

11. . . Regarding the salt credit system  
which has been intended to effect  
removals of large quantities of salt  
by competition, and which has  
emboldened solvent men to venture  
into the business, because of the  
large amount of interest they were  
realizing before the reduction of  
duty, on the accumulated securities,  
has become nominal. After the  
gradual reduction of duty, it is  
it may be presumed, that such  
reduction would result in proportionate



increase in consumption; but the  
 consumption has almost reached the  
 maximum limit, and so no perceptible  
 increase can be expected, so as to recover  
 any portion of the remitted revenue; and  
 consequently, as under the reduced scale  
 of duty, nearly 70 more than what  
 has been removed under the old scale  
 of duty, should be expected, so as to  
 keep the already deposited securities  
 increasing, which will be simply  
 impossible; it would therefore affect  
 the Credit Order System, by the withdrawal  
 of so much of the deposit, as cannot  
 be utilized for the removal of salt.  
 Taking the average consumption of  
 the Madras & Bombay Presidencies to  
 be 88 Lakhs of Rs each or say 176 Lakhs  
 of Rs for both, and taking 100 Lakhs of  
 Rs as being removed under the  
 Credit Order System the amount of  
 deposit when the duty was

	Deposit	Interest for months payable by payment for maintaining the system
Rs 2.8 - - - - -	Rs 575 Lakhs	Rs 656,250
" 2.4 - - - - -	" 500 - - -	" 525,000
" 1.8 - - - - -	" 225 - - -	" 393,750
" 1 - - - - -	" 150 - - -	" 262,500

and the fall in the securities in the  
 present reduction comes to about

225 Lakhs, and it must be considered, whether the removal of salt have gradually risen up to such an extent, as to cover the said fall or any portion of it, in the securities. Let us see how far the consumption has increased since the reduction of duty & whether it has been in any way proportionate to the reduction.

(1) When the duty was Rs. 2-8-0 & the average consumption of the Madras Presidency per year was  $\frac{86,44,763}{24,67,779}$  Mds

(2) When it was reduced to Rs. 2/- on the 10 March 1900, it was increased to 90,61,870 Mds

(3) When it was further reduced to Rs. 1/8.

& Mds on the 22 March 1900 it was further increased to 95,17,390 Mds.

Thus it will be seen, that the increase was so imperceptible, as not worth considering, when compared with the fall of the house hold in the deposit of securities.

Again turning to competition

(1) When the duty was Rs. 2-8-0 & Mds, the amount of deposit was 300 Mds came to Rs. 750 & the interest for 6 months Rs. 15-2-0

(2) When it was reduced to Rs. 2/- the amount of deposit was Rs. 600 & the interest for 6 months was Rs. 10-8-0

(3) When it was further reduced to Rs. 1/8, the amount of deposit was Rs. 500.

and the interest for 6 months  $P. 7. 14. \dots$   
d. When it has been still further reduced  
to  $P. 7.$  the amount of deposits is  $P. 300. 8$   
the interest for 6 months.  $P. 5. 4. \dots$

It will be thus seen that the  
inducement to solvent merchants  
could be greater, and the competition  
will be more keen, when the duty is  
high, and there will be scope for the  
selling price of sale being placed  
below their purchase price, because  
of the consideration of the tax interest,  
that wants be realized on the accu-  
mulated securities, while in the present  
reduction.

- (1) the interest is low.
- (2) the interest derived is comparatively small.
- (3) the adoption of the system is risky, considering the probability of the fall in the market value of securities at the time of renewal or sale.
- (4) the manufacturers' rates are high and hence apart from there being no room to make any reduction in the selling price; so as to appeal to large & speedy removals by competition, it will be of no inducement to solvent men to venture into the trade, because of their having to depend solely on the

people they may make on salt  
12. Means to be devised to benefit  
the consumers.

### Madras Presidency

The best way to benefit the  
consumers, as also to free the manu-  
facturers from the clutches of the  
capitalists, is, that as the selling  
price in all the factories & adjoining  
factories cannot be controlled, even  
by the maintenance of reserve stocks  
on monopoly factories & extensions,  
Depôts must be opened in each Taluk  
within the premises of the Taluk Assembly,  
as almost all the Taluk capitals have  
been connected by Railways, and  
the required quantity of salt should  
be supplied each month on application  
by the Sabotdar from the nearest  
monopoly factories or from any  
reserve factories where cheap salt  
is available, and sales to be conducted  
either by the Taluk Head of Assembly  
or by the Head Quarter Sub-Inspectors  
of the Salt Department, and salt issue  
on production of receipt of payment  
into any Treasury. The selling rate  
per salt at the Depôt, must be the  
cost price at the factory plus the  
transport charges to the Depôt. Under  
this arrangement, those who can

for themselves; can either purchase  
independently or jointly, and those  
who can purchase only for the time  
being, can have their supply from the  
retail merchants, who can also  
purchase from the Depots, and in  
both cases; the consumers will have  
to pay only the petty single profit  
of the retail merchants. The maintenance  
of these Depots would not retard the  
sales of the excise factories; while  
in the other hand they will be freed  
from the clutches of the capitalists  
and salt credit merchants, & besides,  
these will have a control over the  
selling prices of such factories; because  
if they should sell at high rates, the  
consumers can have recourse to the  
State Depots. The most important  
of all, those excise factories that  
cannot maintain themselves

dependent of the capitalists, would  
then revert to the monopoly system  
in case themselves at their own needs.

### Bombay Presidency.

As no means can be devised  
to exercise a possible check on  
the manufacturers or sellers rates,  
so long as the entire Presidency

System, the only course, I want to suggest, is that the "Dhansu" factory, which the Bombay Government are contemplating to open for the main purpose of ensuring of sale to meet unforeseen shortages, may be utilized for the maintenance of monopoly stock control over the prices.

### Conclusion

If the measures suggested above cannot be carried out, then instead of allowing middlemen to benefit by the reduction, it will be well for Government to utilize the reduced rate towards the Land Revenue which will be enjoyed by all the cultivating class.

1<sup>st</sup> May 1907. S. M. A. Kasariya

# FAIR PLAY FOR INDIA. IV.

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12 8

## RESTORING GOLD COINS TO INDIA.

In the *Pioneer* (Allahabad) of the 11th December 1912, appeared a letter opposing the ... "mischievous agitation which advocates the free coinage of gold for this country" ... The grounds upon which the restoration to India of gold money is condemned, are as follows:—

- (1) The people of India do not want gold for currency
- (2) Gold will not circulate in India even if an attempt be made to "force" it into circulation; it will simply be hoarded.

The *Pioneer's* correspondent "defied" anybody to bring forward "any rebutting evidence against the general truth of these assertions" ...

In the interests of truth and fair play for India, and also because some people may be misled into thinking that the *Pioneer's* correspondent has advanced sound reasons against a gold currency for India, I hasten to offer the following "rebutting evidence":—

(a) From my own personal knowledge and observation as a merchant with over twenty years' experience of western and north-western India, I unhesitatingly testify that gold money is being used as currency in Sind, the Bombay Presidency proper, and the Punjab to a far greater extent than I have ever known before.

(b) With regard to southern India, Mr. W. B. Hunter, the Secretary of the Bank of Madras, has just stated at the Annual General Meeting of the Madras Chamber of Commerce that ... "the true facts are that the circulation of gold is increasing quite rapidly enough and requires no pushing."

(c) With regard to northern India, I give the following extracts from the Reports of various authorities to the Commissioner of Paper Currency at Lahore:—From the Deputy Commissioners of Ambala, Multan, etc.:—*Ambala*:—"The use of gold among all classes may now be considered general." *Gujranwala*:—"There has been a very marked increase in the use of sovereigns by the people of this district." *Gurdaspur*:—"There is no doubt that the circulation of sovereigns is considerably larger than it was in the past. This is true of the village bazaar as of the urban market." *Hoshiarpur*:—"Gold is generally tendered in the bazaars when making large payments. The people give preference to gold over silver." *Jhang*:—"The people prefer gold because it is less troublesome than silver." *Lyallpur*:—"The European Firms prefer silver, but among the agricultural classes, sovereigns are popular and in constant circulation." *Multan*:—"A considerable portion of gold is in circulation and daily transactions in big villages and towns are carried out in gold to some extent." *Shahpur*:—"About three-fifths of the gold issued from the Treasury is actually in circulation as currency." *The Punjab Chamber of Commerce at Delhi* write:—"Sovereigns are becoming popular and their circulation is increasing. They are accepted as legal tender in the bazaars and this may be attributed to the intelligence of the people." From the Banks comes a similarly unanimous testimony in favour of the popularity of gold among all classes. *The National Bank of India* writes:—"Sovereigns are rapidly taking the place of rupees throughout the Punjab." *The Chartered Bank of India, Australia and China*, writes:—"The sovereign is now firmly established in popularity for currency purposes." *The Bank of Bengal* (at Delhi and Lahore) state that, ... "The daily transactions in sovereigns are growing wider." All the

Other Banks report the same. *The Commissioner of Paper Currency, Lahore*, correctly sums up the whole situation in his Report of the 30th July last:—  
 “The replies” (from all whom he had consulted) “constitute a large mass of  
 “evidence which is almost unanimous in declaring that the popularity of the  
 “sovereign as currency is greatly on the increase, and that there is practically  
 “no part of the Punjab or the Frontier Province where it is not eagerly sought  
 “after and accepted.”

So much for the *Pioneer* correspondent's assertion's that people of India do not want gold, and that they will only hoard it if Government “force” it upon them. The truth is that the peoples of India, not being fools, can as easily see the superiority of gold money to silver money as the peoples of Europe, or Australia or South Africa, or Japan. And recognising that gold money possesses manifold advantages over silver token coins, they are asking for more and more of it every month.

But assuming for a moment that the peoples of India were as backward and stupid as the *Pioneer's* correspondent seems to imagine, is this a good reason why our highly civilised Government should take advantage of their ignorance and stupidity and decline to restore gold coins to them, and to equip them with the best form of metallic monetary tools available at the present day? The peoples of India have never called out, so far as I am aware, for canals, railways, telegraphs, posts, medical supervision, sanitary precautions, or, indeed, for any of the many improvements that a benign Government have introduced to this country. Yet Government have gone ahead. Why? Because they considered that canals and railways, &c., were improvements calculated to better the condition of the people. In exactly the same way, the advocates of a gold currency of India demand the opening of the Mints to the free coinage of gold, *not* because the peoples of India have asked for the measure, *but because a gold currency (with fractions of silver, nickel or copper) is unquestionably a step in advance of the dangerous, artificially valued, State-managed silver token currency under which India now labours.*

As for the assertion frequently made that those who desire to use gold coins can easily to do so by insisting upon such coins being paid to them by their debtors, it seems necessary to point out that so long as Government deliberately hinders the free inflow of sovereigns into India by voluntarily selling rupees to buyers in London *at less than the equivalent of what it costs to import sovereigns into India*, it is almost impossible to establish a gold currency in India. It is not a case of the peoples of India not wanting gold coins; it is a case of the India Office in London, under the influence of a section of London's bankers, financiers, brokers and bullion dealers, deliberately preventing India from having gold coins, and so keeping India a century behind the times, and in company—so far as her currency system is concerned,—with poor, backward countries like Persia and China!

Such a monetary policy appears to me deplorably inconsistent with the Government of India's high ideals and splendid attainments in other departments.

M. de P. WEBB,

(*Chairman, Karachi Chamber of Commerce.*)

Karachi, 15th December 1912.



20  
The Honrable Mr. Epalrao K. Gotchale  
with compliments.

# EVIDENCE

RELATING TO IMPROPER PRACTICES IN THE

COLLECTION OF LAND REVENUE

WITH

COVERING LETTER,

$\frac{H}{P}$  9

SUBMITTED TO THE

*GOVERNMENT OF BOMBAY.*

BY THE

HON'BLE MR. GOKULDAS KAHANDAS PAREKH.

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Bombay:

PRINTED AT THE "TIMES OF INDIA" PRESS.

1900.

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GIRGAUM, BOMBAY, 28th September 1900.

To

THE HON'BLE

**Mr. J. W. P. MUIR MACKENZIE,**

Chief Secretary to the Government of Bombay,

at POONA.

SIR,

I have the honor to submit herewith for the consideration of His Excellency the Governor in Council, evidence relating to the use of illegal and improper means in the collection of Government revenue in certain parts of the Broach Collectorate and in the Taluka of Olpad of the Surat Collectorate. The greater portion of this evidence consists of translations of statements taken down in Gujerati; the original Gujerati statements are with me, and will be sent to you if His Excellency in Council so desires.

2. In the issues of the *Times of India*, dated 4th and 18th July and 7th August last, there appeared letters signed "Gujerati," containing detailed and definite statements of improper measures adopted for the recovery of the Government revenue demands. The more important allegations in these letters were to the following effect.

*Letters of "Gujerati."*

3. (1) That several parts of the Broach Collectorate have been suffering from bad seasons for more than 5 years, that the condition of the agriculturists in these parts has been deteriorating from year to year, that in 1899 many agriculturists found much difficulty in meeting the Government demands for the year, and that large areas of lands in Anklesar Taluka and the Peta Mahal of Hansot were relinquished; (2) that some agriculturists who had failed to pay their revenue demands had been beaten and otherwise physically maltreated; (3) that in some cases persons whose Government demands remained unpaid were with their families removed from their houses, which were closed and were secured against opening by the fastening of iron bars, &c.; (4) that the village officers attached, without any authority from and even the knowledge of the Mamlatdars and higher officers, moveable properties of persons against whom the demands remained outstanding and that in most cases they attached ploughs and other implements of agriculture, plough cattle, wearing apparel of the person and his family, their beddings and like articles which were not legally attachable; (5) that locked houses were opened in the absence of the inmates for the purpose of making distraint of property contained in them; (6) that the floors of houses were in some instances dug up; (7) that villagers were prevented from taking water from the village wells; (8) that in consequence of the severity of the measures the agriculturists were obliged to borrow, to sell their agricultural cattle, or the grain required for the maintenance of their families, or the fodder

*Allegations in "Gujerati's" letter.*

needed to keep their cattle alive; (9) that Government revenue was recovered out of moneys advanced to agriculturists as *takavi*; (10) that it was recovered out of moneys given in charity out of the charitable funds; (11) that one Bai Mani was subjected to an insulting search of her person; (12) that one Bhima Prag was marched without proper dress from his village to Olpad and detained there without food; and (13) that a Vania of Saool and a Rajput of Bhadol who were no way responsible for the Government revenue were forced to make payments in consequence of oppressive treatment.

*Government enquiry. Reports of their officers.*

4. With reference to the statements in these letters, Government, while not considering it necessary to make any independent enquiry, have obtained reports from the officers, the propriety of whose actions had been questioned; and on the strength of these reports they have pronounced that "most of the statements in the letters were devoid of foundation and others grossly misrepresented facts."

*Reference to measures at debate of Legislative Council.*

5. In my address at the last meeting of the Legislative Council held on the 24th ultimo, I referred to the subject of the use of improper and illegal measures in the collection of Government dues, and in connection with it made the following observation:—"There is *much evidence* available to show that the lower subordinate officers have used such measures as ejecting and shutting out defaulting cultivators for several days from their homes, prohibiting them the use of the water of the village wells, levying unauthorised distraints without orders from their superiors, the unauthorized opening of locked houses in the absence of their owners, the attachment of the grain required for the maintenance of the agriculturist and his family, their *wearing* apparel and bedding, and of agricultural implements, and the deduction of Government money out of *takavi* advances and the grants made from charitable funds." I also submitted a remark to the effect that the measures used by the subordinate officers were calculated to defeat the intentions of Government of not using such pressure as would force a cultivator to incur debts.

*Hon'ble Monteath's marks.*

*Mr. re.*

6. In connection with the above observations the Hon'ble Mr. Monteath made the following remarks:—"Several Honourable Members and in particular the Hon'ble Mr. Gokhale and the Hon'ble Mr. Parekh have repeated general allegations of the use of oppressive measures in the collection of the revenue, but they have not furnished one iota of evidence on the subject. I apprehend that the Hon'ble Mr. Parekh's statements on the subject are based on the letters of 'Gujerati,' and although in view of the papers we have laid on the table I should scarcely have expected him to pin his faith any longer on that authority, he does not seem to have any better to go on, at least he tells of none." Again His Excellency the President said as follows in connection with this matter:—"I do most earnestly invite the assistance of all members of Council, and I may say especially of native members of the Council, for instance the Hon'ble Mr. Parekh, who said in his speech that there is plenty of evidence to show that in some parts of the Presidency instructions of Government were not carried out, and I do invite him most earnestly to furnish us with that plenty of evidence, because I am sure the Council must feel that the Government must rely on their Collectors and their Commissioners and their officers."

*H. E. the Governor's remarks.*

7. In the course of my enquiries in connection with the matter under discussion, I had become aware of the existence of evidence bearing on it, I did not rely barely on letters appearing in a newspaper, and my statement before the Legislative Council that there was much evidence available to prove the illegal and improper acts of the lower subordinates was advised and deliberate. I have therefore thought that I ought to accept the invitation of His Excellency the Governor to place before him evidence to show illegalities and irregularities practised in the collection of the Government revenue.

*Accepting invitation to produce evidence.*

8. As the officers of Government alleged that there were conspiracies, and that interested persons got a cry of oppression raised, not in the public interests, but falsely with the object of gaining their own individual ends, I thought it necessary to go to the locality myself and to verify personally the evidence to be placed before Government.

*Evidence verified personally.*

9. With the exception of Narotam Kuber ( No. 45 ) and Hirabhai Chhitabhai (No. 46), all the persons whose statements have been submitted had appeared before me ; in two instances the witnesses' statement are taken down by a third party in my presence ; I have taken down the rest of the statements in my own hand. I tried to satisfy myself as well as I could in an *ex parte* investigation, that the witnesses were telling the truth.

*How evidence verified.*

10. From the accompaniments of Government Resolution No. 3161 of 22nd August 1900, it appears that some officers of Government think that one Mr. Jivanji Limji of Ilav having become dissatisfied with certain measures of Government directed against him and his property, has out of spite put forward complaints under the name of "Gujerati" in the columns of the *Times of India*. I do not like to concern myself with the question of the identity of 'Gujerati' with Mr. Jivanji or whether Mr. Jivanji's grievances are real, Mr. Jivanji is quite able to defend himself against accusations made against him and he does not require my protection. The only question with which I am concerned is, whether the truthfulness of the evidence that is herewith placed before His Excellency in Council has in any way been affected by outside influences. In the investigation which I made I did not find the slightest ground to suspect that the witnesses had been tutored, or directly or indirectly induced or persuaded to say anything that was not true.

*Witnesses not tutored.*

11. Before proceeding to refer to the evidence about the methods of collections, it is necessary for me to say a few words about the conditions of the soil and the cultivators of the locality to which the evidence relates. I think Government will find by a reference to their records that for some years the soil of the Talukas of Hansot and Anklesar has been yielding very poor crops, that the collection of revenue is becoming more and more difficult every year, and there is a large increase in the number of relinquishments of Government land by the occupants. The Mamlatdar of Anklesar in his report attempts to explain the fact of the number of relinquishments by the emigration of the Koli cultivators to Native States. He considers that the hardworking Kolis leave because they are unable to bear the vexing and harrassing of the *sowcars* and liquor-sellers ; but there is a feature in these relinquishments which is not satisfactorily explained. A large area of land is absolutely relinquished and no man

*Condition of soil and cultivators.*

takes it up. Such relinquishments show that in that Taluka the deterioration of the land has reached such a stage, that the difference between the value of the outturn and the assessment and other costs, is not enough to defray even barely the cost of agricultural labour. They indicate that the difference between the value of outturn and the costs including the Government assessment has become so attenuated as to reach the breaking point.

*Poverty of land.*

12. In connection with this question there are certain facts disclosed by the evidence, which cannot but give cause for much anxiety about the economic conditions of the land and the people. In the village of Obha for the last five years attachments have become necessary for the realization of Government revenue (statement of Dahya Rama, No. 6). At Balotra, the cultivators are getting poorer and poorer every year for these five or six years. In 1898, the Government revenue could not be recovered without attaching the moveables in many places, and turning out the inmates of some houses. In 1899, too, the moveables of some houses were attached (see statements of Ramji Bhana, No. 9, of Bhikhi and 2 others, No. 10, and Kala Mulji, No. 11). At Saool the condition of the inhabitants is getting worse and worse every year for the last six years. During the last five years attachments of moveable property have become necessary for the purpose of recovering assessments. In 1899 attachments of moveable properties were made at almost all houses in the village. Rasul Sedu, a cultivator of the village, was at one time in good circumstances. He has parted with his ornaments, and he has been obliged to incur fresh debts every year for the last five years for paying Government dues and defraying the cost of agriculture (statement of Rasul Sedu and 7 others, No. 12). At Dungra, there have been bad crops during the last five years, and Husen Ashraf, a cultivator cultivating 100 acres, had in 1898 to sell his grain and bullocks for paying the Government revenue, and in 1899 his land was forfeited for his inability to pay it (statements of Husen Ashraf and Umar Rahim, No. 13). At Sunev there have been bad crops for seven years, and Bhagu Madhavram, a Sajodra Brahmin cultivator, who holds about 700 bighas of land, and was at one time very well off, has since lost his savings, mortgaged his ornaments and about 150 bighas of his land, for meeting the Government demands and for defraying the costs of cultivation (statement of Bhagu Madhavram, No. 14). In Kathodra there was a partial failure of crops in 1897, and the moveable property of seven or eight cultivators was attached for realising Government dues. In 1898 attachments had to be made at the houses of all cultivators for the recovery of the revenue, and in 1899 too the moveable properties of all the inhabitants were attached, several people were ejected and kept away from their houses, and several lands were forfeited for obtaining recovery of Government revenue (statements of Bhana Koya and 6 other persons, No. 15).

*Other instances of poverty of land.*

13. The following facts, which are well known in the district, and which can be very easily verified by Government records, show that the lands in many parts of Hansot, Anklesar and Olpad, were even before the famine found to be too poor to pay the cost of cultivation and the Government assessment:—

(a) The late Rao Bahadur Umedram held alienated personal Inam lands at Kuradara in Hansot Mahal, for which he had to pay

not the full assessment, but merely summary settlement and quit rent ; and yet it did not pay the heirs of Mr. Umedram to keep the lands. They have declined to make any payment for these lands, and expressed their willingness not to have to do anything with them.

- (b) Some of the Rajputs of Sisodra, Anklesar Taluka, held alienated lands in their village, for which they had merely to pay quit rent and summary settlement, and these they have relinquished.
- (c) Mr. Kavasha Edulji Modi, who had paid several thousands of rupees for the purchase of occupancy rights, in 1889 relinquished considerable lands in the villages of Umrachhi, Bolav, Kimamli, and Kathodra.
- (d) Mr. Jivanji Limji, of Ilav, relinquished about 250 acres of land at Sisodra, Anklesar Taluka.
- (e) In Hansot, Anklesar and Olpad relinquishments of considerable areas took place about the end of 1898-99.

14. With reference to the question of the use of illegal and improper measures in the collection of land revenue, I trust that His Excellency in Council will find ample evidence in support of all important statements in the letters of "Gujerati."

*Statements in "Gujerati's" letters supported by ample evidence.*

15. There is a large quantity of evidence to show that beating and physical ill-treatment of the persons owing revenue dues to Government were resorted to to compel them to find out means for making payments. In connection with this method of enforcing payment the name of Karkun Chhaganlal of the Olpad Katchery with the horsewhip as his favourite instrument comes into much greater prominence than that of any other servant of Government. On the question of beating and physical maltreatment I draw the attention of His Excellency in Council to the following evidence :— The statement of Mani (No. 1) shows that her son was beaten with a stick at Obha. The statements of Lala Mava (No. 5) and of Dahya Rama (No. 6) show that the Mamlatdar's Karkun and a peon had beaten Lala with a stick and the statement of Lala Mava (No. 5) shows that the Karkun had caused him to stand stooping and he had a millstone kept on his back for about half an hour. The statement of Ramji (No. 9) mentions of the Talati beating Karsan Lakhman, Gopal Virsing, Narsi Fatu and others for the purpose of obtaining payment of Government revenue, and this statement is confirmed by Bhikhi and two others (No. 10) and by Kala Mulji (No. 11). Fakira Jaga (No. 20), Kuverji Ichha and Kashi Parbhu (No. 25), Baghvan Rama (No. 27), Ganesh Dulabh (No. 28), Makan Lala and 11 others (No. 29), Gangaram Khumaji (No. 30), Karsan Hansji (No. 32), Ganesh Valabh (No. 33), Amtha Hira (No. 34), Kalia and 14 others of Kadrama (No. 35), and Ranchod (No. 42), speak of Chhaganlal's striking people with his horsewhip. Govind Bhagvan (No. 19) speaks of Chhaganlal having threatened to strike him. The Kadrama witnesses, Kalia and 14 others (No. 35), speak of people being struck with sticks, clubs and kicks, in addition to the horsewhip. It appears from No. 29 that two of the people of Bhadol had actually gone to

*Beating and physical ill-treatment.*

complain about their being beaten to the Commissioner, N. D. There is one case of physical ill-treatment which has for more reasons than one to be singled out from the rest. When the Mamlatdar went to Bhatgaum he ordered one man, Ranchhod Khushal, from whom some money was due, to have his hands tied by a rope, and he was conveyed through his whole village in that condition. Then the rope was given into the hands of the village Dhed, and he was conveyed in that state to Olpad (statement of Ranchhod Khushal, No. 42). Conveying a man with his hands tied with a rope is regarded very degrading by the people. A Dhed is a lowcaste man, whom people are not permitted to touch, and to have a man march from one village to another with one of the ends of the rope in the hands of a Dhed, is considered exceedingly degrading.

16. In para. 15 of the letter of the Collector of Surat, which is an accompaniment to the Government Resolution No. 3161, it is stated that Chhaganlal was attacked by a body of villagers at Takarma, and in repelling the attack he beat two or three of them. In the absence of names I have not been able to get evidence in connection with the incident referred to, and therefore I am not in a position to say whether Chhaganlal was really attacked, or whether his report was a mere attempt to save himself in the event of a complaint about injuries inflicted by him being made to proper authorities. If the complaint was well founded, it is difficult for me to conceive why the Mamlatdar should have doubted its success; no public officer like a Mamlatdar would have failed to adopt proceedings if the inhabitants of a village had lost so much of their proverbial timidity as to attack a Mamlatdar's Karkun when discharging his duty. I also think that villagers would never get so emboldened as to assault a Mamlatdar's Karkun, if the Karkun was only carrying out legal measures for the recovery of Government moneys. There must be something very objectionable to drive them to such a pitch of exasperation, and this incident would therefore support more the evidence relating to Chhaganlal's acts than weaken it.

*Removal of agriculturists from their houses.*

17. The second objectionable measure referred to in the letters of "Gujerati" was of driving away people from their houses, closing them against entrance and securing the doors against opening by the fixing of iron bars or sticking signed pieces of papers. On this point there is the evidence of Mani (No. 1) and Dahya Rama (No. 6), the Police and Revenue Patel, for Obha; of Ramji Bhana (No. 9), Bhikhi and 2 others (No. 10), and Kala Mulji (No. 11), for Balota; of Bhana Koya and 6 others (No. 15), for Kathodra; of Makan Lala, Police Patel and Revenue Patel, and 11 others (No. 29), for Bhadol; and of Kalia Visram and 14 others (No. 35), for Kadrama. In connection with this question, I beg to draw the attention of His Excellency in Council to the deposition of Chhotalal Ramchandra, Talati of Saool, in the case of Imperatrix *vs.* Harilal and others, tried by Rao Saheb S. B. Upasani, 1st class Magistrate of Anklesar. In that deposition the Talati has stated as follows:—"I have been working as Talati for sixteen years. My whole service has been performed in Broach District in Vagra and Amod Talukas and Hansot. I have been serving as Talati in Hansot Peta for six years. In case any rayat fails to pay assessment when due, the Karkun gets the rayat's doors barred by an iron ring being fastened on it, on a lock placed with a seal put upon it. If the Karkun have come for attachment, and the defaulting



owner have left his house locked, the Karkun gets the lock removed even in the owner's absence for the attachment." In the case of Mania Pema he was not permitted to enter his house temporarily for performing some necessary ceremonies in respect of his deceased sister (No. 29).

18. The Mamlatdar of Olpad, in his report which accompanies the Government Resolution, says that the chits were applied to the houses by the acting Patel of Bhadol in order that the owners may thereby be induced to come to him for the purpose of giving certain information that was wanted of them; but Dahya Fakira, who was the acting Patel at the time, joins in No. 29 in stating that the inmates were actually ejected from their houses, and that the number of houses from which the inmates were thus removed was much larger than three. His Excellency in Council will thus see that the Mamlatdar's explanation in this matter is not correct.

19. The third subject of the letters of "Gujerati" is, that the Talatis, alone or sometimes with the assistance of a Taluka Karkun, levy attachments at their own will; they do not give intimation to, or obtain the sanction of any superior authority, and their action in the matter is never checked or supervised. I do not wish to trouble His Excellency by any reference to evidence on this point, as the existence of this practice was distinctly admitted by the Government officials in the case of Imperatrix *vs.* Harilal, referred to in para. 17. The next ground of complaint is that they sometimes levy attachments at the houses of all, or almost all, the agricultural inhabitants; wearing apparel, implements of husbandry, food required for the subsistence of the agriculturists' family and fodder required for their cattle, which are held privileged by statute or under the orders of Government, are attached and taken away. In a majority of cases all the belongings of indigent cultivators are taken away. At Obha implements of husbandry, beddings, grain not exceeding 3 maunds were attached and removed (statements of Mani, No. 1, and Dahya Rama, No. 6). A bullock was taken away while actually tilling lands (statement of Lala Mava, No. 5). Doors were unhinged and staircases were unfixed and removed (statements of Dahya Rama, No. 6). Statements of Ramji Bhana (No. 9), of Bhikhi and 2 others (No. 10), of Kala Mulji (No. 11), of Rasul Sedu and 7 others (No. 12), of Bhana Koya and 5 others (No. 15), of Mithio Hanslo (No. 16), of Dhula Parag (No. 22), of Morar Jesang (No. 31), of Kalia Visram and 14 others (No. 35), of Mahomed Asmal (No. 39), show that agricultural implements, grain required for the agriculturists' subsistence, necessary wearing apparel and beddings, and plough cattle were attached at the villages of Balota, Saool, Kathodra, Dungara, Takarma, Koba, Kadrama and Piraman.

*Attachments by village officers of privileged articles.*

20. The fourth subject of "Gujerati's" complaint was the forced opening of houses secured by padlocks in the absence of their owners. I have not thought it necessary to take any evidence in connection with this question, as sufficient evidence bearing on it was recorded in the case of Imperatrix *vs.* Harilal, to which reference has already been made. The blacksmith who was examined in that case says: "I have thus to open locks on several occasions every year for attachment for recovery of Government assessment. The locks of about 20 to 25 houses were thus got opened by me last year for attachment for Government assessment." This practice appears to be prevailing also in other parts of Broach. Witness Chhotalal, a Talati of 16 years'

*Opening locked houses in absence of owners.*

experience, says:—"If the Karkun has come for attachment and the defaulting owner has left his house locked the Karkun gets the lock removed even in the owner's absence for the attachment." In connection with the case which was tried by the 1st Class Magistrate at Anklesar, the Hansot Mahalkari, in para. 3, sub-para. 5, of his report, which is an accompaniment of the Government Resolution, tries to make out, that Sona, the defaulter, had sent away her crops to some one at Ilav and secretly removed her moveable property; that the aunt-in-law who stood security gave the information to the Talati and desired that Sona should be called upon to give some other surety in her stead; that Sona was asked to give surety, but failed to do so; that Sona had locked her house and had gone away to the field to defy the Government powers of attachment; that the Talati had sent a Dhed to ask her to return, but she declined to do so; and that there was a *panch* present when the attachment was made. Most of these statements, however, are inconsistent with what was disclosed in the trial of the criminal case and the evidence I have recorded. As regards the removal of the grain, it had been sent with the express object of obtaining the means for the payment of Government dues, and had actually been returned to her before the attachment, and was in the house at the time of attachment (statement of Uttamram Nandram, No. 7); there was no mention in the case of clandestine removal by her of any moveable property; as regards the aunt-in-law, it does not appear what statement she made, but it appears from the evidence of the Karkun Navalram Tuljaram that he took down the statement on the night after the attachment was made and not before; as regards Sona's being sent for through a Dhed before opening the lock, that is inconsistent with the following portion of the statement of the accused Harilal in that case:—

A.—We went to the complainant's house, but did not find her in the house.

Q.—What happened next?

A.—The Karkun told us to send for a blacksmith to open the lock of the house to attach the property in her house for arrears of Government assessment.

As regards the presence of *panch*, no *panch* witnesses were called nor was any *panchnama* produced, and this is unlikely if there were any *panch* present during the attachment.

*Mahalkari's view  
of prosecution.*

21. The Hansot Mahalkari in his report in some places refers to the acquittal of the Talati in such a way as to imply that he had been improperly prosecuted. But he ignores the most essential fact, namely, that the acts with which he was charged were proved and they were held to be unlawful; he was acquitted merely because he was not acting of his own accord, but under the order of the Karkun of the Mahalkari Kacheri, who was his official superior. The Mahalkari regrets that the Talati who had *prima facie* done an illegal act should have been put to the expense of Rs. 150 in defending himself. The Mahalkari considers that the Talati's prosecution deadened the animal spirit of the village officers and enlivened those of defaulters, and this has resulted in only Rs. 50,000 being realized out of a lakh that were estimated. His Excellency in Council will no doubt notice with surprise what a large portion of the Government revenue requires for its collection the continuance of illegal methods of recovery.

22. The next subject of "Gujerati's" complaint is that in some cases floors of houses were dug up, under orders of persons making the attachment. The evidence, which shows that floors were dug up, consists of the statements of Ramji Bhana (No. 9), of Bhikhi and 2 others (No. 10), of Kala Mulji (No. 11) and of Morar Jesang (No. 31). *Digging up floors.*

23. Another measure mentioned by "Gujerati" as used to force people to get money for the payment of the Government revenue was preventing rayats from taking water from village wells. This took place at Bhadol and Kadrama (see statements of Makan Lala and 11 others, No. 29, and Kalia Visram and 14 others, No. 35). *Prohibition against taking water from village wells.*

24. I shall now refer to evidence of other measures used for obtaining recovery of revenue. A charge of instigating rayats not to pay their assessments was made against Morar Jesang (No. 31). Summons was taken out and it was dropped on his paying the assessment. If the charge were true, I am unable to understand why the case against him was not proceeded with. In the case of Makan Vanmali of Erthan, he had taken cotton belonging to himself and others for sale to Sayan with the object of purchasing fodder for their cattle out of the proceeds. The revenue instalments had not become due, and yet the Mamlatdar of Olpad placed the cart, the bullocks, and the goods under attachment, and threatened to send them to Olpad; it was only on the broker's agreeing to pay the whole of the proceeds to the Mamlatdar that they were released. The Mamlatdar would not agree to stay till the instalments became due in the ordinary course. Then the four persons who owned the cotton were required to attend the Olpad Katcheri and they were permitted to go, on their passing agreements to pay and giving as their surety the village Patel. Under the circumstances they were forced to borrow and could not purchase sufficient fodder for their cattle (statement of Makan Vanmali, No. 26). *Other methods.*

25. I have next to refer to the complaint of forfeitures and threats of forfeitures being resorted to as a measure for the recovery of Government demands. Where there is no question about the existence of means in the hands of the agriculturist for the payment of the Government dues, there can be no objection to the application of this method; but this method becomes open to objection when its effect is to turn Government occupants into day labourers or when in hard times people are forced to borrow. I have already referred to the great poverty of the inhabitants of the villages of Obha, Saool, Dunga and Kathodra, and yet in these villages numbers of occupancies were ordered to be forfeited in 1899 (statements of Dahya Rama, No. 6, of Rasul Sedu, No. 13, of Bhana Koya, No. 15, and of Mithio Hanslo, No. 16). There can be no doubt that if the persons whose lands were forfeited had means or were able to borrow, they would not have allowed their lands to be lost in that way. This must have been the view of the Revenue officers, when in September last year, they ordered the forfeited lands to be returned back to the original occupants. In the Olpad Taluka, Chhaganlal Karkun threatened people with forfeiture of their lands when he found it desirable to do so (statements of Kuvarji Ichha, No. 25, of Ganesh Dulabh, No. 28, of Amtha Hira, No. 34). The evidence on the manner in which forfeitures are conducted in the Anklesar Taluka is contained in the statements of Bai *Forfeitures.*

Asha (No. 38), of Bai Khaja (No. 40), and of Bai Fatma (No. 41). They were up to last year always regular in the payment of their dues, they are poor, and one of them is in receipt of the village gratuitous doles. I do not think there was any ground to suspect that these women have concealed or held back any property, and yet in the opinion of the Mamlatdar the people ought not to get back their lands for cultivation.

*Hand-bills.*

26. In connection with this question, one of the letters of "Gujerati" referred to hand-bills issued by the Mamlatdar of Anklesar, under the orders of the Collector of Broach, intimating to the rayats that when lands were forfeited they would not be returned to the last occupants, but would be sold away by public auction and transferred to the highest bidders. With reference to these hand-bills the Mamlatdar in his report which is published with the Government Resolution says as follows:—"The issuing of the hand-bills is without foundation. There is no semblance of truth in it. It is an astounding allegation." I enclose herewith a translation of one of the original hand-bills which is marked as No. 44. It purports to have been issued from the Mamlatdar's Office, bears date, April 15th, and Number 1310, and purports to be signed in print by Ajum Pursotum Ichharam, 1st Karkun of Anklesar, on behalf of the Mamlatdar. From this His Excellency in Council will be pleased to see that however astounding the allegation might have appeared to the Mamlatdar, it is not untrue.

*Mamlatdar's denial.*

27. The Mahalkari of Hansot in one of his reports, accompanying the Government Resolution says that with the exception of Jivanjee Limji's, he has no instance on record of cases, in which distraints have been issued and orders of forfeiture have been made, for payments in respect of the same lands. I believe the Mahalkari has used the words '*on record*' very advisedly, as he was not likely to be unaware of the numbers of cases in which distraints were issued and orders of forfeitures passed for dues in respect of the same lands at Obha, Saool, Kathodra and Dungra (statements of Mani, No. 1, Dahya Rama, No. 6, Rasul Sedu, No. 12, Husen Ashraf No. 13, and Mithio Hanslo, No. 16).

*Borrowing, mortgage and sale of lands forced on cultivators.*

28. I shall next proceed to refer His Excellency in Council to such evidence as bears on the complaint that the object that Government had in view was defeated by the methods which were adopted by their subordinate officers in making recoveries. There is much evidence of agriculturists borrowing, but I shall only refer to cases where the evidence is capable of being corroborated by documents of undisputable kind. Govind Bhagvan, No. 19, speaks of his father and another Khatedar, named Dullubhram Ravishankar, having been obliged to mortgage their respective lands to an Olpad Saukar named Kalyan Naran, by registered documents. Fakira Bhana, No. 21, had to borrow by mortgaging his house and lands to another Olpad Saukar, Kasiram Jivram, also by a registered document. From the amount he borrowed, the Saukar deducted 11 per cent. as discount, and he had to pay interest at 14 annas per cent. per month, while in ordinary times he would have been able to get money without deduction of discount and interest at 12 annas per cent. per mensem. Dulabh Keshav, No. 23, had to borrow by mortgaging his lands to the above-mentioned Kalyan Naran by a registered document; 10 per cent. were deducted from the

amount of his loan as discount, and he had to agree to pay interest at 18 per cent. per annum. Ukadji Nasarvanji, No. 24, who is maintained out of the Parsi Panchayat charities, had to borrow Rs. 30 from Hirachand Govan, a Saukar of Mandroi, and to sell a bullock, and to obtain a further loan from his brother who is serving as a cook in Bombay, for the purpose of making up the amount of his Government assessment. The same person mentions the names of 4 Parsi cultivators who like himself are maintained by the Panchayat charities and had to borrow at interest, and also the case of a Koli woman Pani, widow of Ukla Bhavan, who had been obliged to sell lands worth Rs. 200 for Rs. 50 only. In the case of one Ganesh Valav, No. 33, he was willing to allow a deduction of 30 per cent. as discount and 18 per cent. per annum as interest to the aforesaid Kalyan Naran, and pass a mortgage document for the loan, but the Saukar would not lend him even on these terms, on learning that Government were recovering their dues from the mortgagees; and he was subsequently relieved from his difficulties by another person who took pity for him and advanced him monies on the mortgage of his house and lands at 12 per cent. interest; the mortgage document is registered. For the purpose of meeting Government demand, and avoiding ill-treatment, Dayal Shankar of Bhatgaum sold away about 75 bighas of land that he possessed and his house to his Saukar, Kesur Lakhmaji, and he has been reduced to the condition of a day-labourer (statement of Amtha Hira, No. 34). The same witness speaks of Dayal Khushal, Rama Khushal and Jadhav Khushal, of his village, having sold away all their lands and their house to Soni Ichharam Morar, of Olpad, and are now holding the properties merely as tenants of the purchaser. The witness also speaks about the sales by Bai Ratan, widow of Punjia Uka, and Bai Devi, widow of Pema Parsotam, of their lands to the said Ichharam for meeting the demands of the Government revenue. For meeting the Government demand, Makan Bhana and Lalia Bhana, of Kadrama, borrowed monies from Kalyan Naran of Olpad, and mortgaged to him 15 bighas of their land and have passed to him a registered document (statement of Kalia Visram, No. 35). Kunvaria Kala, of Kadrama, borrowed from the same Saukar money to pay the Government demand by mortgaging to him his house (statement of Kalia Visram, No. 35.) In the case of Dula Prag, the Taláti took the Saukar with him to the house of the defaulting occupant and attached his property and mortgaged it then and there to the Saukar and obtained from him the amount of the Government assessment (statement of Dula Prag, No. 22).

29. To avoid the pressure, it appears that some people were obliged to sell the fodder required for their cattle, and even the grain required for the maintenance of their families (statements of Fakira Jaga, No. 20, and of Bhagvan Rama, No. 27). *Sales of grain for maintenance and fodder for cattle.*

30. The evidence also discloses instances where the payment of the Government demand has forced people to part with their plough cattle (statements of Rasul Sedu, No. 12, and of Ukadji Nasarvanji, No. 24). One Nanka Bhana was forced to obtain a temporary loan from Kalia Visram and paid off Kalia Visram by selling his bullock (statement of Kalia Visram, No. 35). The Collector's report shews that he had a large outturn, but the evidence shews that it has been considerably over estimated. *Sales of plough cattle.*

*Mamlatdar's indifference at sales of plough cattle.*

31. I was somewhat surprised at the indifference with which the Mamlatdar of Olpad speaks of the continuous sales of plough-cattle at Kareli and Koodsad. There was no abundance of plough cattle in Olpad. The evidence which I submit shews that there has been considerable cattle mortality in that Taluka as well as in the neighbouring Talukas of Hansot and Anklesar. Olpad could not have any cattle to spare. Government have always liberally responded to the Collectors' requisitions for *takavi* money, and cultivators are always very unwilling to part with their cattle. If after this, people are found about the approach or in the commencement of the cultivating season, to sell their plough cattle, it may reasonably be inferred that either there is no proper distribution of the *takavi* money, or that a large part of the *takavi* money is not really applied to the purchase of fodder, but comes back to the Government Treasury in the form of collections. A cultivator in selling out fodder is generally careful to see that he retains enough for the requirements of his cattle. It is under extreme pressure that he would encroach on the stock necessary for the needs of his cattle. I think that in that Taluka, a large quantity of fodder which might have been applied for maintaining cattle had gone out of the cultivators' hands for enabling them to pay their Government dues.

*Attachments of palla ornaments of wives, daughters, &c.*

32. Another measure to which objection has been taken by "Gujerati" is that of attaching the ornaments of wives, daughters and other female members of the agriculturist's family or of putting such pressure on him as to compel him to raise money by selling or pledging such ornaments. All classes of people in Gujerat are obliged to make suitable presents to ladies married into their families. In cases of poor people these ornaments are of small value; rich people may give ornaments of large value. These presents are the special property of the ladies to whom they are given. Their husbands, fathers, and other males of their families have no right over them. It is considered improper and blameworthy for a husband to make use of his wife's *palla* even in times of difficulty; but the use of the *palla* of a daughter, niece, daughter-in-law or other junior female members of a family is considered very dishonourable, sacrilegious and highly improper. Numbers of people would suffer any amount of loss or distress rather than touch such ornaments; and yet there are instances where people have found themselves forced to sell or pledge ornaments of their junior female relations (statement of Morar Jesang, No. 31). There is also evidence of the ornaments of the wives and daughters of cultivators having been attached for their debts to Government. The Mamlatdar of Broach called Khatedar, Narotam Kuber of Jadesar who pays an annual assessment to the extent of 238 rupees to the village Chowra. He had paid Rs. 126 on account of the first instalment, and owed only Rs. 112 on account of the second. He gave the Mamlatdar to understand that he had no means for payment, but the Mamlatdar did not listen, and he sent a Karkun, and the village Talati and Patel to levy attachment at his house. They got Narotam's wife and daughter to remove the ornaments that they had on their persons, they were attached, and taken to the Mamlatdar (statement of Narotam Kuber, No. 45). These ornaments were placed by the Mamlatdar in charge of Hirabhai Chhitabhai, the Police Patel, with directions to return them to Narotam if he paid his dues within two days. Narotam paid his dues within the time and they were then returned. (statement of Hirabhai Chhitabhai.

No. 46.) Narotam had to borrow monies for the purpose of making this payment (statement of Narotam No. 45). "Gujerati" appears to have been a little incorrectly informed in stating that the Mamlatdar went to his place and compelled his wife to deliver over to him the ornaments she was wearing, but his account of the transaction is not incorrect in any other way.

33. These harsh measures have often been directed against the poorest of the rayats. The fact that in adopting harsh measures the poverty of the defaulters and their inability to pay the Government dues is never taken into consideration is illustrated by what has taken place at the village of Bhadol. Makan Lala and 11 others (No. 29) give specifically the names of 10 persons who were removed from their houses, the doors of which were sealed against their entrance. About 15 or 20 days after, the Patel and Talati of Bhadol submitted to Mr. Jiwaji Limjibhai, of Ilav, a list of Bhadol inhabitants who were in helpless condition and required to be helped with food from the private charities that he was managing (statement of Jiwaji Limji, No. 47). In this list will be found names of 8 persons, namely Ganga, Bhikha Mitha, Naran Jivan, Bhani, daughter of Bhagu Asha, Mania Pema, Narson Dipa, Ratna Visram and Dhulia Punjia, who had been removed from their houses as above. The evidence discloses other instances also of persons against whom harsh measures were used and who were obliged to go to the relief works or had to be given gratuitous doles for their maintenance (statements of Parsotam Dulabh No. 2, of Dahya Rama No. 6, of Mithio Hanslo No. 16, and of Bai Khaja, widow of Dauji Museji No. 40).

*Harsh measures often directed against poorest rayats.*

34. Another improper method of obtaining recovery of Government demands, mentioned by "Gujerati" is of making advances for subsistence or fodder or seeds to cultivators, and of recovering the whole or portions of the Government dues out of these advances. Rasul Sedu of Saool was given Rs. 150 for *takavi*, out of this Rs. 55 were deducted on account of his Government dues and he actually got Rs. 95; Ranchhod Makan of Saool was given Rs. 100 out of which Rs. 25 were deducted for Government dues and he received only Rs. 75. Amir Rahim and Jinat of the same village were given *takavi*, out of which Government dues were deducted (statement of Rasul Sedu, No. 12). Then at Kathodra, Bhana Koya of that village was given Rs. 50 as *takavi*, out of this 30 rupees were deducted for Government dues, and Rs. 20 only were paid to him. Lala Koya, Kalia Dana, Kesu Asar and Lakhman Ratan of the same village were given *takavi* advances for fodder, out of which portions were deducted for Government dues (statement of Bhana Koya No. 15). At Kadrama, Mulji Hira, Lala Pitambar, Kunvaria Kala and Gopal Rupa each received Rs. 35 for *takavi*, out of which Rs. 23, 25, 18 and 10 were, respectively deducted, on account of Government dues (statement of Kalia Visram, No. 35). At Piraman, Anklesar Taluka, Khaja, widow of Dauji Museji, was given Rs. 50 for fodder *takavi*, out of which Rs. 24 were deducted for the arrears of the Revenue demand and Rs. 19 on account of an instalment for the repayment of *takavi* that she had received in 1898, and only Rs. 7 remained in her hands out of the advance (Statement of Bai

*Paying Government dues out of takavi advances.*

Khaja No. 41). Bai Fatma of the same village was given Rs. 50 as fodder *takavi*; out of this was deducted Rs. 19 as an instalment of *takavi* repayment and Rs. 5 on account of the Government demand for 1899-1900, and only Rs. 26 remained in her hands. The Hansot Mahalkari in para. 5 of his 1st report says, that no cases of this kind has occurred in his Mahal, as for sometime, in the Mahal no advances used to be made to defaulters, and that after advances commenced to be made to defaulters, most of them had not paid a pie in their khata. Saool and Kathodra are in Hansot, and if the monies that are stated to have been deducted have not gone into the Government Treasury, it would be necessary to enquire whether third parties have not dishonestly appropriated them. In para. 7 of his second report he gives an explanation which is inconsistent with the first. The explanation is that the rayats had monies to pay the Government dues, but they contumaciously withheld payment till *takavi* was received. I request that Government will be pleased to send for a return of persons who have obtained *takavi* advances, giving the amounts they have received as *takavi*, and paid on account of Government dues and in repayment of *takavi*, and the dates of these transactions. Such a return will enable Government to see to what extent the explanation of the Hansot Mahalkari can be reasonably accepted. The Olpad Mamlatdar says that there has been one instance of assessment having been paid out of *takavi* in his Taluka, but this was done for the purpose of creating an instance for "Gujerati". I understand the Mamlatdar to mean by this that some ill-designed person got a rayat to pay the Government assessment out of *takavi*, with the object of bringing discredit on Government officials. But in Kadrama alone the evidence discloses 4 cases of this kind. When Government officers were making strenuous efforts to recover their dues, when the rayats shewed such an amount of unwillingness to pay, and when money difficulties were very great, I think Government will regard the explanation of the Olpad Mamlatdar that the recipients of the *takavi* paid the Government dues not from pressure but with the object of making a case against Government officers at the instance of an Ilav Parsi, as most extraordinary.

Paying Government dues out of grants from charity funds.

35. Another objectionable practice to which "Gujerati" has referred in his letters is that of making deductions of Government dues out of monies of the charitable funds that are distributed through Government officials. Fulji Lakhio, Government Vartania of Kapodra, was given Rs. 7 out of the charitable fund; the whole of this amount was credited in his Khata of Government Revenue and he received nothing in cash. Similarly deductions for Government dues were made out of payments made to Vartania Jivanio Sonio, Vartania Fulji Javer, and Dheds Nathia Khushal, Mulio Bhulio and Nanio Dulio, and Khedut Kania Behechar of the same village (statement of Fulji Lakhio, No. 36). In the same way deductions on account of Government dues were made from payments out of charitable funds made to Bhangia Hirio Koyalo, and Bhangian Dahi, widow of Govindia Hiria and Vartania Jethio Bajio of Kosamdi (Statement of Bhangia Hiria Koyalo, No. 37). On the day that the above deductions were made, payments out of charitable funds were made to divers persons belonging to the villages of Bhadi, Sanjali, Bakrol and Jitali and from a majority of these payments, deduc-



tions were made on account of Government assessment (statement of Fulio Lakhio No. 36). It appears that subsequently, the Mamlatdar called before him, Fulji Lakhio and Bhangio Hirio and asked them to make statements to the effect that they had paid the Government assessment out of the proceeds of hides, but they declined to make any statements of that kind; the Mamlatdar then asked them to put their signature to certain writings which were prepared for the purpose, but which were never read out to the signatories. With reference to this matter, the Mamlatdar appears to have reported that the allegations about the payment of the Government dues out of the charitable money is false, but that the people made the payment the next day out of other sources. It will be for His Excellency in Council to consider, whether an explanation to the effect that many recipients of charity, belonging to different villages, who were till then among defaulters, simultaneously acquired from independent sources, monies to pay Government dues on the day following the charity payments, should be accepted. If the Mamlatdar's explanation is not accepted, His Excellency in Council will have to consider whether the Mamlatdar in making his report was not aware that its contents were untrue, and whether he did not attempt to get his own statements supported by statements of other parties, which he must have also known to be untrue.

36. Among individual cases mentioned in the letters of "Gujerati" is that of Bai Mani, wife of Parsotam Dulabh of Obha. In her case the complaint is that property in her house was attached, she and her son were removed from her house, it was secured by an iron bar against entrance, her ornaments were taken from her person, she was made to change her clothes in the presence of the officers to enable them to see that she had kept nothing concealed in her clothes or on her person; and her lands were forfeited. So far as the attachment, the removal of ornaments, ejection and the closing of her house with iron bar and the forfeiture of her lands are concerned, there appears to be no denial of the allegations; there is a denial by the Mahalkari of the allegation about the change of clothes and he rests his denial on the following grounds, namely, (1) that she had made no complaint, she is alleged to have admitted that the complaint made in her name was not made by her; and (2) that her husband has stated that she had not mentioned to him anything about the search of her person and making her change her *sári* and that Jivanji had threatened her that she would be prosecuted if she changed her statement. Now with reference to (1), I have to ask His Excellency in Council to consider whether it is probable under the circumstances that the petition was not hers. There is no denial of the fact that though she made no payment and the Government dues remained owing against her, the articles that were attached from her house were returned to her some months after. Now if she had denied her petition, one fails to understand why the articles were returned to her after having been detained for some months. These articles could not have been returned except on some representation of the injured party. Again it appears from the statement of Lala Bhikha No. 3, the Police Patel of Panjroli, that he had been asked to persuade Mani to withdraw her petition. Again the Mahalkari has improperly suppressed from his report the fact that he had on the 25th of July last,

*Case of Bai Mani  
of Obha.*

sent for her and asked her to say that she had made no complaint, but she flatly refused to say so (statements of Mani No. 1 and Dahya Rama No. 6); again Dula Keshav was asked to persuade her to put her mark to some statement prepared for her signature by the Mahalkari, but this she declined to do (statement of Dula Keshav, witness No. 4). The statement of Mani's husband on which the Mahalkari relies, in which Jivanji is alleged to have told her that he had arranged to have kept the question of her petition open, also shows that she had made the petition. The reasonable inference from these facts is, not that she did not make the petition or that she ever disowned it, but that some officers thinking that after the return of the articles, the woman was not likely to raise any question about her ill-treatment, incorrectly reported that the petition was anonymous, with the object of avoiding enquiry. The evidence on the question of her ill-treatment is of Mani herself (No. 1) and of Dahya Rama, the Police and Revenue Patel of Obha (No. 6). As regards her husband's statement, it appears from his statement made before me (No. 2), that he had never stated to the Mahalkari that his wife had never told him about her ill-treatment or that Jivanji had threatened her that she would be prosecuted if she changed her statement. He states that he was given to understand that he had to sign a paper to the effect that he did not want to cultivate his land; this man clearly states that he had been told by his wife about her ill-treatment, and as already stated he was aware that his wife had sent a petition. Under the circumstances, His Excellency has to consider whether it is more probable that Mani's husband really made the statement sent by the Mahalkari or whether his signature is taken on some statement which was not read out or the meaning of which was not explained to him. I submit that upon the evidence there cannot be any reasonable doubt as to the fact of Mani's ill-treatment; and the grounds urged by the Mahalkari for discrediting her case are not acceptable.

37. Mani's husband Pursotam admittedly was maintained from the gratuitous doles of Government. With a view to discredit his statement it is insinuated that he is a dependent on Mr. Jivanji of Ilav; but there is no foundation for such an assertion. It is alleged that he is a tenant of Adarji, but Adarji's connection with the land he cultivated has ceased since 1898 (statement of Adarji No. 8). This Pursotam now declines to take back the Government land that he cultivated. This must be on account of what his wife had to suffer for the non-payment of the Government dues. The statement that he has other lands appears to me to be without foundation.

*Case of Ghela  
Modi of Saool.*

38. Another case to which reference has been made in the letters of "Gujerati" is that of Ghela, the Modi of Saool. This case is mentioned at p. 1. of the accompaniments to the Government Resolution. On this point I have to refer to the statement of Ghela himself (No. 17). His case is to the effect, that he was not interested in any Government land, and that he owed nothing to the village account. The moneys that were deposited with him were withdrawn 4 years ago, and though he stated so to the Talati and showed his book to the Talati, still his property was attached. The Talati's case appears to be, that Ghela first admitted the debt and the entry of repayment in

his book was subsequently made. I have not the statement of the Talati before me, and I am therefore unable to express any opinion as to its value. But whether the statement of Ghela be true or that of the Talati be true, there can be no doubt that as Ghela was not the registered occupant of the village lands or was in possession thereof, the action of the Talati in levying attachment upon his property was illegal and improper. He might have been proceeded against in a court of law. The Talati was wrong in taking the law in his own hands in the matter.

39. In connection with this matter I shall take leave to draw the attention of His Excellency in Council to the attitude of even such a high officer as the Deputy Collector, towards persons who think of seeking relief at the hands of the regularly constituted courts of the country, against the illegal acts of subordinate officers. When Ghela gave notice of action with reference to the Talati's acts, the Deputy Collector in charge of the Taluka spoke of Ghela and his advisers as rascals and *badmashes*, and desired that they should be prosecuted under sections 182 and 189 of the Indian Penal Code. It is only by a timely resort to the District Court, that these people were saved from the harrassment of a malicious prosecution.

*Deputy Collector's action.*

40. Another case referred to in the letters of "Gujerati" is that of Bhavan Nathu, a Koli of Obha; though the man was so poor as to be put on Government dole, his khata was forfeited for non-payment of Government dues. The defence of the Hansot Mahalkari is that the land had been mortgaged to one Adarji, a Parsi of Ilav, and Adarji and not Bhavan suffered by the order for forfeiture. The facts however are that Adarji found the mortgage burdensome as the land did not yield him enough to cover the amount of the Government assessment and relinquished his rights under the mortgage in 1898 (statement of Adarji, No. 8). Therefore when the forfeiture of these lands was made Bhavan and not Adarji became the sufferer. It may be noticed that when the order of forfeiture was made, the authorities had notice that Adarji had relinquished his right over the land.

*Case of Bhavan Nathu.*

41. Another case mentioned by "Gujerati" is that of Bhima Prag of Takarma. The facts of the case are that the lands cultivated by Bhima yielded some cotton and *bantu*; he paid Rupees 4 to Government by selling a part of his *bantu*; the proceeds of cotton which were Rupees 8 and Rupees 2 out of the proceeds of *bantu*, were applied in purchasing grain for the maintenance of his family; and the rest of the *bantu* was consumed by his cattle; his moveable property which consisted of a cart, a hand grinding mill, a cooking pot, and a pair of copper water vessels, were attached and taken to the village Utara. As he was going to his field wearing merely a cloth on his loins and a cloth on his head, he learnt of Mr. Kadri's arrival at his village and went to him to complain about the attachment. The Talati mentioned him as one of the persons whose dues remained unpaid. All persons whose dues were unpaid were kept standing on one side till Mr. Kadri's departure from the village. Then they were taken to Olpad  $4\frac{1}{2}$  miles away. Before removal to Olpad, Bhima asked for permission to go to dress, but it was not given. At Olpad these persons were asked about their balances; and the Mamlatdar said that they would not be allowed to leave till they paid them. Finally they were permitted to return to their village after lamplight (statements-

*Case of Bhima Prag of Takarma.*

of Bhana Prag, No. 18, Fakira Jaga, No. 20, Fakira Bhana, No. 21, and Dullabh Keshav, No. 23). Against this there is the statement of Mr. Kadri, at page 11 of the accompaniment to the Resolution. Mr. Kadri in the last part of para. 5 of his report says that the example of Bhima was so wholesome that the village officers could afterwards collect smoothly Rs. 3,400. This shews that there was something exemplary in the manner in which Bhima was treated by him, and gives support to the evidence submitted. The Collector was not right in thinking that Bhima's things were not attached. They had been attached and taken to the Utara.

*Case of Bhadol  
Rajpnts.*

42. Another case referred to in "Gujerati's" letters is that of Himat Chhita, Umed Lalji, and Bavla Visram of Bhadol. Lalio and Motio were two *dublas* who drew water for the village cattle. They enjoyed for this service partially alienated land for which Rs. 9 had to be paid to Government. This sum used to be paid by the *dubla* cultivators. Some *bantu* grew on the lands, and so long as it lasted the *dublas* remained there. It got exhausted, the bullocks died and the occupants of the field went away. There is no village *punch* at Bhadol, none but the persons working the *koss* ever paid the Government assessment for the land, and there is no fund in the village collected for paying the expenses of drawing water. The Talati got notices issued on 3 persons for the payment of the assessment of this land. One of these men Himat Chhita declined to take the notice. When Mr. Kadri went to the village, the Talati complained that Himat declined to receive his notice. Mr. Kadri thereupon got enraged against the man, and ordered that he should be arrested and attachment should be levied at his place. Mr. Kadri himself went for making the attachment. The attachment was made, and some articles were taken out of his house, when a relation of his brought some monies, which were paid. Then Mr. Kadri and other persons went to levy attachment at the house of another person Bavla, for another part of the amount, and then it was paid (statement of Makan Lala and 12 others of Bhadol, No. 29). Mr. Kadri's explanation at page 11 of the accompaniment of the Resolution is, that the village *punch* used to pay the assessment, that Umed Malji and Bavlo Visram were the village *punch*, and that they had the village moneys with them. It does not appear on what evidence Mr. Kadri has made his statement. I trust His Excellency in Council will require Mr. Kadri to substantiate his statement by evidence; and then determine which evidence is the more reliable. But quite irrespective of facts, Mr. Kadri's act was illegal and most improper as he had no right to levy any attachment against Himat and Bavla who were not registered occupants, nor were they in possession of the land in respect of which the Government dues were claimed.

43. The above is a short summary of the evidence submitted herewith; it covers all the material allegations in the letters of "Gujerati" and those in connection with the measures for the making of revenue collections in my speech at the last meeting of the Legislative Council.

*Reasons why no  
complaints made to  
Collector.*

44. The Collector of Surat attempts to discredit the statements in the letters of "Gujerati" on the ground that no such complaints came to his notice. People have come to believe that what the lower officers do in the interest of

revenue is done with the sanction or under the orders of the Collector. Ordinarily they are much afraid of the village and Taluka officials, and they fear that complaints against the action of Government officers, however well founded, would result in bringing mischief on themselves. It is said that graduates, B. As. and LL. Bs., Solicitors of High Court, and District Pleaders are interested in the Taluka, and have not given any information. I am not aware that there are any persons of these classes in any of the villages for which I have submitted evidence; but even if there be any, they do not know what is passing in the villages; and if they knew, they would be unwilling to do anything that would bring on them the displeasure of the officials, and to incur the trouble, risk and inconvenience involved in coming forward to prove charges of misconduct against Government officers. Another ground that is often put forward for the purpose of looking with some distrust on allegations about oppression is combination of villagers. Lower officers often mention combination as a justification for their harsh measures without the slightest reason for so doing; and this story ascends from one region of officers to another till it reaches the top. When the evidence is definite and specific, it ought not to be discredited as the result of a combination, unless evidence as distinct and definite is produced to prove a combination in which the witness is involved.

45. I shall here beg to refer His Excellency in Council to one instance showing what difficulty people find in seeking the help of higher authorities. A Bohora cultivator of Piraman, under Anklesar, had his plough-bullock and other articles attached for non-payment of Government demands. He went to the Collector of Broach and presented to him an application with a half-a-rupee stamp. The Collector said he would not get his bullock back, and that he had better take his petition back, as that would save him the loss of half-a-rupee in stamps. The man took back the petition, and submitted a petition to the Commissioner enclosing with it the returned petition. While the petition to the Commissioner was being enquired into, the bullock was sold and the day for the confirmation of the sale arrived and yet no reply to the petition was received. The day for confirming the sale was not put off; and therefore the man was forced to sell his bullock and his box to a third party by private sale, and he paid the proceeds to satisfy the claim of Government (statement of Mahmad Asmal, No. 39).

*Rayats' difficulties in obtaining help of superior officers.*

46. Considerable expense, annoyance, delay and hardship were caused by the practice adopted by officers of refusing to consider petitions with more than one signature. Most of the cultivators were unaware of the Government rule in the matter. Most of the inhabitants of one village would have a common case and a common request, and one answer on the merits would dispose of the matter finally so far at least as one office was concerned. The people would find it more convenient, and less expensive, to have a petition for all prepared together than that each man should have a separate petition for himself. The practice considerably increased the work of the overworked officials. At a time when the distressed people stood in the greatest need of the help and advice of officers, when it was most necessary that the officers must be fully acquainted with the difficulties of the poor, when the closest supervision was required to protect the rayats from being oppressed by the lower

*Disallowance of joint petitions.*

subordinates, and when it was more necessary than at any other time that forms and technicalities should be dispensed with and the greatest expedition used in disposing of complaints, forms and technicalities were stuck to with the greatest rigor, and obstacles and impediments came in the way of the grievances of the people reaching the higher authorities. If the higher officials had shown themselves more disposed to listen to the people and made access to them easier, many of the grounds of the present complaints would probably have been removed.

*Petition for remission of inhabitants of Nes, Karanj and Pardi.*

47. The above remarks may be illustrated by what has been done in one matter of importance and urgency. The case of the villages of Nes, Karanj and Pardi of the Olpad Taluka is, that their soil has been much deteriorated by the constant blowing in of brine from the neighbourhood of the sea, that taking the average of the last 10 years they have not been able to get from their lands even as much as to cover the cost of Government demands, that their assessments come to nearly one-third of the outturn, that at the new Revision Survey their lands were found so far deteriorated that the current assessments were ordered to be reduced by more than 45 per cent. in Nes, more than 28 per cent. in Karanj and more than 25 per cent. in Pardi, that though the legal period of 30 years had expired, the old assessments were allowed to continue, and the revised rates were not introduced, and that there was an absolute failure of crops in 1899-1900. A petition stating these facts and praying for a total or partial suspension of the Government revenue for the year and stating further with reference to lands that were let out that in the event of the Government being pleased to remit the assessments, the landlords had also agreed to remit their rents, addressed to His Excellency the Governor in Council, was in February last submitted to the Collector of Surat with a covering letter, for being forwarded to Government through proper official channels. This petition remained in the Collector's Office till 12th June, on which day the following *shera* was made on it :—

*Collector's reply.*

“The reply to the petitioners is that in case of such petitions each petitioner should make a separate petition for himself; nothing can be done on a joint petition. Again such a petition should be presented to the Mamlatdar of the Taluka, in order that he may enquire into the merits and pass a proper decision in the matter.”

A translation of the petition and *shera* has been annexed hereunto as No. 48. I cannot conceive any prayer to rest on grounds more equitable and just; Government have themselves recognised that the villages are considerably over-assessed. If the petition had to be returned as being a joint petition, why was it not returned in February? The Mamlatdar had no power of granting remissions and suspensions, and why should the Collector have required a petition of the kind to be made to the Mamlatdar. In this way while petitioners were petitioning authorities for consideration of their grievances, their applications are not at all considered, and rigorous measures continued to be enforced against them.

*Comparison between eastern and western villages of Olpad.*

48. There are two remarks in the report of the Collector of Surat on which I should like to say a word. He says that in the Mor Kantha villages, which are poorer than the eastern villages, larger revenue is collected. It seems

to me that the larger collection is owing to the fact that in the Mor Kantha villages cultivators have mostly lost their rights in the lands, and that they have been reduced to the condition of day labourers. The lands having been mostly in the hands of money lenders, the Government dues were recovered with ease. So far as the eastern villages are concerned, they have not yet reached that condition and hence the difficulty in these villages. The measures that were taken in the eastern villages were such as to hasten the reduction of the condition of their inhabitants to that of those of the Mor Kantha villages. The larger collection in the Mor Kantha villages does not at all prove that the inhabitants of the eastern villages had means to pay the Government Revenue and were acting contumaciously.

49. The Collector of Surat with a view to show that the measures for recovering revenue are not harsh has compared the numbers of coercive processes in 1898-99 and 1899-1900. But the evidence shows that the registers furnish a very deceptive test in this direction. The largest number of attachments are never entered on the register, and some of the strongest measures adopted were illegal, and therefore could have no place in the registers at all.

*Comparison  
of numbers of coercive  
processes.*

50. I have thus endeavoured to place Government in the position of hearing both sides of the questions, that have been agitated regarding revenue collections. When they formulated their conclusions laid before the Legislative Council at its last meeting, Government had before them only the reports of the officers complained against. I have tried by this letter and its accompaniments to give them an indication of the evidence on the other side.

I have the honor to be,

Sir,

Your most obedient Servant,

GOKULDAS KAHANDAS PAREKH.

**No. 1.****Statement of Bai Mani, wife of Purshotum Dulabh.***(Translated from Gujerati.)*

I, Bai Mani, wife of Purshotum Dulabh, Talabda Koli, of Obha, Hansot Mahal, agriculturist, say as follows :—

Last year, in the month of Vaisakh, my husband had gone for doing the work of roof-tiling in the villages of Olpad District. He returned after about three months. Last year, in the month of Asad, a Karkun from the Mamlatdar's Kutchery, the Talati, the Police Patel, and other persons of my village came to collect the assessment due from my husband. They attached from my house a plough, a *kadav* (an agricultural implement), a yoke, sowing implements (*nadicharan, orni*), a hand-spinning wheel (*rentia*), a hand-ginning wheel (*charkha*), a bedstead, rope of the *kos* (leather bag for drawing water), a wheel of a cart, millet, and the tying rope (*nadi*), and other property lying in my house, which was taken to the village Utara. I and my son were in the house. We were asked to go out of the house. We asked permission to eat our bread in the house, but were not allowed, and were at once driven out of the house, and the doors of my house were closed and chained. Afterwards, they took me and my son to the village Utara. The Karkun and the sepoy struck my son twice or thrice with a stick. They then made me give up the *chaukda* (an ear ornament) from my ears, and snatched away the *daniu* from off my neck. After that, they caused me to untie half a rupee tied in my cloth. Afterwards they made me remove my garment, saying that I had concealed something underneath my *kutchha*, and they made me remove my bodice. After that, they required me to put on my outer garment and remove the petticoat (*gagra*), and I was then allowed to go. For some days I stayed at a neighbour's, and for some days in the fields. For two days, I stayed at my cousin's (mother's sister's son), at Panjroli. Thus after I had stayed out for fifteen days, my house was unfastened and entrance was allowed to me. I sent a complaint to the Collector regarding the oppression I had to undergo. Some days after that complaint was made, I was required to be present before the Hansot Mahalkari, and consequently I had been there. I had stated to the Awal Karkun that I had made the complaint, and given him information of the oppression I had to undergo as above stated. I do not know if the account I gave was taken down as dictated. After that I returned home. Some days after, Lala Bhikha, the Patel of Panjroli, came to me and asked me to withdraw the complaint. I refused to do so. About a month and a quarter back, the Mahalkari of Hansot had come to Obha. Then both my husband and I were called to the Utara. One or two persons persuaded me in the presence of the Mahalkari to say that I had made no complaint. I refused to say so. After that I came out of the Utara, where Dulla Keshav, of my village, came to me and persuaded me much to deny the fact of having made any complaint; but I did not accept his advice. The things from my house and the ornaments from my body which were attached, were returned to me by the village Patel and Talati, after five or six months.

(Sd.) Patel MAKAN LALA,

for Bai Mani, wife of Purshotum Dulabh,

(In English).

— (X) Mark is made by Bai Mani.

Made before me on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.



(Translated from Gujerati.)

I further say that Jivanji had never called me to Sisodra. My father's house is at Katargam. I was staying there with the object of getting some work in the time of famine. When I returned thence, I of my own free-will went to Sisodra to see Jivanji. Jivanji never threatened me that I would be prosecuted, if I would make any statements inconsistent with the former one, and I have never told my husband of being thus threatened.

(Sd.) (X) Mark of Mani, wife of Purshotum Dulabh.

The mark is made by Bai Mani, wife of Purshotum Dulabh.

(In English.)

MAKAN LALA.

Made at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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## No. 2.

### Statement of Purshotum Dulabh of Obha.

(Translated from Gujerati.)

I, Purshotum Dulabh, Talabda Koli of Obha, in Hansot Mahal, agriculturist, say as follows :—

Mani is my wife. Last year for about three months, I had been out in the villages of Olpad to do roof-tiling work. When I returned thence, my wife told me of our property having been attached, doors fastened, her clothes caused to be removed at the village Utara, and other matters which she mentioned to-day before you. Further I had brought back to my house the things which had been attached from my house and from the body of my wife. A month and a quarter back, I and my wife were called by the Mahalkari at the village Utara. My wife was persuaded, in the presence of the Mahalkari, to say that she did not make any complaint, but she said as she had made a complaint she would not say so. After that, my wife went out of the Utara. Afterwards, the Mahalkari caused me to sign my name on a piece of paper, saying that on it was written that I did not want to till my land. My wife had never told me that she was called to Sisodra by Jivanji, and that she was told that she would be prosecuted if her former and subsequent statements were inconsistent, as she had never told me anything of the sort before. I never made such or similar statements before the Mahalkari. The Mahalkari told me that I would be given money from the charitable fund and would be better off.

1st September 1900,

(Sd.) PURSHOTUM DULABH.

(In English.)

Signature in his own handwriting.

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 3.****Statement of Lala Bhikha of Panjroli.***(Translated from Gujerati.)*

I, Lala Bhikha, a Talabda Koli by caste, residing in Panjroli in Hansot Taluka, state as follows :—

I am the Revenue and Police Patel of Panjroli. Mani of Obha is the wife of Purshotum Dulabh and daughter of my mother's sister. About thirteen or fourteen months ago, an iron bar having been fixed to her house by Government, Mani and her son came and stayed in my house for two days. A month or two after that, I went to Obha, where I was told by Harilal, the Talati of that village, to prevail upon Mani to withdraw the petition that she had made. He said that if she did, he (Talati) would use his influence to restore to her the things of her house. Upon that, I went to Mani, and considerably persuaded her to withdraw her petition, but she replied, that as she had been much oppressed, she would not do that. I communicated the same to Harilal and returned to my village.

(Sd.) LALA BHIKHA.

(In English.)

Signature in his own handwriting.

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 4.****Statement of Dula Keshav of Obha.***(Translated from Gujerati.)*

I, Dula Keshav, Talabda Koli by caste, residence Obha in Peta Mahal Hansot, occupation cultivator, state as follows :—

I am a Matadar of Obha; I have collected Revenue of my village for 10 years. On 25th July last, the Mahalkari of Hansot had come to Obha. On that day, at about 12 in the day, I was talking with the Dole Karkun outside the Government Utara of Obha. In the meanwhile, Bai Mani, wife of Purshottam Dullabh, came out of the Government Utara. A short time after, the Talati of the village also came out of the Utara. He told me, "Persuade Bai Mani to go to the Utara, as her signature is to be taken." I told Bai Mani, "the Talati wants you; go in and make your signature." Mani said, "I will never go into the Utara and make my signature."

(Sd.) DULA KESHAV.

(In English.)

Signature in his own handwriting.

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 5.****Statement of Lala Mava of Obha.***(Translated from Gujerati.)*

I, Lala Mava, Koli by caste, of Obha, Peta Mahal Hansot, cultivator by profession, say as follows :—

I am a sub-sharer in the undivided land standing in the name of my aunt, Maneck, in Obha village. I have to pay about Rs. 50 as revenue assessment for the land I till. I paid a part of the assessment for the year 1899, and I owed the remainder, about Rs. 20 (twenty), to Government. Some thirteen or fourteen months back, I was

filling my uncle's field, when one Government clerk, and the Talati, the Police Patel, and a peon of my vilage, came to me. My uncle owed nothing to Government. His son was also tilling the field. The Karkun and the others took me to the Utara of the village with 4 oxen which had been yoked to the plough, while I and my uncle's son were tilling the land. I told them that these oxen did not belong to me, whereupon the Karkun and the peon beat me with a stick, and further placed on my back a millstone and kept me standing in stooping position for half an hour. After this my uncle mortgaged his ornaments and paid my debt; then on the next day, the oxen were released from the attachment.

31st August 1900.

(Sd.) LALA MAVA.

(In English.)

Signature in his own handwriting.

Made before me at Ilav on 31st August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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## No. 6.

### Statement of Daya Rama of Obha.

(Translated from Gujerati.)

I, Daya Rama, Talabda Koli of Obha, Taluka Ankleswar, Hansot Peta Mahal, agriculturist, say as follows :—

I am the Revenue and Police Patel of Obha for the last seven years. Attachments have become necessary in my village for the last five years, to collect the Government revenue. Last year, two Karkuns of the Mahalkari Kacheri had been to my village to assist in the collection of these dues. Moveable property of about twenty men was attached. Corn, bedsteads, mattresses, oxen, ploughs, dishes, cups, utensils and other things which could be laid hands upon, were attached. From two houses, even the doors were unhinged and removed, and the staircases were attached and carried away. At some places the residents were made to leave their houses, the doors were closed and fixed with iron bars. The houses of Keval Bhana, Bai Jivi, widow of Naran Mitha, Lala Mava, Dayal Jivan, Purshotam Dulab and others were thus barred. These bars were kept for from two to fifteen days. In the house of Purshotam Dulabh of our village, attachment was made in 1899. At the time, he was not in the village, he had been to some other village. His wife Mani, and his son were then residing in the house. From his house, a plough, *nadicharan* (wooden implements of sowing wheat, millet, etc.), cups, millet, a kanbi (irong ring) of kos (leather bag for drawing water), and other things were attached. After that, Mani and her son were forced out of the house and the doors were closed and a bar fixed; and Mani was taken to the village Utara, where she was asked to change her wearing garment and to give up 8 annas tied in it; and then the 'Chaukdas' (ear ornament) on her ears which she was made to remove were attached and the Daniu on her neck was removed. After that, she was made to change her bodice with a view to see if anything was concealed underneath, and she was asked to put off the undergarment (*gagra*), and put on another garment for the purpose of search. The Chaukdas, the Daniu, and half-a-rupee were kept in his possession by the Talati, and the other attached property was handed over to me to keep in my possession at the Utara. After five or six months, I returned her attached property to her on the Talati's order, and the Talati returned the Chaukdas and the Daniu to her. On the 25th of July, the Mahalkari had come to my village. Mani was summoned to the village Utara. The Mahalkari told her to get it written that she had made no complaint. Mani replied that she had been much oppressed, and she could not deny the fact of her sending the petition. So saying she left the Utara. Afterwards, the Mahalkari asked Dula Keshav, a Matadar of our village, to persuade Bai Mani. Dulla went out and persuaded the Bai much; but she paid no heed to it. A karkun of the Mahal had come to make inquiries as regards the assessments due in the months of

March and April of the current year. I had accompanied him, and moveable property in about four or five houses was attached. The attached property was mostly jowar (millet), and at no place the attached jowar exceeded three maunds. All those whose houses were attached were immersed in debts and were helpless. The same day I with the karkoon and the Talati went to the place of Bai Sona. As her outer door was locked, the village blacksmith was called, the house was broken open and moveable property was attached. All that I have stated above is correct.

31st August 1900.

Further I add that last year, moveable property of Purshotam Dulabh and Bhavan Nathu was attached for their unpaid balances, and their lands were taken possession of; also that Karkun Tribhowan had beaten the Khatedar Lala Mava, for his not paying the Government dues. His oxen also were attached.

Dated as above.

(Sd.) DAYA RAMA.

(In English.)

Signature in his own handwriting.

Made before me,

(Sd.) GOKULDAS KAHANDAS PAREKH.

31st August 1900.

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### **No. 7.**

#### **Statement of Uttamram Nandram of Rander.**

*(Translated from Gujerati.)*

I, Uttamram Nandram, Brahmin of Rander, but now of Ilav, native physician, say as follows :—

I know Bai Sona, widow of Mana Dayal of Obha. She had brought to me in the last Pos or Magashir, 15 maunds of jowar (millet), saying that she wanted to sell it off to pay Government dues. I kept it with me, but I could not sell it; and as I had to go to Rander to perform the thread ceremony of my son, I sent it back to the house of Sona, in the end of Mah or beginning of Falgoon.

(Sd.) VAIDYA UTTAMRAM NANDRAM.

Signature in his own handwriting.

(In English.)

Made on the 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### **No. 8.**

#### **Statement of Adarji Jamsedji of Ilav.**

*(Translated from Gujerati.)*

I, Adarji Jamsedji, Parsi by caste, inhabitant of Ilav, in the Peta Mahal of Hansot, state as follows :—

The land of Bhawan Nathu, of Mouje Obha, was mortgaged to me, but for several years that land, instead of yielding any profit to me, put me to considerable loss, so in 1898 I relinquished all my rights over the said land. Since that time, I have no claim or right of any sort over that land. I had never leased that land to Parshotam Dullabh for the year 1899.

2nd September 1900.

(Sd.) ADARJI JAMSEDJI.

Signature in his own handwriting.

(In English.)

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 9.****Statement of Ramji Bhana of Balota.***(Translated from Gujerati.)*

I, Ramji Bhana, by caste Talabda Koli, inhabitant of Balota under Peta Mahal Hansot, state as follows :—

I cultivate about thirty bighas of land in my village, which consists of khata lands, bhag lands of my share, and the lands of the Hansot Desais which I have got on lease. For the last 5 or 6 years, the crop yield in my village has not been good, consequently the cultivators of my village are getting more and more poor every year. People of my village could not pay the Government dues. In the third year from now, attachments were made at the houses of many cultivators. Inmates of 12 or 14 houses were driven out of their houses, and iron bars were fixed to the doors.

This remained for 4 or 5 days. Last year too attachments were made at 10 or 12 houses. Under these attachments, grain for eating, implements of husbandry, and eating and drinking utensils, and things of all sorts were taken. The Talati had beaten Karasan Lakhman, Gopal Virasang and Narsi Fatu and others for not paying Government balances due from them. In the last harvest season my land was not at all cultivated, so there was no produce from it. Consequently, I could not pay Government assessment (rupees), so attachment was made at my house by the Talati. One maund of cotton seeds which I had kept for sowing, four maunds of jowar which I had kept for maintenance of my family, and clothes of my wife and myself were all attached and taken out. On my giving security to produce the things attached, they were given back to me. Thereafter, I mortgaged the silver anklets of my wife's stridhan to a Shaokar, and took from him about 8 rupees. I agreed to pay interest at the rate of one anna for a rupee per month for this. I could not get moneys at less interest. I paid the rupees, I thus procured, to Government. I have not been able to pay Government rupees for the bhag land. At the beginning of this year, there were eight cattle at my place, out of which 5 died for want of fodder. Now there are only 3 cattle left.

2nd September 1900.

(Sd.) RAMJI BHANA.

Signature in his own handwriting.

(In English.)

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 10.****Statement of Bhikhi, widow of Ratna Dayal, and 2 others of Balota.***(Translated from Gujerati.)*

We, Bhikhi, widow of Ratna Dayal; Ganga, wife of Kalya Hari, and Coover, widow of Bhagu Hansa, Talabda Kolis by caste, inhabitants of Balota in the Peta Mahal of Hansot, state as follows :—

We have heard the statement made to you by Ramji Bhana of our village. What is stated therein is wholly true. This year attachments were levied on the houses of all three of us. Bhikhi and Ganga out of us three, had gone to the fields to

fetch *Javasa* (a kind of grass), when the locks of our houses were opened, and attachments were levied in our absence; the floors of our houses were also dug up. Bai Coover, out of us three, was driven out of her house, and a bar was put on the doors, which bar remained there for four days.

× Mark of BAI BHIKI,  
widow of Ratna Dayal. Signature by the  
hand of Kala Mulji at the Bai's instance.

× Mark of BAI COOVER,  
widow of Bhagu Hansa. Signed by the  
hand of Kala Mulji at the Bai's instance.

× Mark of BAI GANGA,  
wife of Kalya Hari, her mark. Signa-  
ture by the hand of Kala Mulji at the  
instance of the Bai.

(In English.)

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

## No. 11.

### Statement of Kala Mulji of Balota.

*(Translated from Gujerati.)*

I, Kala Mulji, Talabda Koli by caste, an inhabitant of Balota under Hansot, state as follows :—

The statement made to-day by Ramji Bhana of my village, has been read over to me. What is stated in it is all true. I cultivate 35 bighas of land consisting of my Khata land, of Bhag lands of my share, and of leased lands. For this, I have to pay about 70 Rupees every year to Government. At the last harvest season, the produce of the land under my cultivation consisted of three and a quarter maunds of uncleaned cotton, fourteen maunds of jowar, and two hundred bundles of *kadab* (stubble). There was no more produce. I could not pay the Government balance (dues for revenue demand) for 1900. I could not pay the rent of the leased land, consequently its owners applied to the Mahalkari for help, and he also made an order for the same. In my absence, the lock of my house was broken open and attachment was levied in my house. The only property that was in my house when the attachment was made, consisted of three quarters of a maund of kapas, and three quarters of a maund of jowar, and 150 bundles of kadab. All this was attached and carried away. Out of the kapas yielded by my land, two and a half maunds were gathered after this attachment, I have paid what I got by the sale of the said kapas, towards the satisfaction of the Government balance. Fourteen maunds of jowar was produced in my field, out of which thirteen and a quarter of maunds of jowar were consumed by us before the attachment; and fifty bundles of kadab out of 200 bundles of kadab of the produce of my land were consumed by my cattle before the attachment. The attached cotton, jowar, and kadab bundles were handed over to the applicant. The price of cotton and jowar was credited to my account for rent. After many entreaties I got back 90 bundles of kadab. The rest were not given to me, nor was I credited with the price of them.

When the Talati made attachment at my house it was dug up a span or a span and a half deep. As I had neither concealed nor buried anything, nothing was found out.

KALA MULJI.

(In English.)

Signature in his own handwriting.

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 12.****Statement of Rasul Sedoo of Saool.***(Translated from Gujerati.)*

I, Rasul Sedoo, Mahomedan, Sayiad by caste, inhabitant of Saool, in the Mahal of Hansot, agriculturist by profession, say as follows :—

In my village there are about 50 cultivators. For the last six years my village has been yielding very bad crops, and hence, every year the condition of the inhabitants of my village has been growing worse and worse. For the last five years, Government assessment has been realised by means of the levy of attachments. About three years ago, nearly 150 bighas of land had been sold by public auction for failure of payment of assessment. In 1899, attachments were levied at the houses of almost all the cultivators of the village ; they were levied on corn for daily consumption, bullocks, cows, calves, cooking and other utensils used for domestic purposes, wearing apparel, hand-grinding mills, etc. These were taken to the Government Utara. The owners of some had to mortgage their attached utensils to pay the assessment, others had to sell off their bullocks, and some had to borrow money. Those who could not pay had their belongings put up to auction at the Saool Utara, but as there was no one there to make a bid, they were taken to Hansot, where they were again put up to auction, but there also, they fetched nothing. So that ultimately everything had to be brought back to Saool, and restored to its owner. Besides attachments, lands of three or four persons were also forfeited ; they were restored to them last September, after the cultivating season was over. Last season, a little *Bantu* was produced in the fields of two or three persons, but excepting this, Saool village has had no crop. Ten years ago, my family was in very good circumstances. We were possessed of ornaments worth from 1,000 to 1,200 rupees, but all these had to be disposed of, to pay Government assessment and the expenses of cultivation. Five years ago, I had to borrow money to pay the assessment and the cultivation expenses of my lands, but before that, I had had no debts. After that, every year I have had to contract fresh debts to pay the assessment and the expenses of cultivation. I was advanced Rs. 150 for *tagavi*, out of which Rs. 95 only reached my hands, Rs. 55 having been deducted for assessment due from me. One Ranchhod Makan was advanced Rs. 100 by way of *tagavi*, out of which Rs. 75 only were given to him, Rs. 25 having been deducted for assessment. One Amir Rahim was advanced as *tagavi* Rs. 70, out of which Rs. 58 in cash were given to him, Rs. 12 having been appropriated towards payment of assessment. Out of the money advanced to Bai Jinat also, the sum due for assessment was deducted.

Dated 2nd September 1900,

(Sd.) RASUL SEDOO.

(In English.)

Signature in his own handwriting.

Taken at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

*(Translated from Gujerati.)*

We, the undersigned, cultivators of Saool, in the sub-district of Hansot, state that the statement made to-day by Rasul Sedoo, of our village, has been read over to us, and that it is quite correct. 2nd September 1900.

- (Sd.) RAHIM HUSAIN, signature in his own handwriting.
- (,,) RAHIM HUSAIN KARIM, signature in his own handwriting.
- (,,) RUNCHHOD MAKAN, signature in his own handwriting.
- (,,) RAMLA MANIA, signature in his own handwriting.
- (,,) PATEL CHHITA HIRA, signature in his own handwriting.
- (,,) BALU DULE, signature in his own handwriting.
- (,,) DEVA KOYA, signature in his own handwriting.

(In English.)

Taken at Ilav, 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 13.***(Translated from Gujerati.)***Statement of Husen Ashraf of Dungara.**

I, Husen Ashraf, a Mahomedan by caste, residing at Dungara, in Hansot Mahal, an agriculturist by profession, state as follows :—

Four or five years ago, I was the Police and Revenue Patel of the village of Dungara, and worked in that capacity for about 17 or 18 years. I hold in my possession about 100 bighas of Khata and Pasaeta land. I annually pay Rs. 200 to Government as the land assessment. As I did not realize a good produce from my land in the year 1898, I could not pay the Government assessment. Hence my property was attached. I then sold off grain, oxen, and other property of the house, and met the Government demand of the said year. The year 1899 also gave no proper yield, and I could not pay the assessment. Therefore my land was attached by Government, and sold away by auction. My land which was worth Rs. 1,000 was purchased by one Harkhu of Hansot for Rs. 75. The Collector did not confirm the auction sale, and the land has remained Khalsa. In September of the last year, I was asked to cultivate the land, which yielded little, as it had become parched up and dry. About one maund of Jowar and fifty bundles of Kadab had been raised. They became spoiled in the village grain yard. I could not therefore make the payment this year.

(Sd.) HUSEN ASHRAF.

In his own handwriting.

My account is also as above.

(Sd.) UMAR RAHIM.

Signed in his own handwriting.

(In English.)

Taken at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 14.****Statement of Bhagu Madhavram of Sunava Kalan.***(Translated from Gujerati.)*

I, Bhagu Madhavram, by caste Sajodra Brahman, inhabitant of Sunava Kalan, in Peta Mahal Hansot, profession agriculture, say as follows :—

I have in my possession about 700 bighas of land. I have a bhag of 468 bighas, 160 bighas are of khata lands, and 60 bighas are of inami lands. For them, I have to pay to Government, Rs. 1,537 every year. Formerly I was very well off, but owing to bad crops, my condition has been going from bad to worse year by year. In my village, the crops are failing for the last seven years. In the seventh year from this, I paid the Government assessment after borrowing. In the year next succeeding, I had to incur more debts for paying the Government assessment and for meeting the expenses of agriculture. In the year after that also, I had again to incur new debts for paying the Government assessment and for meeting the expenses of agriculture. In the two years following, I had to run into new debts, by raising money on my family ornaments,



for paying the Government assessments and the expenses of agriculture. In 1899, I had not even as much crop in my lands as to defray therefrom the expenses of agriculture. I, therefore, applied to Government to show mercy towards me, but Government showed me no mercy. Hence, I paid the Government assessment by raising money on a mortgage of 150 bighas of my inami and khata lands.

Ranchhod Jaduram of my village had a bhag of 100 bighas: He was not able to pay the Government assessment for 1899. His bhag is therefore forfeited. It was put to auction, but nobody took it. Pema Lakshman's bhag is of about 130 bighas; he could not pay the Government assessment for the year 1899; owing to this, his bhag was forfeited last year. It was also put to auction, but no person bade for it. Bechar Lakhman's bhag (is) of about 30 bighas. He also could not pay the Government assessment for 1899: his bhag also was, therefore, forfeited.

(Signature of) PATEL BHAGU MADHAVRAM,

Signed in my own hand.

(In English.)

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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## No. 15.

### Statement of Bhana Koya of Kathodra.

*(Translated from Gujerati.)*

I, Bhana Koya, by caste a Talabda Koli, inhabitant of Kathodra, in the Peta Mahal of Hansot, a cultivator by occupation, state as follows :—

I am one of the Bhagdars of my village, and I have worked as Revenue and Police Patel of my village for about nine years. In 1897, there having been a partial failure of crops in my village, the moveable property of about seven or eight men was ordered to be seized. In 1898 also, the crops failed to a greater extent, when the moveables of all the ryots of my village were seized in consequence of the non-payment of Government dues. There was a general failure of crops in 1899 also, when the moveables of all the ryots were seized. All the household articles such as food grains, wearing apparel, turmeric, salt, chillies and such other condiments, baskets, brooms, mortars, pestles, cooking utensils, &c., were seized. The houses of such of the ryots as were absent were broken open and their goods were seized. Besides that, Pemi, widow of Hari Vallabh, Vallabh Gangaram, Hira Keshav, Jivi, daughter of Karsan Daji, Visram Bhana, Ashiya Parsotam, Rama Gangaram, Devi, widow of Chhitia Arjun, Narotam Dayal, Bhagvan Ukad, Benki, widow of Narsi Daji and other landholders and the members of their families were driven out of their houses, and the doors were locked and bolted with iron bars. These bars remained on some houses for eight or ten days, while on some they remained for over two months. Afterwards the lands of such of the ryots as had their houses locked as above, were forfeited. They were prevented from cultivating these lands till September of the last year. In that month the ryots whose lands were confiscated were allowed to cultivate the same, but as they had become dried up they could not be tilled. Notwithstanding that, the Talati is pressing hard to obtain from them the payments for the last two instalments.

I, Bhana Koya, was allotted this year by Government, Rs. 50 as *takavi* to purchase grass. Out of that, Rs. 30 were deducted on account of Government dues, and Rs. 20 only were given to me. *Takavi* grants for the purchase of grass were

given to Lala Koya, Kalia Dana, Kesu Asar, and Lakhaman Ratan of my village, but out of the grant, Government dues were deducted first and the little balances that remained were only given to them.

Many heads of cattle have perished this year in my village. I had twenty heads of cattle at my place, out of which 17 have died and only three are now left.

BHANA KOYA,

Signature in his own handwriting.

(In English.)

Taken on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

*(Translated from Gujerati.)*

We, Kala Bhagwan, the Revenue and Police Patel of Kathodra, Shiva Koya, Karsan Parsotam, Hira Keshav, Parbhu Jhina, Bai Pemi, widow of Hari Vallabh, all Talabada Kolis by caste, inhabitants of Kathodra in Hansot, cultivators by occupation, state that the above statement of Bhana Koya was read over to us and we say that every thing contained therein is true.

(Sd.) KALA BHAGVAN.

(,,) SHAVA KOYA.

(,,) + mark of BAI PEMI, widow of  
Haribhai Valabh.

(,,) + mark of HIRA KESHAV.

(,,) PARBHU JINA.

Signature in his own hand.

(,,) KARSAN PARSOTAM.

Signature in his own hand.

(In English.)

Taken on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 16.

#### Statement of Mithio Hanslo of Dungara.

*(Translated from Gujerati.)*

I, Mithio Hanslo, a Dhed by caste, inhabitant of Dungara, in the Peta Mahal of Hansot, state as follows :—

There are about 50 to 55 bighas of land standing in my name on the revenue records. For the same I have to pay every year to Government Rs. 108. Besides these, I have 14 bighas of land purchased by me. It is entered in the revenue records in the name of Ahmad Dosabhai. For that I have to pay about Rs. 32. Over and above that, I cultivate about 30 bighas of land on lease, and for that I have to pay about Rs. 50 to Government. As the last four or five years turned out to be bad ones, I lost all my capital before the last year. I could not therefore pay Government assessment for the last year. The Talati of the village therefore seized my cattle consisting of three bullocks, two cows, three calves and a cart, also the grain kept in my

house for my daily food, consisting of 15 maunds of Jowari, and carried these things to Hansot. The Mahalkari got them privately sold through me and credited the proceeds thereof to my account. That could not make up all the outstandings of Government assessment that had become due from me, so all my lands were forfeited, and I was prevented from cultivating them. I was told to cultivate the said lands in the month of September of the last year, but as the lands had dried up, I could only raise 100 bundles of Bântu on one of the plots only. The rest of the land remained uncultivated. The Bântu thus raised was also seized, and the six rupees realised by its sale were credited to my assessment account. I am now in quite a helpless condition. I have neither milch cattle nor bullocks, nor have I any means of sustenance. I was maintaining myself by working as a labourer on the famine relief works. The other members of my family had also resorted to those relief works, but as five of them died of cholera, I have returned to my native village. I have received no help from any charity fund, nor have received any dole or *takavi*.

MITHIO HANSLO.

(In English).

Signature in his own handwriting.

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 17.

#### Statement of Ghela Keshavji of Saool.

(Translated from Gujerati.)

I, Ghela Keshavji, Visa Shrimali Bania, of Saool, Hansot Mahal, a grocer, say as follows:—

No Government land stands on my name, nor do or did I possess any such land. In Samvat year 1952, Ranchhod Makan and Balu Dula had deposited money in small sums at my shop. The deposits amounted to about rupees fifty altogether. A month and-a-half or two months after that, they took back the whole of the deposited amount, and I debited the same to their account in my account-book after returning it back to them. At about 4 in the evening of the 6th of last July, Harilal, Talati of Obha, and the Patel of Saool, came to my house, and asked me to give the money of the village deposited at my shop. I said that nothing was due by me to the village, Ranchhod and Balu had deposited some small sums at my shop in Samvat 1952, which I had returned to them, in the same year. Saying so, I brought out my account-book, and showed to them the account in the names of Ranchhod and Balu. In that account, I had debited the amount to their names in the year 1952, and both the sides were squared. If any one says that I had not debited to the account the sum when I showed them my account book, it is false. I had never said to the Talati or any other person, that I would pay the sum within an hour or two; and whoever says so tells a lie.

I did not owe anything to the village people, and in spite of my showing the account book to the Talati and Patel, they removed and placed on the outer verandah my household utensils and shop-kit,

Apprehending that I would suffer in reputation if my vessels and utensils were to be attached, I asked the Patel and Talati to attach instead, my gold finger-ring and my son's gold arm-ornament (*kada*). They accepted the ornaments and returned to me the attached property. I had never said to the Patel, Talati or any other person, that I had not with me the whole amount due and

therefore would pay it the next day. If any one says that I said so, it is untrue. On the 7th July, the Patel and Talati had not asked for my book, and I had not shown it to them. The Talati had not kept the account-book with him, and I had not got it returned from him by entreaties and prayers. In reference to this, the report which is made by the Mahalkari of Hansot on the 22nd July 1900 and which is explained to me, is quite false. I paid the sum on the 7th July, and got back my ornaments. I went next day to Ilav to consult Mr. Jivanji as to what to do for having been compelled to part with my ornaments illegally, but I could not see him. I had been to Ilav to him on 13th August, when I was able to meet him. Between 8th July and 13th August, I had gone to Ilav twice for Jivanji, but could not meet him. I have filed a suit against Government for illegally forcing me to pay the money, in the Broach District Court; and 26th July was fixed as the day for the appearance and the filing of the answer of the defendant; but no answer was given on the day, on behalf of Government, and a postponement was asked for by their pleader, and 20th September is fixed for that case.

When I sent a notice of filing a suit against Government, the Mahalkari summoned me to produce my account-book, and in obedience to that summons, I produced the book, which he has kept in his possession and not returned to me.

(Sd.) GHELASHA KESHAVJI.

(In English.)

Signature in his own handwriting.

Made at Ilav, 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 18.

#### Statement of Bhima Prag of Takarma.

(Translated from Gujerati.)

I, Bhima Prag, an Anavla Brahmin by caste, residing at Takarma Taluka Orpad, a cultivator by profession, state as follows :—

At first, I and my brother between us, had about 65 bighas of land. Out of the same, I have at present left with me land admeasuring 10 bighas, and seven and-a-half bighas of land are left with my brother. The rest of the land has been sold off in payment of debts. I am involved in debts. I have up to this year, paid the Government dues regularly. My land had a crop of about two maunds of cotton. Besides the above land I had taken on payment of *ganot* (rent), land admeasuring eight bighas from another man, in which I grew *Bantu* (grass). I sold my cotton at Sayan, it realised eight rupees only. I applied the money towards the maintenance of my family. I did not take away my household goods to Karmala. I did not conceal my household goods in any place. My household goods were attached. I had in my house, 1 stone hand mill, 1 pot for cooking, 1 brass water pot and 1 cart, these articles only. The same were attached and taken to the village Utara. Ten or fifteen days thereafter, Mr. Kadri, the Deputy Collector Saheb, came to the village. I knew of the arrival of the Saheb when I was going to my field with no clothes on my person excepting a loin cloth and a cloth round my head. I at once went to the Utara to him with the view of complaining to him of the harsh treatment meted out to me. He asked the Talati of the village the names of the persons from whom balances were due, whereupon the Talati gave my name and those of several other persons. Thereupon Mr. Kadri asked the persons from whom balances were due to stand apart. Besides myself, Fakira Bhana, Fakira Jaga, Govan Mavji, Nagar Hari, Fakira Parbhu, Piru Ajam and Mitha Mavji of our village were amongst the persons from whom balances were due. We were made to stand at the Takarma Chora for two or three hours.

Thereafter, Mr. Kadri ordered us to be taken to Olpad. I requested the Saheb to permit me to go home and put on clothes. But the Saheb was not pleased to grant me the permission. Then the Havaladar took us, the persons from whom balances were due to Olpad, and presented us before the Mamlatdar. The Mamlatdar asked us to give sureties ; we said we would not be able to get any sureties ; whereupon the Mamlatdar asked us to remain sitting there, and told us that we would not be allowed to leave without giving sureties. We were in this way detained in the Kacheri up to lamp-light. Afterwards the Mamlatdar asked us to pay the monies slowly, and permitted us to go home. I had no food whatever that day until after I returned to my house, and was without food for the whole day. My cattle lived upon the Bantu grass which I had grown. After attachment of my household articles, I sold two hundred sheaves of Bantu, and out of the sale proceeds bought grain worth two rupees for my family and paid Rs. 4 to Government. After that, I applied for grass which was distributed by Government, for my cattle, but I did not get the grass. I did not get any takavi for grass for which also I had applied. In the end, my cattle, two oxen, one calf, and one cow died without grass. I have now one she buffalo and one calf left. The 31st of August 1900.

(Sd.) BHIMA PRAG.

(His) signature in his own handwriting.

(In English.)

Taken at Ilav on 31st August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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## No. 19.

### Statement of Govind Bhagwan of Takarma.

(*Translated from Gujerati.*)

I, Govind Bhagwan, a Kadwa Kunbi by caste, an inhabitant of Takarma, Taluka Olpad, by occupation a cultivator, state as follows :—

There are about 75 bighas of land standing in my father's *Khata* (holding), and in respect of the same about rupees three hundred have to be paid to Government every year. At the last *Fasal* ( season, *i. e.*, last year ), only 30 bighas of land, out of my father's land had been sown ; the rest of the land had remained uncultivated. The land sown yielded 800 sheaves of *Bantu* ( grass, fodder ) and three maunds of cotton. The whole of the *Bantu* was consumed by our own cattle. The three maunds of cotton were sold and the proceeds thereof were applied towards payment of the Government *Kist* (instalment of revenue). After that, a Karkun of the Olpad Kutchery came to my village. He called many people to the village Utara (a public place), for balances due to Government. Among them was my paternal uncle's son, Moti Manchharam, as also my father, Bhagwan Keshav. Chaganlal told Moti in connection with the balance due by him, as follows:—" Stop ! I am going to tie you up and beat you." Becoming alarmed at this, my father called off Moti from the Utara, and I, my father and Moti went home. Chaganlal followed us for a while, using abusive language, but afterwards he returned to the Utara. Owing to this conduct of Chaganlal, and owing to its being talked about in the village, that he (*i. e.*, Chaganlal ) whipped people owing balances, my father became afraid, and having mortgaged to Kalyan Naran, a banker of Olpad, eighteen bighas of land on which there existed no mortgage charge at all, raised two hundred rupees on the security of the same, and applied the amount towards payment of the Government *Kist* (instalment of revenue). Yesterday, my father had gone to Olpad to get *Takavi* ( advance ) from Government. The Mamlatdar offered to pay ( advance ) him ten rupees. But as he deemed the amount to be too small to meet the requirements of my house, he did not accept it. On the deed of mortgage passed in writing to Kalyan Naran by my father, my signature also has been taken, and the

said deed is registered, ( One) Dulabhram Ravishankar, a Brahmin cultivator of my village, has borrowed Rs. 50 from Kalyan Naran to pay the Government *Kist* ( instalment of revenue ), and for the same he has mortgaged his land and passed a deed which is registered.

(Sd.) GOVIND BHAGWAN.

(His) signature in his own handwriting.

(In English.)

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

## No. 20.

### Statement of Fakira Jaga of Takarma.

(Translated from Gujerati.)

I, Fakira Jaga, a Kadwa Kunbi by caste, residing at Takarma, Taluka Olpad, state as follows :—

I have no land of my own in my possession. My daughter has got 28 bighas of land by right of heirship on her mother's side. I have been carrying on management thereof as her guardian. For my daughter, I have to pay about Rs. 100 annually to Government. Up to the year 1899, I had never been remiss or guilty of default in paying Government assessment of my daughter's land. During the last year, only 800 sheaves of *Bantu* were produced in my daughter's land. There was no other crop. Out of them, 600 sheaves were given to the cattle of my house to feed upon, and as for 200 sheaves, I had to sell them for the maintenance of my family. This year I had sown wheat by irrigation from well water in another person's field, in partnership with other persons, for which we had agreed to pay rent. On account of the same, there came ten maunds of wheat to my share. Out of the same, 7 maunds of wheat were expended in raising the said produce, and only 3 maunds remained as surplus. I had intended to maintain the members of my house on the same, as far as possible. But owing to the pressure brought to bear upon me by the Talati, I had to sell off the said wheat, and to pay the sale-proceeds thereof to Government. For the balance which was due from me in respect of my daughter's *khata* (holding), I was placed before Kadri Saheb when he had come to Takarma, amongst persons from whom assessment was due to Government; and I also had been taken to Olpad along with Bhima Prag and had returned from Olpad with him. The statement which Bhima Prag made yesterday was read out to me. The facts which are stated there as having occurred at Takarma and at Olpad are true. About one month after that, Chaganlal, a karkun at the Olpad Kacheri, came to my village. He called me at the village Utara and asked me as to why I had not paid the balance. I stated that I was trying to find money, but that no one would lend any to me. Thereupon Chaganlal abused me and maltreated me with a horsewhip, which had left marks (sores) on my person. In consequence of the said oppression, I had to sell off one ornament worth Rs. 30 which my daughter had received from her father-in-law, without the permission of her husband's relations. I paid the sale-proceeds thereof to Government. Up to yesterday, I had nothing in my possession, and my family was starving. It was yesterday that the Mamlatdar paid me Rs. 10 as *takavi*. With that money I shall have to maintain my family. The 1st of September 1900.

I have not heard of Chaganlal karkun having been attacked by any one in my village.

(Sd.) FAKIRA JAGA.

Signature in my own handwriting.

(In English.)

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 21.****Statement of Fakira Bhana of Takarma.***(Translated from Gujerati.)*

I, Fakira Bhana, Kadwa Kunbi by caste, of Takarma, Taluka Olpad, agriculturist by profession, state as follows :—

About sixty or sixty-five bighas of land in the villages of Takarma and Sondamithi stand on my name, and I have to pay about Rs. 240 as assessment. Before this year, I had made no delay paying in the Government dues. I had current accounts with my Saukar till this year, wherein sometimes I owed something to him, sometimes not. I had no continuing debt till this year. The statement made by Bhima Prag of my village as regards the arrival of Mr. Kadri and sending us before the Mamlatdar is correct. I was taken to Olpad in company of Bhima Prag and others and was kept there till sunset. On that day, the Mamlatdar asked us to pay up the money at once. After that, the Talati of the village used severity, and hence being frightened, I borrowed money from Soni Kashiram Jivram of Olpad, to pay off the Government dues ; and I had to mortgage my land and house as security for the rupees I borrowed and for the previous personal debt ; I had to mortgage my property, as he refused to lend me money on personal security. All the facts stated above are true, and further, I state that I had to pay as discount (*vataav*) 11 per cent. on the money I borrowed, and I shall have to pay interest on the whole debt at the rate of 14 annas per cent. per mensem, and also I had to give over the possession of the land, &c., to the mortgagee. My son-in-law had to stand as surety for the rent. I could borrow money at the rate of 12 annas per cent. per mensem, and that too without paying anything as discount (*vataav*), before I borrowed money for the Government assessment. When Chaganlal karkoon had been to my village, no debtors to Government for the revenue of Kadrama and other villages were there.

31st August 1900.

(Sd.) FAKIRA BHANA.

Signature in his own handwriting.

(In English.)

Taken on 31st August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH,

**No. 22.****Statement of Dhula Parag of Takarma.***(Translated from Gujerati.)*

I, Dhula Parag, Kadwa Kunbi of Takarma, Olpad Taluka, an agriculturist, say as follows :—

About 20 bighas of land in Takarma, Sarsana and Gola, stand on my name. I have to pay every year as assessment about Rs. 60. I had never before made any default in paying the Government Revenue. I had paid the first instalment of this year, and also the 2nd instalment for Takarma and Gola lands. Only Rs. 9-8 on account

of the 2nd instalment of the land of Sarsana remained due. The Talati of Sarsana with my Saukar came to my place for it. I had nothing with me to pay to him, and hence the Talati attached my turban and a cooking pot, and he mortgaged them with the Saukar, and took from him the balance of my assessment. The turban and the cooking pot are still in the possession of the Saukar. I have not yet redeemed them.

31st August 1900.

(Sd.) DHULA PARAG.

Signature in his own hand.

(In English.)

Taken on 31st August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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**No. 23.**

**Statement of Dulabh Keshav of Takarma.**

*(Translated from Gujerati.)*

I, Dulabh Keshav, Kadwa Kunbi by caste, of Takarma, Olpad Taluka, agriculturist by profession, state as follows :—

I till about 18 bighas of land of my share. On that account, I have to pay Rs. 65 to Government. Till this year, I had paid Government dues regularly. I was never a defaulter before. Last year, about three hundred sheaves of Bantu grass and two maunds of Kappas were produced in my land. The whole of the Bantu was used in maintaining my cattle. I had bought for my family corn of Rs. 7-8, obtained by selling Kappas. I could not pay the land revenue of the year 1900. Hence when Mr. Kadri had been to our village, he kept me standing in company of other defaulters, and I was sent to Olpad with Bheema Parag of my village, and I was allowed to leave Olpad after Bheema. I returned to my village after him. The statement made by Bheema Parag yesterday in reference to that, which you have read out to me, is all correct. Some days after, I returned from Olpad, I heard that Karkun Chaganlal of the Mamlatdar's Kacheri used to whip severely all defaulters of Government assessment. Consequently I was frightened, and borrowed money from Kalyan Naran, a banker of Olpad, after mortgaging fifteen bighas of my land and both my houses. He made me pass a deed and deducted 10 per cent. *vatao* (discount) from the amount borrowed, and charged 18 per cent. interest. He has got this mortgage-deed registered. I have paid the Government dues from this borrowed money.

1st September 1900.

(Sd.) DULABH KESHAV.

In his own handwriting.

(In English.)

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.



**No. 24.****Statement of Ukarji Nassarvanji of Mandroi.***(Translated from Gujerati.)*

I, Ukarji Nassarvanji, Parsi by caste, residence Mandroi, Taluka Olpad, occupation cultivator, state as follows :—

In my village, my own land is 10 bighas, and my brother Pestonji's land is 10 bighas, which I also cultivate. The Government assessment for the 20 bighas which I cultivate is about Rs. 59 per year. About 6 years ago, I borrowed moneys from a Bania named Javer Govind of my village for payment of the assessment and mortgaged my land to him. During the last Fasal, my land remained uncultivated and nothing was produced therein, I therefore could not pay the assessment for the year 1900. In the month of March last, the Patel and Talati of my village and a Talati of another village sent for me, asking me to go to the village Utara. There I was threatened and told to pay up the balance of the assessment within six days. I was threatened that if I did not, my land would become forfeited and be sold off. Fearing that they would sell off my land, I borrowed Rs. 30 from Hirachand Govan, a Bania of my village; and I sold one of my bullocks for Rs. 15 to a Parsi Dhanjibhai Rustomji of Karanj; and I had to borrow money from my brother who is engaged as a cook in Bombay. And in this way, I had to pay the assessment. I am in very straitened circumstances, and I have to maintain myself by receiving charitable corn from the Parsi Panchayat, which distributes it in charity.

Parsis, Dinshah Dhunji, Kanji Peston, Shapoor Koooverji, and Sorab Koooverji of my village are agriculturists, and are in as straitened circumstances as myself, and they also maintain themselves from the charitable corn distributed by the Parsi Panchayat. They were also threatened with forfeiture and sale of their lands, and therefore they also had to borrow money on interest and pay the assessment. Besides, Baj Pani, widow of Ukla Bhawan, was pressed hard for payment of the assessment, and therefore she had to sell her seven bighas of land for the paltry sum of Rs. 50 to Mulla Hussan Ismal and pay the Government assessment therefrom. That field is worth about Rs. 200.

(Sd.) UKARJI NASSARVANJI.

(In English.)

Signature in his own handwriting.

Taken at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 25.****Statement of Kuvarji Ichha of Erthan.***(Translated from Gujerati.)*

I, Cooverji Ichha, carpenter by caste, inhabitant of Erthan, in the Olpad Taluka, cultivator and carpenter, state as follows :—

I have got a *Pasayata* of about 3 bighas. My khata lands are 6 bighas and I have got about 3 bighas of Giras *Pasayata* land. I have to pay to Government every year about Rs. 70 for assessment. Out of my lands mentioned above, only 5 or 6 bighas produced *bantu*, about 7 to 8 hundred bundles. Except this, my lands yielded no crop. I had paid up the 1st instalment of assessment for the year 1900. I could not pay the second instalment, because I had no means to do so. Chaganlal Karkun had sent for me at the village Utara to speak to me about this unpaid instalment. There he abused me and struck me with a whip. Afterwards, he told me that I should pay up the money within one week, and that if I failed to do so, he would get my lands

forfeited. In consequence of this fear, I had to sell off the fodder for my cattle, which I had in my house, consisting of bundles of *bantu* and the sale proceeds thereof and also of some old fodder which I had in my house as balance of the previous year, I used in paying Government. My cattle consisted of two bullocks, one buffalo-calf, and one she buffalo. Out of these the buffalo has died. The rest have been kept alive with great difficulty (by feeding them) on leaves of trees, &c.

(Sd.) COOVERJI ICHHA.

Signature in his own handwriting.

(Sd.) KASHI PARBHU.

(In English.)

Signature in his own handwriting.

Made on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 26.

#### Statement of Makan Vanmali of Erthan.

(Translated from Gujerati.)

I, Makan Vanmali of Erthan, in Olpad Taluka, a Kadwa Kunbi by caste, and an agriculturist by profession, state as follows :—

The total area of land both in Erthan and Takarma on my name is about fifty bighas, for which I annually pay 200 rupees to Government. The first instalment of Government dues of the year 1900, fell due in last March. About a month before that, the fodder for my cattle, and that for the cattle of Narshi Dayal, Natha Talshi, and Kala Vanamali, cultivators of my village, fell short; we, therefore, collected one cartful of Kappas in order to raise money for the purchase of fodder. I took it to the Sayan Ginning Factory for sale. The Mamlatdar was then at Sayan. He asked me whether I had brought the Kappas after giving security. I answered in the negative. Thereupon my cart and oxen were seized. He threatened me saying, that they would be sent to Olpad to be sold by auction. After a while the broker of the Sayan Ginning Factory came and entreated the Mamlatdar not to send off the cart and oxen to Olpad, and said "I will not pay him the money realized from this Kappas, but I guarantee that the same shall be paid over to Government, therefore let his goods be released." He then gave a written bond, and then my goods, cart and oxen were restored to me. The sum of Rs. 86 realized from the Kappas were paid over to the Mamlatdar by the said broker. Two or three days after, we all were required by the Mamlatdar to go to Olpad with the Patel and Talati of my village. We four were ordered to pay up both the instalments. We were compelled to give a bond for paying the same within eight days, and when the Patel became our surety, we were released. We therefore incurred debts to pay the same. There being no fodder in my house, two milch buffaloes and one ox died. I had said to the Mamlatdar at Sayan that the sum of money realized from the Kappas had to be used for buying fodder for cattle, and that we all would make payments in time. In Olpad also we intimated to the Mamlatdar that we were unable to meet the Government demand immediately, and that each instalment would be paid when it would fall due, but he would not agree to that.

1st September 1900.

(Sd.) MAKAN VANMALI.

(In English.)

Signature in his own handwriting.

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 27.****Statement of Bhagwan Rama of Erthan.***(Translated from Gujerati.)*

I, Bhagwan Rama, Kadwa Kunbi of Erthan, Olpad, agriculturist, state as follows :—

About twenty-two bighas of land in the Erthan village stand on the name of my father Rama Devji, and about 92 or 93 Rupees have to be paid for it as revenue assessment. My father is unable to leave the house on account of fever, therefore he has sent me here to-day. My father is under no debt. My father owns 22 bighas Government land and holds 18 bighas land under a lease, in all 40 bighas. From 6 bighas of this, only 600 bundles of *bantu* grass were produced. Nothing was produced in the other land. I had two oxen and one buffalo. Before this year, there was no default on my father's part in paying the Government assessment. My father had paid Rs. 10 of the 1st instalment. Some days after, Karkun Chhaganlal from the Mamlatdar's Kacheri came to my village, and called my father to the village Utara, where he accordingly went. My father came and told me that he was abused and whipped by Karkun Chhaganlal for Government dues, and he showed me three whip sores on his back. After that, we tried much to pay off the Government assessment by mortgaging our land, but no one lent us money. After that, we sold off the *bantu* (grass) which was in our house for the cattle, and out of the proceeds paid Rs. 10 to Government. The remaining we still owe. Out of our cattle, one buffalo died from want of sufficient grass. My father had asked for *takavi* to buy grass, but he could not get it.

31st August 1900.

(Sd.) BHAGWAN RAMA.

Signature in his own hand.

(In English.)

Taken before me on the 31st of August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 28.****Statement of Ganesh Dulabh of Erthan.***(Translated from Gujerati.)*

I, Ganesh Dulabh, Kudwa Kunbi of Erthan, Olpad Taluka, say as follows :—

About four or five months back, Karkun Chhaganlal from the Olpad Mamlatdar's Katchery had come to our village. In Erthan, my minor sons have got land, inherited from their maternal grandfather, the assessment of which was unpaid, and hence I was called. When I went there, Khatedars Rama Dewji, Kuverji Ichha and Hathi Parbhu of our village were present. Chhaganlal Karkun asked them to pay off the assessment. They replied that it was impossible for them at the time, when Chhaganlal abused them and gave to each two or three strokes with his whip, and the next day he asked me to go to Kadramá. Hence on the next day, I went to Kadramá. He asked me to pay off the Government assessment anyhow. I told him that I could not obtain money by borrowing; thereupon he told me, that I must pay off the money within five days, otherwise my land would be forfeited.

31st August 1900.

(Sd.) GANESH DULABH.

Signature in his own hand.

(In English.)

Made on 31st August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 29.****Statement of Makan Lala of Bhadol.***(Translated from Gujerati.)*

I, Makan Lala, caste Talabda Koli, residing at Bhadol, Taluka Olpad, occupation cultivator, state as follows :—

I am the Police and Revenue Patel of Bhadol. At the village of Bhadol there is *pasayata* land given for supplying water by means of kos (leather bag for drawing water), which stands on the name of Dubla Dahya Kania. This Dubla is at Bhadol. The work of supplying water was done by Lalia Motia and Bhawania Motia. Last monsoon Lalia and Bhawanya cultivated the *pasayata* land enjoyed for the supply of water, and some *Bantu* grass had grown in the said land. So long as the grass lasted they fed their bullocks and continued supplying water. Afterwards, the bullocks died of starvation, and Lalia and Bhawanya left the village. There were Rs. 9 payable to Government as unremitted assessment in respect of the *pasayata* land given for the supply of water, and the man who cultivated the *pasayata* land paid the same. There are no punch in Bhadol, nor was there or is there any subscription raised, or money collected in any other way by the people of the village for the maintenance of the kos (supply of water drawn from a well by a leather bag). Umed Lalji and Bavla Visram were not the Punch of the village; and the monies of the people of the village were not kept with them. For the (payment of the) excess assessment in respect of the *pasayata* land for the supply of water, the Talati of Bhadol issued a notice to Umed Lalji, Bavla Visram, and Himat Chita. The Talati served the said notice on Bavla. Umed and Himat refused to take the notice issued to them, and declined to sign acknowledgment of the receipt of the notice. About five or six months ago, the Deputy Collector Mr. Kadri had come to Bhadol. As the Talati had sent round the information that the Deputy Collector was to make rujwats, the people of the village had been present. The Talati informed him (*i.e.*, Deputy Collector), that Himat Chita would not sign the notice regarding the excess assessment in respect of the *pasayata* land (given) for the supply of water. Thereupon Mr. Kadri abused him and ordered him to be arrested and his house (—hold property) to be attached. Two peons caught Himat by both his hands and carried him to his house. The Talati, Mr. Kadri himself, and other people of the village followed him. The moveable property in the house of Himat was attached and taken out of the house. Thereupon Umed Lalji who is the paternal uncle of Himat, paid Rs. 5, and thereupon the attached property was returned. After this, the Talati and Mr. Kadri went to Bavla's house and directed the moveable property in his house to be attached, thereupon Bavla borrowed money from (some) other place, and paid off the sum that he was asked to pay. Himat and Bavla had paid the Government assessment payable in respect of their own lands. There was no balance due by them.

Some days after the above occurrence, Chhaganlal, a karkoon in the Olpad Kutcheri, came to Bhadol and directed some persons of Bhadol from whom arrears were due, *viz.*, Mava Karsan, Ganga, widow of Ganesh Hira, Bhani, daughter of Bhagoo Asha, Naran Jivan, Mania Pema, Bhana Rupa, Ratna Visram, Dhuria Punja, Bhika Mitha, Mana Bhagu, Narsing Dipa, &c., as well as the members of their houses, to get out of their houses, and locked their doors and put his seal on them, and ordered the people of the village not to break the seals until the arrears were paid. Thereafter these persons went to Mr. Lely, the Commissioner, with a representation. After this, the Olpad Mamlatdar came to Bhadol, broke the seals, and permitted the said persons to enter their houses. Mania Pema's sister having died, the Talati was asked to open (his) house for some time to enable him to perform the after-death ceremonies. But the Talati did not open it.

Further,—balance of Government demands was found due by Vanias of Bhadol, viz., Samna Hakmaji, Devichand Chatraji, and Lakhma Deoji, in respect of their own lands and lands mortgaged to them. The moveable property in their houses was attached. Afterwards Chhaganlal karkoon called them at the Utara and told them to pay off the amount forthwith. In connection with that, Chhaganlal karkoon abused them, beat them with a horsewhip and threatened them saying that he would send them out of this Raj. The said Samna and Devichand made a complaint regarding this to the Commissioner at Broach. But the said officer telling them to make the complaint to the Collector returned the petition.

Himat Chita, Bavla Visram and Umed Lalji had no concern whatever at any time in the *pasayata* land in respect of the water-supply.

Dated 1st September 1900.

Signature of MAKAN LALA,

in his own handwriting.

(In English.)

Taken on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

(Translated from Gujerati.)

We, Dahya Fakira, Bavla Visram, Himat Chitta, Mania Pema, Mava Keshava, Ratan Visram, Gambhir Bava Guman Bava, Bai Ganga, widow of Ganesh Hira, Bhanki, daughter of Bhagu Asha, and Samna Hakmaji, and Bhaichand Motichand, all residing at Bhadol, Taluka Olpad, state that what is stated above by Makan Lala is read over to us and is all true.

Signature of DAHYA FAKIRA, in his own handwriting.

„ of BAVLA VISRAM, in his own handwriting.

„ of HIMAT CHITA, in his own handwriting.

„ of MANIA PEMA, in his own handwriting.

„ of MAVA KESHAVA, the handwriting of Gambhir Bava Guman Bava.

„ of RATAN VISRAM, in his own handwriting.

„ of GAMBHIR BAVA GUMAN BAVA, in his own handwriting.

„ of GANGABAI, widow of Ganesh Hira, the handwriting of Gambhir Bava Guman Bava.

„ of BHANIBAI, daughter of Bhagu Asha, the handwriting of Gambhir Bava Guman Bava.

„ of SAMNA HAKMAJI, in his own handwriting.

„ of BHAICHAND MOTICHAND, in his own handwriting.

(In English.)

Made on the 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

(Translated from Gujerati).

We, Makan Lala, Dahya Fakira, Purshottam Dāyal and Bhaichand Motichand state as follows :—In our village, the crops were very scanty in the last harvest season. Cotton crop was only one anna in the rupee. A very small quantity of grass had grown, and that too was not sufficient for the cattle of the cultivators of our village. Even in the harvest time of the year before last, crops had not been good in our village, and hence there had been delay on our part in paying the Government assessment. So a peon was sent from the Mamlatdar Kutcheji, and the people of the village were prevented from taking water from the well by thorns being thrown round about it.

Signature of MAKAN LALA, in his own handwriting.

„ of DAHYA FAKIR, in his own handwriting.

„ of PURSHOTTAM DAYAL, in his own handwriting.

„ of BHAICHAND MOTICHAND, in his own handwriting.

„ of HARIA DAYAL, in his own handwriting.

„ of NOPA LAKHMA, in his own handwriting.

(In English.)

Made on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 30.

Statement of Gangaram Khumaji of Bhadol.

(Translated from Gujerati.)

I, Gangaram Khumaji, resident of (the village of) Bhadol, in the Olpad Taluka, state as follows :—

I and my partner are Khatedars of land in the village of Bhadol, Umasi, Koba and Kashad. I have paid the Government money in respect thereof. I have yet to pay the same in respect of a few—two or four khatas—which I have not been able to pay. Consequently the Mehta and Karkun abused me and troubled me and attached my property; and yet I could not pay. The above-mentioned money which I have paid, was raised by mortgaging my ornaments which I had sent for from Marwad. A very small part of it was defrayed from the crops. But for the balance of money, as also for the money of the mortgaged land, when Karkun Chaganlal came, he called my partner Devichand Chatraji at his place, and struck him with a horse-whip, and sent him to Olpad. There he was kept in confinement for six hours, and the Karkun said that his income-tax should be got doubled. Consequently the Mamlatdar Saheb has enhanced my income-tax from rupees twenty-eight to forty-two. In such a year the tax should be reduced; but instead of that, it is enhanced. I have yet to pay the money for the Sarkar Dhara (Government cess); but I cannot pay at present.

Dated 1st September 1900.

(Sd.) GANGARAM KHUMAJI.

In his own handwriting.

(In English.)

Made on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 31.****Statement of Morar Jesang of Koba.***(Translated from Gujerati.)*

I, Morar Jesang, by caste a Talabda Koli, inhabitant of Koba, Taluka Olpad, by occupation a cultivator, state as follows :—

I have to pay every year to Government about Rs. 125 for the land standing in my name at Koba. Besides that, I have other lands in my possession for which I have to pay Rs. 50 a year to Government. Before A. D. 1900, I paid my assessment to Government regularly every year. There was never any default or delay on my part. Last season I could not raise any crop on my land, nor was I able to get any produce out of it. Before the end of the time fixed for the first instalment of the year 1900, the Patel and Talati of Koba came to my house to distrain my goods for the non-payment of Government assessment. They seized the moveable property of my house consisting of clothes, quilts, cooking utensils, *Athar* (sheet for covering grain in carts), and bags to carry grain for sale to the market, and bringing them out from my house into the front yard, made an inventory of the same. Afterwards they dug the middle part of my parlour to the depth of a cubit, but as I had not concealed anything they could not find anything there. Then the Patel and Talati told me, that if I could furnish security for producing the distrained goods whenever required, they would leave the goods in my possession. I thereupon gave them the name of one Ramji Dahya of my village as my security, and they got from him an indemnity bond. I then sold the *Palla* ornaments of my wife, as also the ornaments given to my brother's daughter, a woman about 20 years old, by her husband, as well as the *Palla* ornaments of my nephew's wife, and paid up the Government assessment. The Patel and Talati of the village had obtained from the 2nd class Magistrate, *i.e.*, the Mamlatdar of Olpad, a summons against me, on a charge falsely got up against me of instigating the other ryots not to pay Government assessment, with a view to coerce me into paying my share of the Government assessment by any means. On the day that I paid up the Government assessment I got the above summons. I had never instigated any one, and the charge against me was a trumped up one. I appeared before the Magistrate on the date mentioned in the summons when the Patel and Talati informed him that as I had paid up the assessment, the prosecution against me was not to be proceeded with, and they did not adduce any evidence. I was, therefore, discharged by the Magistrate.

(Sd.) MORAR JESANG.

(In English.)

Signature in his own hand.

Taken at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 32.****Statement of Karsan Hansji of Koba.***(Translated from Gujerati.)*

I, Karsan Hansji, Talabda Koli of Koba, Olpad Taluka, agriculturist, say as follows :—

I till land about four bighas and a quarter in the Thothav village. I own the land. On that account I have to pay to Government Rs. 21 every year. I have no debts. Before the year 1900, I was never a defaulter. My land was completely unsown last year and grass or nothing else was produced. As I had no property I could not pay

up the last two instalments of Government Revenue. A Karkun from the Mamlatdar's Kacheri came to my village some days after the first instalment of revenue became payable. The Kotwal came to call me, and hence I accompanied him to the village Utara. He abused and whipped me hard as money was due to Government from me. He inflicted such a strong blow on my leg, that I was disabled from moving for 8 or 10 days. At the time of my being permitted to go the karkun told me, "You must pay up the money before I return after 8 days, otherwise I would handcuff you and take you to Surat and flog you so severely as to have your skin cut up." Being frightened I kept myself absconding and hiding. As I had nothing to live upon, I sent my wife to work on the famine relief works at Parwat and the Sisodra, and I remained home to furnish my bullocks with fodder and was maintaining myself with great difficulty, working hard. At present I am engaged as a farm servant, but I could not maintain myself and my wife out of that. Before the famine I had four animals, of which three died of want of fodder, and only one is left.

(Sd.) Mark of Karsan Hansji.

Signature by the hand of

(In English.)

BHANUSHANKER HARIVALLABH.

Taken at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 33.

#### Statement of Ganesh Vallabh of Pardi (Koba).

*(Translated from Gujerati.)*

I, Ganesh Vallabh, Talabda Koli of Pardi (Koba), Olpad Taluka, agriculturist, state as follows :—

About thirty bighas of land stand on my name in my village. I have to pay on that account Rs. 125. I had never made default in paying Government revenue before the year 1900. In the last season my land was completely unsown and no grass or anything else was produced. I had no other property, and hence I could not pay the Government dues. Till this year I had no permanent debt. On occasions of necessity, I was borrowing some money and paying it off, and thus I was managing my business. I had never before mortgaged my land. A few months back, a karkun called me to the village Utara. He kept me waiting for some hours there, and said "You must pay up money to-day, otherwise you will not be allowed to leave the place." At last he told me, "Sell your land, children, or wife and pay the Government assessment." I said "I have been trying my best to borrow money." On that day, I was allowed to go after being kept waiting for some hours. Eight or ten days after that the karkun called me to Sarsana. He abused me, and struck me with his fist, as I had not paid the Government assessment. He told me "Pay Government dues within 8 days, otherwise you would be tied up and faggots will be kept burning underneath." Being thus intimidated, I went out to arrange for the money. I went to Kalyan Naran, a banker of Olpad. He proposed to me that he would give me a loan on the mortgage of my land, deducting 30 per cent. as discount (*vatalav*), and demanding 18 per cent. as interest. I accepted even these conditions, but he on hearing that Government compels the mortgagees to pay the Government assessments, refused to lend me money even on these conditions. Afterwards being much frightened, I went to Desai Chintaman Lalitaram of Surat, who owned some land in my village which was under my supervision and which I was tilling as his tenant occasionally, and I



wept before him. He took pity for me and consented to lend me money on my mortgaging my house and land at the rate of 12 per cent. interest. I borrowed Rs. 100 from him by mortgaging my house and 30 bighas of land, and I borrowed Rs. 25 from divers other persons. Thus obtaining Rs. 125 I paid up the Government assessment. Two months ago, I got Rs. 30 as *takavi* for grass from Government, out of this I paid Rs. 25 to the divers other persons as abovementioned, as they were very importunate and pressed for repayment. I have nothing to live upon at present. The mortgage-deed given to Desai Chintaman is registered.

1st September 1900.

(Sd.) GANESH VALLABH.

(In English.)

In his own handwriting.

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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## No. 34.

### Statement of Amatha Hira of Bhatgam.

*(Translated from Gujerati.)*

I, Amatha Hira, Kadwa Kunbi of Bhatgam, Olpad Taluka, an agriculturist, state as follows :—

Scanty crops have been produced in my village for the last five years, and hence the state of the agriculturists is day by day growing worse. In the years 1898 and 1899, my fellow-villagers paid Government assessment with great difficulty, and even property was attached at three or four places.

In my village, cotton and wheat are sown. Last season, cotton to the amount of one anna ( $\frac{1}{16}$  of average) was produced, and wheat was not produced at all.

I have on my name 90 bighas of land, which I cultivate myself. I have to pay Rs. 350 as Government assessment on that account. My land was not sown last year at all, and nothing was produced from the land, and hence I could not pay the Government dues.

About four months back, Karkun Chaganlal had been to our village. He called me to the village Utara. The Talati said that I had not paid up my assessment. Chaganlal asked me why I had not paid Government dues and saying so whipped me. He had given me four stripes. I was severely injured by that, and had sores on my body. He then told me "Pay up the assessment within 5 or 6 days, otherwise your land will be confiscated and sold by auction." I tried much to borrow money by mortgaging my land, but could not get any, and hence I have not been able to pay up the dues yet. Before my eyes, Karkun Chaganlal had abused and whipped Amala Bhagwan, Vanamali Ranchhod, Khushal Dhulabh, and Amala Dayal of my village, for their making default in paying the assessment, and had threatened them also that their land would be confiscated, if they did not pay up the demands within five or six days. In consequence of the severity of the Karkun, Dayal Shanker sold away and gave over possession of his house and land to the extent of 75 bighas to Marvari Kesur Lukhamaji of Pal, and thus paid the Government dues. Dayal at present works as a labourer. Similarly also Daya! Khushal, Jadav Khushal and Rama Khushal, agri-

culturists of my village, were obliged to sell away their houses and all their land ; they have sold them to Soni Itcharam Morar of Olpad, and are at present holding them as his tenants. These sales they had to make in consequence of the severity in the recovering of Government dues, and Government dues have been paid from the proceeds of the sales. In the same way also Bai Ratan, widow of Punjia Uka, and Bai Devi, widow of Pema Purshotam, sold their lands and houses to Soni Itcharam Morar in order to pay Government assessment and they thus paid them.

(Sd.) AMATHA HIRA.

(In English.)

Signature in his own handwriting.

Made at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 35.

#### Statement of Kalia Visram of Kadrama.

*(Translated from Gujerati.)*

I, Kalia Visram, Talabda Koli by caste, residing at Kadrama, Taluka Olpad, a cultivator by occupation, state as follows :—

Last monsoon the crop was very small at the village of Kadrama. The cotton crop was one anna in the rupee. There was no crop of grain. There was some 'bantu' grass, where juar was sown. The bantu grass, was not enough to last for the cattle of the cultivators of the village. Grass had to be ordered from outside, notwithstanding which many cattle died for want of grass at Kadrama. Even before the time of the instalments for Government dues, the village Talati did not allow us to take out for sale the produce of our crops, unless and until we gave security for the moneys due to Government. The people of my village sold their cotton crop and paid thereout what Government dues they could pay, and notwithstanding that balances remained due. To recover these balances, moveable property was attached from the houses of the Khatadars of my village Nanka Bhana, Gopal Rupa, Guman Murar, Mulia Rupia, and others, including even grain which was kept for home consumption and was not more than about ten seers (in each house). After that, the Talati of the village took to Kudsad, myself, Gopal Rupa, Makan Visram, Dahya Lakhman, Lakhman Ranchhod, Ramji Bhavan, and Keshav Jivan. Keshav went into the village. As to the remaining six persons, the Talati took them to Chaganlal, a karkun of the Kacheri of the Olpad Mamlatdar, who was there. Chaganlal permitted me and Gopal Rupa to go into the village. The others, Dahya Lakhman, Makan Visram, Ramji Bhavan, and Lakhman Ranchhod remained with him. After about an hour and-a-half or two hours, Dahya Makan, Ramji, and Lakhman came to the outskirts of the village of Kudsad, where I and Gopal were sitting, and told us that Chhaganlal had belaboured them much with a whip, and pointed out to us the marks of whipping on their persons. The marks were very prominent. Two or three days after that, the Talatis of Mahamadpura, Kosad and Umrachhi, came to Kadrama, and having called Guman Gangaram, Bhikha Ramji, Dhania Limba, Nanka Bhana and others to the village Utara, belaboured them with sticks, clubs, and kicks. Afterwards they turned out from their houses the families of members of Lala Pitamber, Ratna Jagdish, Valav Pursotum, Dhania Limba, Vallav Dhuka, Naran Bhavan, Pema Ganesh, Lala Rupa and Nanka Parsotam, and having closed the doors and placed paper seals on the doors, ordered the village people not to open the doors until the balances due to Government were paid.

Rs. 35 were paid as *takavi* advance to Mulji Hira of our village, but the Talati went to his house the second or the third day after that, and forcibly took away from him Rs. 23 out of the same, on account of the balance due to Government. In the same way Rs. 35 were paid to Lala Pitamber as *takavi* advance, and Rs. 25 were taken away from him on account of the balance due to Government. Kuvaria Kala was paid Rs. 35 as *takavi* advance, out of that he bought grass worth Rs. 17 and he was to buy more, when the Talati took away all the remaining 18 Rupees, and applied them to discharging his balance due to Government. Gopal Rupa was paid Rs. 35 as *takavi* advance, out of that rupees ten were taken from him on account of the balance due to Government. Many cattle of the people from whom Government dues were recovered out of the *takavi* amounts (paid to them) died of starvation. As force was used upon Nanka Bhana, he borrowed money from me and paid the same to Government, and a month or two after he sold his ox and paid up my money. A crop of about two and-a-half maunds of cotton was raised in Nanka's field, and the growth of *bantu* grass did not exceed about 200 or 300 sheaves, and the jowar crop was about two maunds. There was no more crop there. Makan Bhana of my village had sold his ox to pay the balance due from him to Government. Nanka Bhana has to pay Rs. 44 to Government. Makan Bhana and Lalia Bhana of my village had to borrow from Kalyan Naran, a money lender of Olpad, the amount of instalments due to Government, for which the said creditor has taken a mortgage of fifteen bighas of their land by a registered document. Kuvaria Kala of my village had to borrow from the said sawkar, in order to be able to pay the amount of instalments due to Government. He has mortgaged his house to him by a registered document.

(Sd.) KALIA VISRAM.

(In English.)

Signature in his own handwriting.

Made on 1st September 1900 at Ilav.

(Sd.) GOKULDAS KAHANDAS PAREKH.

(Translated from Gujarati.)

We, Dahya Lakhman, Lakhman Ranchhod, and Makan Visram, residing at Kadrama in the Olpad Taluka, Talabda Kolis by caste, cultivators by occupation, state that the statement made as above by Kala Visram is wholly true. Chaganlal Karkun belaboured us three persons and Ramji Bhavan, with a horse-whip at the Kudsad Utara and abused us in various ways. We never went to Chaganlal Karkun at Takarama. There was no good crop at our village in the year 1899, so there was some delay in paying the Government dues. Therefore a Sarkari Havaldar (Sepoy) was made to sit at the village well, and the people of our village were prevented from taking water from the village well for two or three days.

(Sd.) MAKAN VISRAM, his signature, in his own handwriting.

„ DAHYA LAKHMAN, his signature, in his own handwriting.

„ LAKHMAN RANCHHOD, his signature, in the handwriting of Makan Visram.

(In English.)

Made at Ilav on 1st September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

(Translated from Gujerati.)

We, the undersigned inhabitants of Kadrama in the Olpad Taluka, state that the above statements of Kala Visram and Makan Visram and others have been read out to us. What is stated therein is wholly true.

- (Sd.) LALA PITAMBER, his signature, in his own handwriting.  
 ,, KESHAV JIVAN, his signature, in his own handwriting.  
 ,, GOVAN DEVA, his signature, in his own handwriting.  
 ,, LALA BHANA, his signature, in his own handwriting.  
 ,, LALA RUPA, his signature, in his own handwriting.  
 ,, NANKA BHANA, his signature, in the handwriting of Hansji Dahya.  
 ,, KUVARIA KARA, his signature, in his own handwriting.  
 ,, MURJI HIRA, his signature, in his own handwriting.  
 ,, KARA DHANA, his signature, in his own handwriting.  
 ,, NARAN BHAVAN, his signature, in his own handwriting.  
 ,, MAKAN BHANA, his signature, in the handwriting of Hansji Dahya.

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**No. 36.**

(Translated from Gujerati.)

**Statement of Fulji Lakhio of Kapodra.**

I, Fulji Lakhio, by caste Bhil, inhabitant of Kapodra, Taluka Anklesvar, occupation Government service, say as follows :—

I am a vartania of Kapodra. I have about 10 bighas of land in that village. Five out of these 10 bighas are held as *pasayata* for Vartania Service, and the other 5 bighas are of Government land. For this I have to pay Rs. 10 as Government demand. In the last monsoon there was a total failure of crop in my fields. I could not pay the amount of the last two instalments of Government revenue demand, as I had nothing with me. About two months ago, the Patel and the Talati of my village took me and many other persons of my village to Panoli. There they presented me and other persons of my village before the Mamlatdar. Cultivators of Bhadi, Sanjali, Bakrol, Kosamdi and Jitali were also present there. The Mamlatdar inquired of the Talati how many rupees were due from me. The Mamlatdar Sahib then called me and said "I give you 7 rupees from the charitable fund; these rupees will be credited against the Government balance due from you, and I shall cause *takavi* advance to be made to you from Government." I was given nothing in cash out of these 7 rupees. There was a balance due for revenue demand from Jivanio Sonio, a vartania of my village. The Mamlatdar Sahib said he was given 17 or 18 rupees from the charity fund, but Jivanio got only two or three rupees in cash and was told, that the rest would be credited in his account of the Government dues. Fula Jhaver, a vartania of my place, had also come there. Two or three rupees were due from him for Government balance. The Mamlatdar Sahib caused 5 or 6 rupees to be given to him from the charity fund. But he was given two or three rupees only in cash, the rest were credited in satisfaction of Government balance. Dheds of my village, Nathia

Khushal, Mulio Bhulio, and Nanio Dulio had also come there. In their case, two rupees due for Government assessment were first deducted and the balance was given to them. Dues for revenue demand from Kanji Bechar, a cultivator of our village, were taken from the charity money given to him at that time. When I was there, persons of the abovementioned villages were given rupees from the charity fund, but moneys of Government demands were first deducted out of them. A fortnight ago, the Patel of our village took me to the residence of our Talati at Ankleshwar. Jivan Sonio was also with me. The Talati sent us to the Mamlatdar's house and he himself followed us. The Mamlatdar Sahib told us to say, that we had paid the revenue demand dues out of the sale proceeds of the hides of our dead cattle. Both of us refused to say so. Then the Mamlatdar gave one rupee to each of us, and caused something to be written by a karkun. What was written was not read out to me or to Jivania Sonio. What I have stated above is quite true. And I further say, that a few days after the occurrence of the above events at Panoli, the Munsif of Ankleshwar was entrusted with the work of making Takavi advances at our village. Consequently I and other persons of my village went to the Munsif Sahib to apply to him for Takavi advances. Then the Munsif Sahib asked us what we did with the rupees we were given from the charity fund. We stated that Government dues were recovered out of these rupees. Upon this he caused the Patel to make to him a report in this connection. The whole of what I have stated above is quite true.

× mark of FULJI LAKHIO.

This mark is made by Fulji Lakhio with his own hand, in the handwriting of Gokuldas Gordhandas.

(In English.)

Before me on the 28th of August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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### No. 37.

#### Statement of Hiria Koyala of Kosamdi.

(Translated from Gujerati.)

I, Bhangia Hiria Koyala, inhabitant of Kosamdi, Taluka Anklesvar say as follows :—

I am a Government servant at Kosamdi. For this service I enjoy *pasayata* land for which I have to pay some unremitted assessment. There was a total failure of crops in my land last season, and as I had no other property, I could not pay the two rupees which I have to pay yearly for unremitted assessment. About two months ago, the Talati of the village took me and other persons of my village to the Mamlatdar at Panoli. There rupees from the charity fund were distributed amongst the cultivators. I was allotted six rupees from that fund. Out of these six rupees, two rupees which I had to pay to Government for unremitted assessment were deducted, and the remaining four rupees were given to me in cash by the Mamlatdar's order; he told me that two rupees due for unremitted assessment were deducted. Rupees six were given to Bhangian Dahi, widow of Govinda Hiria of my village; out of these six

rupees also, two rupees were deducted for the payment of unremitted assessment, and only four rupees were given to her in cash. Jethio Bajio, a vartania of my village, was allotted ten rupees from the charity fund, but the whole sum was credited against his Government dues. Nothing was given to him. About fifteen or twenty days ago, the Havaldar of our village took me to the residence of the Mamlatdar Sahib of Ankleswar. Bhangian Dahi also had accompanied me. The Mamlatdar Sahib asked us to state that we paid the Government balances out of sale proceeds of hides, but we refused to say so; then the Mamlatdar Sahib took my signature on one paper, and caused Dahi's signature to be made by me in my handwriting, but I had not read what was written on that paper, nor was it read over to me or Dahi. The whole of the statement I have here made is quite true.

Bombay, 28th August 1900.

(Sd.) HIRIA KOYALA,

(In English.)

Signature in his own handwriting.

Before me on 28th of August 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

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**No. 38.**

*(Translated from Gujerati.)*

**Statement of Bai Asa, widow of Isap Ahmad of Piraman.**

I, Bai Asa, widow of Isap Ahmad, Vohora by caste, agriculturist by profession, inhabitant of Piraman, in the Anklesvar Taluka, say as follows :—

I state that 50 bighas of land stand in my name as guardian of my minor sons Museji and Hasanji. 14 bighas are mortgaged as security for my debts; the rest of the land is not mortgaged. Last season no crop was reaped from our lands, my son Museji aged 18 or 19 years could not be maintained here, so I sent him to Natal in search of employment a few days ago. Up till last year, I had been paying up the assessment without delay or default. I could not pay this year because there was no crop. My lands have been forfeited to Government for non-payment of arrears. They were put up to sale by public auction, but no one made a bid for them. I was possessed of 18 heads of cattle. As I had nothing with which to maintain them, eight died, and two were stolen away, while I have got eight left with me now. Last year some lands of our village were forfeited, but they were afterwards restored to their owners. For this reason, I too have sown a small portion of my land, which is forfeited. To enable me to sow the rest, to weed them, and to get assistance for providing fodder for my cattle, I applied for *takavi* to R. S. Upasani, who is in charge of *takavi* business for our village, and he made a reference to the Mamlatdar. The Mamlatdar has replied that it is much better to keep the land unsown than to allow it to be cultivated by defaulters in payment of arrears. So I have not been able to get any *takavi* advance even, and hence I have become helpless and workless.

(Mark of) BAI ASA, widow of Isap Hamad,

• (In English.)

Signature in the hand of Isakji Isapji.

Made at Anklesvar on 3rd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 39.****Statement of Mahammad Asmal Limbada of Piraman.***(Translated from Gujerati.)*

I, Mahammed Asmal Limbada, Vohora by caste, inhabitant of Piraman, in the Anklesvar Taluka, agriculturist by profession, state as follows :—

12 acres of land stand on my name. I cultivate the same. As plague was prevailing in my village in 1898, we were not able to work properly in our fields, and so my lands produced a very small crop. I have to pay every year Rs. (50) fifty only in my *khata*. I had gone on paying Government dues properly till 1898, and was never in arrears. I was given *takavi* money the year before the last. I had to pay Government in 1899 Rs. 75, *i.e.*, Rs. 25 by way of an instalment for the *takavi* advance, and Rs. 50 my annual assessment. I paid out of this, Rs. 15 only, with great difficulty. The balance I could not pay. Therefore one bullock, one box, two cots, and one mattress belonging to me were attached, and proclamations for their auction sale had been issued. I presented a petition in person, with a half-rupee stamp on it, to the Collector of Broach, to release my bullock, he said, "You will not get your bullock back; you had better take back your petition, thereby you will save half a rupee. If you do not, I shall cancel the stamp, which you will lose." I thereupon took back my petition. After that I sent a petition to the Revenue Commissioner, N.D., enclosing the petition made to the Collector to get my bullock back. After that, I got no reply from the Commissioner till the day for the confirmation of the sale, my bullock having been sold by auction in the meanwhile. For this reason, I managed to sell it away privately, and the price I recovered for it, I paid to Government. Similarly the box attached was also sold and the money realized paid to Government.

Signature of MAHAMMED ASMAL LIMBADA in his own hand.

(In English.)

Made at Anklesvar on 3rd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 40.****Statement of Khajan, widow of Daooji Museji of Piraman.***(Translated from Gujerati.)*

I, Bai Khajan, widow of Daooji Museji, by caste Vohora, inhabitant of Piraman, Taluka Anklesvar, by profession agriculturist, state as follows :—

Nearly 40 bighas of land are standing on my *khata*, for that I have to pay to Government Rs. 170. I have a few debts, but none of my land is mortgaged to anybody. Up to last year, I regularly paid the Government assessment on my lands, I made no delay or default therein. I have no means of support, and therefore myself and my two grandsons are given doles in charity from Government; and thus we maintain ourselves. I tried my best to raise money for paying the Government dues by mortgaging my lands; but I could not get (it). My lands have been forfeited, owing to the Government dues not having been paid. They were put to auction, but were not sold as nobody bade for them. Six months ago, I had eight heads of cattle—4 oxen, 2 buffaloes and 2 buffalo calves. An order was passed to pay me fifty rupees as *takavi* for grass, &c., for them. The Mamlatdar paid to me Rs. 50, and told me to hand over out of the same to the Talati Rs. 19 as an instalment towards the repayment of the *takavi* received in the year before the last, and Rs. 24 for the current year's Government assessment. I had left in my hands only 7 rupees, and from them I purchased grass to my cattle. But from that, I could not get sufficient for my cattle. Owing to that, my two oxen, two buffaloes and one calf buffalo, died. Only two oxen and one calf buffalo have been saved.

About one month ago, I had applied to Rao Saheb Upasani Saheb for advancing me *takavi* for improving my lands, and he in that matter asked the opinion of Rao Saheb the Mamlatdar Saheb. He wrote back saying that no *takavi* should be advanced to me as I was old and would not be able to cultivate (the lands). I informed him that the cultivation would be carried on, as I had with me my two sons, who were able to cultivate. But he did not agree to this.

(Mark of) BAI KHAJAN, widow of DAOOJI MUSEJI.

(In English.)

(Signature) in the hand of Isakji Isapji.

Made at Anklesvar on 3rd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

### No. 41.

#### Statement of Bai Fatma, widow of Ibrahim Ahmad of Piraman.

(Translated from Gujerati.)

I, Bai Fatma, widow of Ibrahim Ahmad, Vohora by caste, resident of Piraman, in the Taluka of Anklesvar, agriculturist by profession, state as follows :—

My husband died twelve years ago, and I have a son thirteen years old. I have got 35 bighas of land. I have to pay to Government about Rs. 62 per year in respect thereof. I used to pay up the money regularly to Government up to the last year, I never delayed (the payment), nor made any default. My land has yielded no crops whatsoever last year. I am a little indebted. I have neither mortgaged nor created any incumbrance of any kind over any part of my land. I tried my best to raise the money to pay the Government dues by mortgaging my land, but I could not get money, and as I had no other means to satisfy the Government demand, I could not pay up the same. My land is made *hhalsa*, i.e., ordered to be forfeited in consequence of my having failed to pay the Government dues. It was put up (for sale) by auction; but nobody came forward to purchase it, and therefore it could not be sold. Six months ago, Rao Saheb the Mamlatdar had given me Rs. 50 as *takavi* for buying fodder for my cattle. I was ordered by him to pay out of that sum Rs. 24, Rs. 19 being the instalment due in respect of the *takavi* obtained during the year before the last, and Rs. 5 on account of the last assessment instalment (*kist*). Consequently, I paid the said sum to the Talati of my village, when he came to ask for the money the next day. I had four cattle, out of which one ox died for want of fodder. I have relations in the Gaekwar territory. They sent sufficient grain for the maintenance of my son and myself, and we owe our existence to it. Two months and-a-half or three months ago, I had requested Rao Saheb the Mamlatdar to give me *takavi* for buying seeds and *nindaman* (weeding out grass and useless plants from the fields). He told me that I would not get any *takavi* before I had paid up the Government dues. About a month or a month and a half ago, I had applied Rao Saheb Upasani for *takavi*. He asked the opinion of the Mamlatdar as to whether any *Takavi* should be given to me, when my land had been ordered to be forfeited. The Mamlatdar Saheb wrote in reply that I should not be given any *takavi*. I could not therefore get any *takavi*.

Mark of BAI FATMA,

(In English.)

The handwriting of Kasam Adam.

Taken at Anklesvar on 3rd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.



**No. 42.****Statement of Ranchhod Khushal of Bhatgam.***(Translated from Gujerati.)*

I, Ranchhod Khushal, inhabitant of Bhatgam, state as follows :—

I am a Khatedar in this village and also in Matkol Kol and Hasanpore ; in these 4 villages, and I am liable to pay Rs. 150 for Government assessment. Up to 1899 nothing had remained unpaid (by me) in respect of Government assessment. Every pie had been paid. The last two three years being weak (not prosperous), I paid Government assessment by borrowing money. I thus became indebted to the extent of over Rs. 500. I owed the debt to Soni Ichha Morar of Olpad.

2. This year nothing has grown on my land except fifteen maunds of cotton pods. And the sale proceeds thereof were used in bringing (buying) fodder for bullocks, cattle, etc. The sale proceeds of the cotton-pods amounted to Rs. 55.

3. It being a famine year I was not able to pay Government assessment this year. On that account, the Rao Saheb Mamlatdar came to my village on the 20th April 1900, and he sent for me and asked me "you have not paid the money for Government assessment, and why have you removed the box from your house to Narotam Gopal's house?" I said "there was plague and we had gone out of the village, my house was open and Narotam Gopal's house was closed (*i. e.*, well protected), therefore it (the box) had been kept there." Thereupon Rao Saheb the Mamlatdar Sahib told the Patel, "Patel, bring a rope." Thereupon the Patel brought a rope, and had me tied by Sepoy Gulab, and I was then taken round the village by the sepoy. The Rao Sahib himself walked behind and then sent for *Dheds* Jethia Khushal and Premla Mawla, and giving the rope in their hands, he told them to take me to Olpad in (that) tied condition. Accordingly the *Dheds* took me (there) and we reached Olpad at about 8 or 9 o'clock. Rao Sahib the Mamlatdar was in a horse carriage, so he had reached Olpad before we did. There the Mamlatdar Sahib told me "give a security bond for Rs. 50 to be present on the 30th April." Accordingly my bond was written out, and I was allowed to go. On the 30th, I presented myself at Parya where the Rao Sahib Mamlatdar had his camp. Thereupon he asked me "Have you paid the money?" I said "I have not paid yet ; I am trying to borrow (money); nobody lends ; when lent (*i. e.*, when I succeed in borrowing) I shall pay." I was then given leave and told to go and to pay the money before the 4th day of the month. On 5th May 1900, the day on which Karkun Chhaganlal came, I paid Rs. 85, and after that I paid some more, and about Rs. 32 now remain to be paid for Government assessment. The Karkun Chhaganlal had beaten (me) with a horse-whip. I being poor and helpless and being without the means to spend and Rao Sahib Mamlatdar Sahib and Karkun Chhaganlal being Government servants, on that account, I did not make a complaint. Dated 12th August 1900.

The above statement has been dictated by me. I have read it and it is true, and I have affixed my signature to it.

Signature of RANCHHOD KHUSHAL.

In his own handwriting.

(In English.)

Admitted to be true before me at Ilav on 2nd September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 43.****Statement of Lallu Gopal of Jhadeshwar.***(Translated from Gujarati.)*

I, Lallu Gopal, Lewa Patidar by caste, inhabitant of Jhadeshwar, in the Broach Taluka, agriculturist by profession, state as follows :—

I am the *Ughratdar* Patel of my village. Attachments of moveable property were levied on 46 persons of my village for default in payment of assessment. Out of them, 44 persons took back their property on the day fixed for the auction sales after giving security for payment. Out of these 44, many have made payments to Government by borrowing money. The *Khata* lands of about 6 or 7 agriculturists were forfeited to Government for failure in payment of Government dues. The lands of 4 persons were put up to auction, but no one bid for them. Two persons had borrowed moneys and paid them in before the time fixed for auction on the auction day. Those four persons whose lands had been put up to auction but not sold, contracted a debt of a few rupees after the auction day, and offered them to the Talati, who said he had no orders to accept money after the auction day. These people had gone to pay to the Talati even before the auction day, but the Talati did not accept it. Some days after the Talati's declining to accept the money after the auction day, he told those persons that their money would be taken, if they brought it. But as they had already returned the money to the Sowcar from whom they had borrowed it, and as he was not willing to lend them again, the balances are still existing (on their names). In my village, last year there was not more than one anna crop yielded.

Dated 4th September 1900.

(Sd.) LALLUBHAI GOPALBHAI.

(In English.)

Signature in his own hand.

Made 4th September 1900 at Broach.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 44.***(Translation of a Gujarati Handbill.)*

MA. JA. NO. 1310.

**Government through Mamlatdar of Anklesar.**

The Talati and Patel of Mouje ( ) are informed that the Circular Order No. 257 of 14th April 1900 of the Collector is as follows :—I think that it is in the minds of the people, that if Government assessment is not paid the lands will be forfeited, but they will be given back without payment. This belief is quite wrong ; and it appears that it has produced a bad effect ; therefore you are written to inform the people, that if lands are forfeited for non-payment of Government dues, they will not be restored back ; but they will pass with right of possession to persons who make the highest bids at the auction sales, and therefore they will lose their lands ; you will make them understand this, and try to make revenue recoveries as early as possible ; order to this effect has been received ; therefore you should cause a public proclamation to be made for information of the people in this matter.

Dated 15th April 1900.

(Sd.) PURUSHOTTAMBHAI ICHHARAM,

Mamlatdar.

**No. 45.****Statement of Narotam Kuber of Jadesar.***(Translated from Gujerati.)*

I, Narotam Kuber, of Jadesar, in Broach Taluka, do hereby make the following statement :—

That I every year pay about Rs. 238 to Government as assessment by two instalments of Rs. 126 and Rs. 112, respectively. This year I had paid Rs. 126, and could not pay Rs. 112, so I was called at the Chowra by the Mamlatdar and asked to pay the amount. I showed my inability and said it was impossible for me to do so as there was no sahuکار to lend me any money. The Mamlatdar thereupon threatened me much and sent a karkun, the police Patel, and the Talati to my house to distrain my property for moneys due to Government, and as I could not pay them the money, they got ornaments of my wife and daughter removed from their persons, and took them to the Mamlatdar, who ordered the said ornaments to be kept at the Chowra, and to be sent to the Katcheri if I do not pay the balance of assessment within three days. I borrowed a loan of Rs. 20 from the schoolmaster, and the balance from my relations and others from the native state of Rajpipla, and paid the amount at the chowra and received the ornaments back.

(Sd.) NAROTUM KUBER.

**No. 46.****Statement of Hirabhai Chhitabhai of Jadesar.***(Translated from Gujerati.)*

On the 30th of August 1900, I, Police Patel, Hirabhai Chhitabhai say, that on the 14th of July last, Khan Saheb the Mamlatdar and his clerk came to my place and the latter placed in my charge one pair of *kallans* (anklets of one kind), and one pair of *sanklans* (anklets). These ornaments had been brought from the house of Narotam Kuber. They then gave me directions to return the ornaments to the man if he paid up his dues within two days. The dues were paid up on Monday, and the ornaments were returned to the man. I gave the money to the Talati. I say that what has been said above is true.

(Sd.) HIRABHAI CHHITABHAI.

**No. 47.****Statement of Jivanji Limji.**

I, Jivanji Limjibhoy, beg to state that those poor inhabitants of Bhadol who were driven out of their respective houses which were barred with iron staples and sealed, had presented themselves with an application to the Hon'ble Mr. Lely. The original application is with you.

After a lapse of some 15 or 20 days a list of the poor and needy was submitted to me by the Patel and Talati of Bhadol for the free distribution of rice. I produce before you the said list from which it clearly appears that 8 names in the list are out of the 11 poor ones who were removed from their houses a few days before by karkun Chhaganlal.

(Sd.) JIVANJI LIMJIBHOY.

Bombay, 8th September 1900.

Before me on 8th September 1900.

(Sd.) GOKULDAS KAHANDAS PAREKH.

**No. 48.***(Translation of a Gujerati Petition.)*

To

HIS EXCELLENCY

THE GOVERNOR OF BOMBAY IN COUNCIL,

BOMBAY.

Surat District, Olpad Sub-District,

Karanj, 22nd February 1900.

HONOURABLE SIR,

Your Excellency's arrival here as Governor of Bombay, has created a ray of hope in the miserable hearts of us, the poor agriculturists of Nes Karanj and Pardi villages, Sub-district Olpad, in the Surat District. It has been gratifying, that an extremely kind and sympathetic person like your Lordship, has been appointed at the head of the executive Government of this Presidency in these times of miseries, calamities and famines. Your Excellency's father has always looked upon the poor millions of India with an eye of sympathy and justice. We, the humble subjects, have been much pleased that your Lordship is from that family, and is equally just and kind-hearted. We are much thankful to God and pray sincerely for the welfare of your Excellency and Her Excellency Lady Northcote ; and we heartily wish that your Lordship would attend to our grievances and troubles even after your Honor's retirement to your native land after governing this Presidency in all health of body and mind and with a gladdened heart. May God favour both your Lordship and Her Ladyship with these our humble prayers.

We, the humble agriculturists, beg to lay the following prayer before your Excellency respectfully, and sincerely trust that your Lordship will pass a just and kind order and relieve us from anxiety and distress that trouble us, and grant our demands in these times of calamities, after making all possible inquiries as to the truth and veracity of our statements.

1. During our life-time famine had never before done such havoc in Gujerat. This information you Honourable Sir and your Honourable Councillors, must have received through our kind and sympathetic Commissioner and Collector. The intense work and numerous trials undergone by themselves and their charitably disposed minds to free us from all sorts of troubles and their mental, bodily and pecuniary help rendered to us to give us solace and patience, evidence on one hand the conclusive proof of the justice and sympathy of the kind British Government ; while on the other hand they irrefutably testify to the intensity of the present distress of Gujerat and the high pitch to which it would go in future.

2. As it had not rained even two inches on our land, nothing whatsoever was sown therein and what little of Bajri-sowing was done at the commencement of the season, proved fruitless and grass even, was not produced in the least. Winter crop also failed completely and hence an adequate idea of our distress can be obtained only by seeing our condition instead of reading about it.

3. Assessment on our land according to old survey was very excessive, and Mr. Fernandes, the Survey Superintendent, finding our state extremely poor and miserable, decreased the assessment in the new settlement ; which would make it clear to your Excellency and the Honourable Councillors, how miserable and distressing a state we are reduced to. According to the new survey settlement, reduction in the

amount of assessment on the Nes land, has been more than 45 $\frac{1}{4}$  per cent. Similarly, reductions to the amount of 28 $\frac{1}{4}$  per cent. in Karanj and 25 $\frac{1}{4}$  per cent. in Pardi, have been made. These facts are clear to show that our land is of very deteriorated quality and our state has become miserable, due to the excessive assessment according to the old survey.

4. Three sorts of crops, *viz.*, bajri, (millet), rice and wheat are produced on our land. We depend mostly on wheat crop. Heavy rains are necessary for a good rice crop and bajri crop is never a good one, as it requires not much rain. If it does not rain sufficiently, rice crop fails totally or turns out a poor one. Thus one of two crops, either bajri or rice, every year fails, and therefore our main dependence every year is on the winter crop of wheat. Nothing was sown this year. Fodder even was not produced for cattle. The quality of land is greatly deteriorated by the brine from the sea water or creek which has surrounded it more or less on all its sides. Cotton crop is never a success. Many agriculturists tried experiments, but had to incur losses either because the crop wholly failed or gave a very poor outturn. Further, well-digging is useless as underground water is mostly saline and hard ; hence no sort of improvement of the land, is possible. In addition to this, parts and divisions of lands are so rapidly increasing that areas of fields are decreasing, and hardly any farm covers an area of four or five acres as land is divided into so many parts. Arable land further is small in proportion to the population.

5. Land cannot be allowed to lie fallow that next crop may be a good one, and want of manure may not be felt ; for the assessment is very excessive. The condition (of our land), is deteriorating and growing worse every day, and so the number of cattle is decreasing, and hence manure cannot be had in sufficient quantity. We assure your Excellency that the average net produce of the last ten years is not enough to pay off the assessment and tax, in spite of our exerting to the utmost of our capabilities. Really, one-third of a good year's produce is paid up for assessment charges, one-third for the labour, seed, digging and other similar charges, and one-third only remains to us for our maintenance, and hence we have not been able to save anything even in good bumper years, to fall back upon, and consequently in such hard times, we have to experience the agonies of hunger, &c., and some agriculturists having been deeply immersed in debts have been reduced to a labourer's state, which fact will be gathered from official reports. In spite of our condition being so miserable and income so poor, for the last 40 years, we have been paying Government assessment every year, ungrudgingly and regularly, even though we were immersing into debts. Not a single pie has been remitted nor suspended ; though during those times of famine and dearth, crops had partly failed, which fact can be evidenced from Government reports. We are unable to pull on now because of the failure of crops and famines, for the last four years. In such times of extreme misery, where can we go to get our grievances redressed, if not to your kind-hearted Excellency. Government is our *Mabap*, and it only can relieve or mitigate our sufferings.

6. We the humble applicants have become so extremely unhappy and miserable as to lose both our credit and the ownership of our lands, if Government servants would try to cause the assessment dues to be liquidated through bankers. Our lands would be sold away at very cheap rates during these famine times, and in addition to our condition being reduced to that of labourers, we shall in the end have to pay the Government assessment and heavy interest to boot, and further, if this happens to be the case, no way would be left open to make any arrangements to buy seed, oxen and fodder with, which would reduce us to a miserable and starving state for five or six years to come. If no remissions are made, those of us who have taken land on rent shall have to suffer double loss for they shall have to pay both Government assessment and rent. All the facts above mentioned and the fact that we have been paying this excessive assessment for so many years without raising any obstruction, ought to make us fit persons to get our assessment dues remitted. If your

Excellency is kind enough to remit our dues, our rents have been promised to be remitted also. Hence all our happiness and misery depend upon the order that shall be passed by your generous Lordship and we are sanguine of its happy result.

7. We have been paying Local Fund at the rate of one anna per rupee, and if half of the Local Fund amount that we have paid during the last thirty years, is remitted, it would be sufficient to pay up our assessment dues. Further, the reductions in the new survey, is a proof of the deteriorated and low quality of our land; and if your Excellency would take into consideration, how regularly we have paid the old heavy unreduced assessment for the last thirty years, it would be apparent how fitting persons we are for remissions of land tax. Your Lordship would look to the truth in our statements and pass an order accordingly in a short time. The humble applicants reside 30 miles away from Surat and have no other occupation but cultivation. At present, our hunger agonies trouble us. Cattle become emaciated and die of starvation. Fodder cannot be had. All these facts, in addition to those stated above, go in favour of your Excellency's applicants. Further, it is extremely hard to eke out our maintenance as the area of land is very small compared to the number of inhabitants, the quality is greatly deteriorated and no other occupation we have to take to.

In addition to all the above-stated facts, the humble applicants beg to state that more than 30 years have elapsed since the last survey and that they have paid without murmur at the rate of the current assessment. These facts lead us to hope that your Excellency would remit the revenue or suspend some portion for the coming years and remit the remainder, and thus do us an act of kindness in these hard times of famine and scarcity. Your Excellency in Council would pass kind orders looking to our miserable and poor state, and for this piece of favour, we and our children will ever pray for the welfare of your Excellency and the Honourable Councillors.

We beg to remain,

Honourable Sir,

Your Excellency's most obedient Servants,

(Here are signatures of fifty-one persons.)

Application to the Collector of Surat, dated 22nd February 1900, to forward the above petition; signed by sixteen persons. Not translated.

Reply to the above application to the Collector of Surat.

*Reply to the applicants.*

No. 1881.

Each of the applicants should send such application for himself separately. Nothing can be done owing to the application being joint. Further such applications should be sent to the Mamlatdar of the Taluka that he might dispose of them in a proper way after inquiring into the facts of each case.

12th June 1900.

(Sd.) WEIR,  
Collector.

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A NOTE

ON

IRRIGATION

IN THE

**CENTRAL PROVINCES.**

BY

B. K. BOSE.

Agpur:

PRINTED AT THE ALBERT PRINTING PRESS

1900.

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## A NOTE ON IRRIGATION IN THE CENTRAL PROVINCES.

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1. On the 27th of March 1899, during the discussion on the Financial Statement for 1899-1900, His Excellency the Viceroy said, "The subject of irrigation is one that appeals very closely to my concern. We are all familiar with the aphorism about the service of the Statesman who can make two blades of grass to grow where only one grew before; and in India we do not need to be reminded of the direct and almost immediate benefit to the agrarian class that results from an increase in the area of cultivation."

The Famine Commissioners of 1880, in Chapter V Part II of their report, pointed out that among the means that might be adopted for giving India direct protection from famine arising from drought, the first place "must unquestionably be assigned to works of irrigation." They pointed out that the true value of these works could not be measured by their financial success considered only with reference to the net return to Government on the capital invested in them, but that account must also be taken of the direct protection afforded by them in years of drought by the saving of human life, and by the avoidance of loss of revenue remitted and of the outlay incurred in costly measures of relief, while in seasons of average rainfall they are of great service and a great source of wealth, giving certainty to all agricultural operations, increasing the outturn per acre of the crops, and enabling more valuable descriptions of crops to be grown. Their general conclusion was expressed in the following words:—"Viewing the provision of irrigation works as a means of affording an insurance against drought, the Government may, we think, properly regard them as a class of undertakings which should be treated as a whole, so that any unusual facilities obtained in one direction may be set off against special difficulties in another, and the general financial outcome of the entire class may be accepted as a sufficient test of the policy that should regulate their treatment. Thus considered and bearing in mind that it has never been the desire of Government to manage those works with a view to show great profits, the actual results which have been stated appear to us entirely satisfactory, and such as to justify their continued prosecution with all suitable precautions to insure economy of construction."

2. Schemes for securing a supply of water for irrigation purposes fall under three heads, (1) by means of wells, (2) by storage tanks and (3) by canals fed by the rivers of the country. The canals again may be divided into three principal classes: (1) inundation canals, consisting of water channels, artificial or semi-artificial, unprovided with any means of regulating and controlling the supply at the head, which drain away water from the rivers only when they are in flood; (2) periodic canals, derived from rivers by placing temporary or permanent dams across their bed and giving a changeable and uncertain supply. The water thus impounded is diverted into the canal, as the supply in the river admits; (3) perennial canals, drawing their supply from rivers which at all times of the year run into a sufficient volume to feed the canals, without previous storage.

3. The only irrigation works which can constitute a certain preventive against famine resulting from drought, are the perennial canals drawing their supply from the permanent rivers of the country. All other works ultimately depend upon seasonable rainfall, and to a greater or less extent fail in times of great and continued drought. But speaking generally, the failure of crops culminating in a famine results not so much from an absolute deficiency in the total rainfall of the year, as from its unseasonable distribution. During an exceptionally deficient monsoon like that of the last year,



irrigation works not depending on permanent rivers are bound to fail. But such a season is very rare. So far as we in the Central Provinces are concerned, it has not occurred within living memory. It may therefore be safely left out of account in considering the utility of irrigation works in these parts. For instance, the famine of 1896-97 was caused not so much by any serious deficiency in the total yearly fall, as by the failure of the customary fall at a critical stage of the agricultural operations. A few inches of rain towards the end of September or in October would have saved the kharif. I give below a statement showing the rainfall in 1896-1897 and the average of 29 years preceding:—

District.	Fall in in 1896-97.	Average of 29 years preceding.	Excess + or deficiency — in 1896-97 as compared with the average.
Saugor	38.53	48.35	— 9.82
Damoh	54.69	51.44	+ 3.25
Jubbulpore	68.78	59.30	+ 9.48
Mandla	61.51	52.01	+ 9.50
Seoni	52.16	54.28	— 2.12
Narsinghpur	49.77	52.64	— 2.87
Hoshangabad	44.44	51.09	— 6.65
Nimar	84.28	32.92	+ 2.28
Betul	46.89	47.02	— .13
Chhindwara	33.40	44.09	— 10.69
Wardha	37.55	42.33	— 4.78
Nagpur	53.02	47.29	+ 5.73
Chanda	64.67	51.31	+ 13.36
Bhandara	63.52	55.69	+ 7.83
Balaghat	56.35	63.31	— 6.96
Raipur	68.23	56.65	+ 12.35
Bilaspur	70.40	48.68	+ 21.72
Sambalpur	87.57	57.52	+ 30.05

It will be seen that in 10 districts, including some of those most seriously affected, the fall in the famine year was well above the average; in three the deficiency was under 3 inches and in the remaining five only, it was considerable.

4. The rainfall during 1897-98 was, as would appear from the statement which follows, below that of 1896-97 in most districts, but owing to its proper distribution, it was singularly favourable to agriculture. The kharif was specially good, though,

owing to the absence of the winter-rains, the rabi was generally below the average. But the point to be noted is that with a fall less on the whole than that of 1896-97, not only was there no famine, but that the people were able to get an excellent kharif and a better rabi than that of 1896-97:—

District.	Total fall in 1896-97.	Total fall in 1897-98.	Excess + or de- ficiency — in the latter year as compared with the former.
Saugor ... ..	38.53	41.24	+ 2.71
Damoh ... ..	44.69	34.19	— 20.50
Jubbulpore ... ..	68.78	50.83	— 17.95
Mandla ... ..	61.51	64.17	+ 2.66
Seoni ... ..	52.16	45.29	— 6.87
Narsinghpur ... ..	49.77	35.47	— 14.30
Hoshangabad ... ..	44.44	49.12	+ 4.68
Nimar ... ..	34.28	25.66	— 8.62
Betul ... ..	46.89	47.54	+ 0.65
Chhindwara ... ..	33.40	32.51	— .89
Wardha ... ..	37.55	46.47	+ 8.92
Nagpur ... ..	53.02	41.13	— 11.89
Chanda ... ..	64.67	52.57	— 12.10
Bhandara ... ..	63.52	55.61	— 7.91
Balaghat ... ..	56.35	59.24	+ 2.89
Raipur ... ..	68.23	36.54	— 31.69
Bilaspur ... ..	70.40	62.08	— 8.32
Sambalpur ... ..	87.57	66.21	— 21.36

5. It would thus appear that if means could be devised to collect and store up the rainfall of the year, it could be utilized to save the crops, when at any particular juncture the necessary seasonable rain fails to come. Water sufficient for this purpose may fairly be expected even in a year of deficient monsoon. The Ambajheri reservoir, which supplies drinking water to the town of Nagpur, holding a population of about a lakh and a quarter, has never failed since it was constructed in 1872-73, except under the stress of the abnormally deficient monsoon of the last year. Even then it did not absolutely fail, but with a restricted supply held out till the breaking out of the current monsoon, which, though late by over a fortnight, found the tank still holding a supply for about five weeks. The argument that is generally brought forward against irrigation schemes depending on the year's rains that they are likely to fail us when most needed, ought not therefore to influence our judgment regarding their utility during a series of years with an average, though unevenly distributed, rainfall. The point is of vital importance, for in these Provinces, while there may not be much opening for canal irrigation fed by perennial rivers, the configuration of the country in most of the districts is such as readily to lend itself to the formation of storage reservoirs. All over the country we have low hills with valleys or *nullahs*, down which torrents of rain rush during the monsoon months and where, by damming up the water courses, there could often be brought into existence at a comparatively small cost an artificial lake, which would irrigate by small channels the surrounding country. It is almost certain that if a sufficient number of such tanks had existed in the rice tracts in 1896, much of the rice-crop of that season would have been saved; and even if the famine could not have been wholly averted, its intensity would have been considerably mitigated.

6. These storage tanks serve a most useful purpose in localities where the rainfall is precarious and river supplies are insufficient. In the Southern districts of the Madras Presidency, for instance, a very large number of artificial tanks or reservoirs, some of great antiquity, are to be found. They are often of great size and display in their construction a very high degree of engineering skill. They are so contrived as to gather together during the rainy months large bodies of water. In some cases the opportunity is taken to close by a dam some narrow gorge where a water channel leaves a range of hills, and so convert the valley above into a deep artificial lake. In other cases, long and comparatively low embankments are carried for miles over one or more streams in the flat country, thus forming above them shallow tanks, often of great superficial area. Others again are of smaller size formed against the natural slope of the country by means of embankments thrown up on three sides. In Mysore a chain system of storage tanks has been developed. It is thus laid out: A hill torrent having a sufficiently lengthy course is chosen. Beginning almost at the source a series of embankments at lower and lower levels is thrown up across the valley, each embankment being provided with a waste-weir. As soon as the highest reservoir is full the overflow passes by the weir-channel into the next reservoir below, and so on through the whole series, often extending over many miles of country. The amount of irrigation carried on in Southern India by means of these tanks is very large. "Mysore and Carnatic are covered with thousands of tanks. In the fourteen districts of Madras there are said to be some 43,000, all of native origin, with 30,000 miles of embankments and 300,000 separate masonry works. These tanks are formed in various ways according to the accidents of the ground. Embankments are thrown across the gorges of valleys, high enough to retain a volume of water proportional to the irrigable acres situated below. Descending terraces of land are occupied by a succession of reservoirs, the higher feeding the lower from its surplus supply. Long slopes have portions embanked on three sides, and the included space forms a storage area for such volume of water as local wants call for." (Parliamentary paper, quoted by Mr. G. N. MacGeorge in his work "Ways and works in India"). The storage of water in reservoirs for irrigation purposes though reaching an unusual development in Madras, is not unknown in these Provinces. I give below the number of irrigation tanks in each district in 1893:—(later figures are not available):—

District.	No. of tanks.
Saugor	18
Damoh	17
Jubbulpore	12
Mandla	13
Seoni	671
Narsinghpur	2
Hoshangabad	0
Nimar	3
Betul	0
Chhindwara	9
Wardha	3
Nagpur	1,184
Chanda	5,969
Bhandara	10,728
Bhandara	2,524
Raipur	2,345
Bilaspur	6,009
Sambalpur	8,503
Total	38,019

The only districts which can be said to be fairly well supplied with tanks are Bhandara and Sambalpur. The Nawegaon tank in the former district is well known. By two short bunds the waters of scores of hills have been impounded and turned into a lovely lake, which spreads its fertilising streams over large areas of surrounding cultivation. It successfully stood the test of even the severe drought of last year, and the fourteen villages served by it were like an oasis in the midst of a desert. They all had a full rice crop and were able to meet with ease the entire revenue demand, while in neighbouring villages outside the influence of the tank, crops failed grievously and large remissions had to be granted. The same remarks apply to the next largest tank in the District,—Seoni Bund. I have been told by a well informed native officer of the District that the sixty odd tanks, recently put in order and improved as famine relief works will, in case of another drought, prove of incalculable benefit to agriculture, and the value of crops saved will more than repay the money spent on them.

7. The great utility of irrigation as a measure of famine protection can scarcely admit of any doubt, and, regarded in this light, the question of finance as involved in it has to be looked at in a more liberal spirit than if the work has to be executed as a mere commercial undertaking. Under the scheme now in force, the exigency of actual famine relief permitting, a moiety of the annual Famine Insurance Grant of one crore and a half is applied towards the reduction or avoidance of debt and the other moiety, or 75 lakhs, to famine protective works. Against the latter, the amount necessary to make up the guaranteed interest on the Indian Midland and Bengal Nagpur Railways constitutes a first charge. This now comes to about 30 lakhs, leaving a balance of Rs. 45 lakhs for construction of new protective works. I cannot think of any reason why the Central Provinces should not be permitted to participate in the benefit of this grant, if our engineers and revenue officers can formulate a scheme that is likely to be useful as a protection to agriculture in years of scanty or unseasonable rainfall.

8. As regards the usefulness of irrigation works for purposes of agriculture in ordinary years, the matter has to be looked at from the point of view of the needs of the particular kind of land or crop which they are to serve. From an irrigation point of view, land may be said to group itself under the following heads, (1) Garden land; (ii) Kharif land and (iii) Rabbi land. The area under garden crops is not large. In 1897-98 it was little above 83,000 acres, of which about a third or 28,000 acres were irrigated. The irrigation of garden land is generally done by well water. Construction of wells cannot well be undertaken by the State. This is a matter which must be left to the people, they being helped, where need be, by *Takawi* advances. Sewage farms for raising garden crops, on a scale large enough to justify expenditure incidental to tank irrigation, are only possible in the vicinity of large towns, but the number of such towns in these provinces is inconsiderable. The Nagpur sewage farm, forming a part of the Government experimental farm, receives its supply of water mainly from the leaks at the Ambajheri Bund. But with the settling down of the Bund this supply is going down every year and no substantial extension of the farm is possible, unless some means be devised to increase its water supply. The strain on the Ambajheri reservoir in supplying water for domestic purposes to the town is such that it cannot be drawn upon for irrigation purposes. The city of Poona furnishes an example of successful cultivation of sugar-cane and garden crops, where an abundant water supply could be made available for utilization of sewage and town refuse manure.

9. Of our three principal kharif crops, juar and cotton hardly need any artificial irrigation. The soil in which they are generally sown is such that they do best with a moderate rainfall. Even with a monsoon of about 14 inches rainfall as against an average of about 37 inches, the juar last year in and about Nagpur was in an excellent condition, until the absolute failure of the October rains killed it. It is in the case of the third most important of our kharif crops, rice, that irrigation

occupies a most useful position. In most of the tracts where rice is grown artificial irrigation is capable of doing great good, even in years of ordinary rainfall. Irrigation of some sort may be said to be always necessary in the case of high lands, and even as regards low lands, with an abundant water supply, superior classes of rice can take the place of the present inferior classes. The latter ripen sooner and are therefore more secure against a failure of the water-supply than the former, which do not generally come to maturity till the winter months are reached, when the necessary watering can only come from artificial sources. Under pressure of famine conditions there has of late years been a great deterioration in the quality of rice that is grown. Broadcast has largely taken the place of transplanted rice. The recovery of this last ground and further improvement in the future would be greatly facilitated by artificial irrigation. Another great advantage with rice is that whereas with other crops, an abundant water supply without manure does more harm than good, it is not so in the case of rice. Given a good water-supply, excellent rice crops could be raised season after season without any manure being put into the soil. Thus irrigation may very profitably be introduced to help and improve the rice cultivation. The distribution of rice lands in 1897-98 is shown below:—

District.				Transplanted.	Broadcast.	Total.
			Acres.	Acres.	Acres.	
Saugor	...	...	779	27,476	28,255	
Damoh	...	...	112	57,007	57,119	
Jubbulpore	...	...	2,718	181,118	183,836	
Mandla	...	...	5,346	90,558	95,904	
Seoni	...	...	41,398	29,194	70,592	
Narsinghpur	...	...	120	57,674	57,794	
Hoshangabad	...	...	134	25,450	25,584	
Nimar	...	...	...	22,740	22,740	
Betul	...	...	...	14,570	14,570	
Chhindwara	...	...	515	9,510	10,025	
Wardha	...	...	48	11,918	11,966	
Nagpur	...	...	27,973	9,767	37,740	
Chanda	...	...	161,840	141,627	303,467	
Bhandara	...	...	292,923	145,368	445,291	
Balaghat	...	...	88,211	125,365	213,576	
Raipur	...	...	91	1,420,419	1,420,510	
Bilaspur	...	...	99	953,762	953,861	
Sambalpur	...	...	33,204	834,345	867,549	
Grand Total			662,511	4,157,869	4,820,379	

Of the above, 356,068 acres, or 54 per cent, out of the transplanted and 112,693 acres, or 2·7 per cent. out of the broad cast area were irrigated. Rice occupied 41 per cent. of the total kharif area and 29 per cent. of the total cultivated area. The area under rice in the whole province in 1898-99 was 5,123,043, acres, which is 32 per cent. of the total cultivated area. It would thus appear that here there is a wide field where irrigation may play a most important and useful part.

10. There is some diversity of opinion as to whether wheat-land (black-soil) benefits by irrigation. Two facts are, however, undoubted. The successful germination of the wheat seed is entirely determined by the October rains, and their

failure, partial or complete, can be usefully compensated for by irrigation. Again, the December showers are most beneficial to wheat, and their place, when absent, or deficient, may with great advantage be taken by irrigation. The question, how ever, would still remain whether it would be worth while undertaking extensive irrigation works to meet these possible contingencies. As regards the general question, before the present cycle of dry seasons began, the great enemy of wheat was rust induced by excessive moisture. Irrigation in a wet season would accentuate this evil. Moreover, unlike rice, wheat will suffer and not prosper under artificial irrigation unless accompanied by manuring. And to the majority of our cultivators, the difficulty of procuring manure in sufficient quantities is great. As a class, they are not possessed of sufficient means to buy manure and what is obtainable from their own cattle-droppings is scarcely enough for the end in view. Regarding the general question, the Government of India wrote as follows as far as back as 1868: "The question of the value of irrigation in such (black) soil has already been practically tested both at Madras and Bombay and, so far as the Government of India is informed, the result has proved that irrigation is as beneficial to black soil as to any other, at any rate to such an extent as to leave no doubt of such irrigation being able to bear such water-rates, as the Government is likely to be obliged to charge in order to render irrigation work remunerative."

In the Administration Report for 1898-99 Part II, Chap. IV, para: 15, the following remarks occur: "Effective manuring for wheat is one of the great requirements of the Province. The people generally lavish their supply of manure on rice and kharif crops, leaving wheat to shift for itself on such plant food as the black soil can supply. The reason for this is that manure is better assimilated by crops grown in the rains, moisture being essential to the absorption by the plant of the beneficial constituents of the manure. This is well brought out by the differences in the yields of wheat manured, when irrigated and unirrigated respectively." In the irrigated plots the best manure, cattle dung, gave a yield over the unmanured plot of 1189 : 282, while in the unirrigated series the corresponding yields were 279 : 107. The following extract from the Administration Report for 1892-93 (by Sir A. P. Macdonnell) on the value of irrigation combined with manuring in the case of black soil is also suggestive:—"The longest established experiments on the Farm (Nagpur Experimental Farm) are two, which have now for nine years tested the effect of applying manure of different kinds to wheat continuously year after year. In the first experiment no irrigation was used. The averages for the preceding eight years show that cattle-dung adds about Rs. 5 to the produce per acre and barely covers its cost. Saltpetre adds Rs. 12, but gives a loss in net profit. Bone-dust and green soiling are of very little effect. These results account for the very small use which is made of manure in tracts (such as the Nerbudda Valley) where wheat is grown year after year without rotation. In such places the people counteract the exhaustion of the soil by sowing gram with the wheat, but rarely apply manure to wheat lands. The use of irrigation, however, produces very different results. In the second experiment the plots have been irrigated during the last three years and the results are very instructive. The grain given by the salt-petre is raised from Rs. 12 to Rs. 28, and under these circumstances it might well pay the ryot to use it as manure. The effect of cattle-dung is also doubled, but no increase is gained on the unmanured plots." (Part II page 96). It would thus appear that if in the case of wheat, irrigation and manuring go hand to hand, the result is a substantial increase in produce. In 1898-99, wheat occupied 2,506,656 and gram 935,709 acres, giving a total of 3,442,365 for the two, which is about 22 per cent. of the total cultivated area.

11. In chapter V ( paras. 224-238 ) of Sir Richard Temple's Administration Report for 1862-63, will be found an elaborate description of the various projects both under the head of canals and storage reservoirs which were initiated by him

while Chief Commissioner of these provinces. The Wardha Settlement Report quotes a report by Sir Charles Bernard on irrigation in the Nagpur Province. I extract the following from it: "Obviously the breadth sown with opium, huldee, (turmeric) pan (betel leaf) and sugarcane would very largely increase. By the last trade statistics, the Nagpur and Wardha districts import for home consumption 60,000 maunds, or Rs. 7,00,000 worth of sugar annually. If a canal was to bring water to the fields of the people of Nagpur, there can be no doubt but that the area under sugarcane would increase, until Nagpur produced at least enough sugar for its consumption. Indeed, considering the productive power of the soil, there seems to be no reason why Nagpur should not grow sugar enough for exportation by Railway to the Western coast, where the growth of sugarcane is deficient. The sugarcane of Nagpur, grown in garden plots around the villages, is good of its kind, and a little attention and care would enable its sugar to rival the produce of the Nerbudda valley. Similarly, with opium;—the poppy fields of the alluvial lands of Ashtee and Anjee, (in the Wardha Valley) are to all appearances quite as good as those of Patna or Benares, perhaps not really inferior to those of Malwa. Already there is a rising export trade in opium, from these districts to Hyderabad and the Berars. If the poppy cultivation spread, there is no reason why opium should not be made up at Nagpur for the China market."

Sir Charles Bernard then proceeds to show that the cotton plant, more than any other, requires irrigation, and that the acclimatization of the better sorts of cotton depends on the extension of facilities for irrigation. The probable results of watering wheat and oil seed is thus described:—

"Nowhere in the Nagpur, or Wardha districts are grain or seed crops irrigated, so there are no data for judging what would be the result of watering wheat. But the soil of the Wardha Valley is probably much the same as that on the left bank of the Nerbudda. Both soils are, it is conjectured by some, mainly composed of detritus from the trap rocks of the Satpura range. Recently the results of some agricultural experiments made in Hoshangabad were published in the *Central Provinces Gazette*. These experiments showed that two waterings raised the produce of wheat and other grains from 492 lbs. or about 8 bushels per acre, the average outturn of the district to 1640 lbs. or 27 bushels per acre. Now the average yield of wheat in the Nagpur District is 400 lbs. or 6½ bushels per acre. It is computed that deep ploughing and superior culture would raise this outturn to nine bushels; and it is not unreasonable to presume that in ordinary years two waterings would raise the outturn to thirteen bushels per acre.

"Seed crops want water even more than grain crops. At present very few castor oil crops are raised in the Nagpur country, and although there is a considerable breadth, (computed at seven per cent. on the cultivated area, or about 1,30,000 acres) put down with linseed every year, the crop is considered a hazardous one, for its out-turn is not good, unless rain falls in October, or some heavy showers come in December. Still the crop, if at all a good one, pays so well that a considerable breadth is given to it every year. If seed crops could be irrigated, then the out-turn of linseed would be safer and larger. There are no data for estimating how much heavier a crop of linseed on irrigated land would be than an unirrigated crop, for linseed is not watered in these districts. Castor crops are occasionally watered, and then the out-turn is very good, but the yield of castor on unirrigated lands is very precarious.

"In ordinary years the jowaree (millet) crop would not want watering. The soil of these districts does not seem to be well adapted to the growth of maize, but it is possible that an ample supply of water would enable the black soil to produce this valuable grain. The foregoing remarks have noticed the probable effect of irrigation in years of average rainfall. The benefits of irrigation in years of drought would be

incalculable. Colonel B. Smith's able report showed how irrigation had in the plains of the Ganges and Jumna almost taken the sting from drought. Droughts like those of Northern India are as yet unknown here. The rainfall fluctuates, and some seasons are drier than others, but hitherto the forest-clad peaks of the Satpura range have always attracted a supply of rain for the plains which lie at their feet. But is it quite certain that this will be always so? The demand for timber and wood on railway roads and buildings of all kinds is very large already, and it will soon be larger. The forests in the Satpuras are now being thinned, and within the next few years very large drains will be made on their timber resources. If this range becomes comparatively bare, is there not considerable probability that the rainfall on the plains at its base will become lighter? Against the disasters which agriculture would surely suffer if the rainfall were materially to decrease, artificial irrigation would effectually provide.

"To sum up then the benefits to be expected from the provision of ample facilities for irrigation:

"A far larger area would be sown with pan, opium, huldee, garden stuffs and other valuable crops. The culture of sugarcane and rice, instead of being confined to those secluded tracts, where the lie of the land allows of the formation of tanks and reservoirs, would spread over irrigated plains, where it would be carried on, to much greater advantage. The better kinds of cotton could be acclimatized and the yield of indigenous cotton increased. Irrigation, if it could give water to grain crops would raise the average out-turn from  $6\frac{1}{2}$  to 13 bushels an acre. Irrigation would make the seed crops, which are now precarious, a safe and remunerative investment, and it would cause the spread of castor and linseed crops, for the production of which the soil of the Nagpore country is particularly adapted."

The Seoni Settlement Report after referring to the system of field embankment proceeds as follows :—

"If to these improvements on the part of the people, is added the construction by Government of Irrigation Reservoirs, suggested by me officially, the increase in produce, and in the cultivation, more especially, of the valuable crops, sugar, opium, and the like, would be most unlimited; and it would acquire a permanence and certainty which can never be hoped for in any other system.

"And the facilities for irrigation works, presented in the natural features of the country south of the Ganga in its southward course, are really so remarkable. All along the range from the Pench on the west right up to the top of the Ganga Valley, where it lies north and south, there are endless sites from which the whole of the lower country might be irrigated thoroughly, and again for the irrigation of the lower uplands, Gunsore, Ashtá, of the second step country, the hills supporting the upper plateau offer numerous sites; the upper basins of the Hirree, the Guddum, the Koobree, and Saugor, and other streams might be turned to account, and an immense quantity of country brought under irrigation. The same is true of the country of the Pench drainage, and upper valley of the Ganga. In Lucknadown the facilities are not so great, but still there are many excellent sites in the different valleys. The generality of these reservoirs would have to be made in the stony confined parts of the valleys, where little or no cultivation is possible; so that in constructing them, no valuable land hardly would be absorbed.

"I have enlarged rather more on the subject than may perhaps be considered, absolutely necessary; but it is one which is now attracting much attention, and I am so convinced of the immense value of the irrigation, and have been so struck with the natural facilities offered in the district, that I endeavour in every way in my power to bring the subject forward."

NAGPUR,  
24th August 1900. }

B. K. BOSE.



# A NOTE ON THE GROWTH OF MARATHI LITERATURE.

## PART I.—INTRODUCTION.

In the year 1863, the Directors and Vice-Presidents of the Royal Asiatic Society of Great Britain and Ireland addressed a communication to the then Secretary of State for India, drawing his attention to the fact that "of late years the Hindoos had shown great literary activity, partly by editing numerous texts of their ancient Sanskrit literature, partly by translating English and Sanskrit works into their vernacular dialects, and partly by producing original compositions on subjects of a political, scientific and religious character." They added that "though these books were very numerous, and in many respects important, only a small portion of them were accessible to European scholars," and they suggested that "the attention of the Indian authorities should be drawn to the matter, and instructions issued to publish catalogues of such works for the past years, and supplement them by quarterly publications of the titles of all native books and pamphlets that issue from the Indian presses." The Secretary of State thereupon addressed a despatch to the Government of India, and that Government desired the local administrations to undertake the publication of a catalogue of works published up to 1864, and to supplement that catalogue by quarterly lists of new publications. Sir Alexander Grant became the Director of Public Instruction about this time, and it was under his orders that the first catalogue was brought out containing a list of printed works in Sanskrit, Marathi, Gujarathi, Canarese, Sindi, Hindustani and Persian, published up to the end of 1864. The writer of these observations was officially entrusted with the preparation of a catalogue of Marathi works, and he submitted at the same time a report reviewing the principal features of the progress made in the different departments of Marathi literature during the whole period covered by the catalogue. This report traced the gradual rise of literary activity as tested by its published results almost from the very commencement. This catalogue shows that, during the first ten years of British rule from 1818 to 1827, only three Marathi works were published, and they were all works on Mathematics, translated by Colonel Jervis for the use of the students of the school of which he was placed in charge.

Ten works appear from this catalogue to have been published during the next ten years between 1827 and 1837, two of them being medical works by Dr. McLennan on Materia Medica and Nosology, six were school books on Geometry and Geography by Bal Shastri Jambhekar, one Grammar by Dadoba Pandurang, two reading books by Major Candy, and one on Natural Science by Hari Keshavaji. The most notable works of this period were the Marathi Dictionary prepared under English superintendence by Jagannath Shastri and others in the employment of Government, and, later on, Molesworth's Marathi-into-English Dictionary.

The catalogue shows that thirty works were published during the third period from 1837 to 1847. Of these, a History of India by Bal Shastri Jambhekar, a book on Astronomy, and another on Chemistry by Hari Keshavaji, a book

on Mensuration by Colonel Jervis, and several small books of moral lessons were, as in the preceding decade, composed for use in schools. A translation of Aesop's Fables and of *Bala Mitra* (Children's Friend), by Sadashiva Kashinath Chhatre, were also published during this decade. A more hopeful feature of the publications of this period appears to be that for the first time private publishers began to bring out editions of the old Marathi poets. *Dnyaneshwari*, as also the original *Gita* with a translation, *Hari-Vijaya* and *Rukmini Svayamvara* (the marriage of Rukmini), and a translation of Hindu Law books were for the first time published during this period. Besides these publications and translations, the Native Almanac was also first printed during this period, and translations of Natural Theology and Pilgrim's Progress were brought out by private authors unconnected with any Missionary Society. Finally, in 1847, Major Candy's Dictionary, with a smaller Dictionary by Shrikrishna Shastri Talekar, were published. There was thus decided progress over the two preceding decades in this third period.

The next ten years contributed 102 works in the catalogue. As might be expected, the activity of the previous decade in the publication of the works of the old Marathi poets, as also in translations from Sanskrit and English, was kept up, and considerably enlarged. School books were brought out as before, but they bore a smaller proportion to works intended for adult readers. The three *Shatakas* of *Bharata Hari* were published with translations, the *Hitopadesha* was similarly published, and *Vidura Niti* was translated. As regards translations from English, we have a life of Captain Cook by Ganesha Shastri Lele, a life of Columbus by Mahadeva Shastri Kolhatkar, a life of Socrates by Krishna Shastri Chiplunkar, a translation of Berthold by Bhavani Vishvanath Kanavinde, of Elphinstone's History of India by Rao Saheb Mandalik, a translation of Grant Duff's History, and of Captain Macdonald's life of Nana Fadnavis by unknown authors, and of Natural Philosophy by Kero Laxman Chhatre. There were also original works on Railways by Krishna Shastri Bhatavadekar, on Political Economy by Krishna Shastri Chiplunkar, an Essay on the Immortality of the Soul by Govinda Gangadhar Fadake, and on Domestic Reform by Rev. Baba Padmanji, a translation of a Persian work of *Sadi* by an unknown author, and a work on Mechanics by Govinda Gangadhar Fadake.

The fourth period extends from 1857 to 1864, and was distinguished by a very great development of literary activity among Marathi authors and translators. The works of this period for the eight years from 1857 to 1864 which find place in the catalogue number nearly five hundred and fifty. In respect of the publication of old Marathi poetry, this 5th decade carries the palm, not only over the periods which preceded it, but possibly also over what has been done in this line during the last 30 years. All the 18 Parvas of the *Maha Bharat* adopted into Marathi Arya metre by the poet Moropant were published by Madhava Chandroba during

this period in the *Sarva-sangraha*. Moropant's *Kekavali*, *Madalasa*, *Saptashati*, *Krishna-Vijaya*, and other works were also published. The same publisher brought out Mukteshvar's adaptation into Ovi metre of the *Sabha Parva* and *Adi Parva*, and of his *Ramayana*. Other publishers brought out editions of Vamana Pandit's works, *Yathartha Dipika*, *Gajendra Moksha*, *Gopi Gita*, *Sita-Svayamvara* (marriage of Sita). *Dasa Bodha*, by Ramadas, was published during this period, and Shridhar's popular works, *Rama-Vijaya*, *Nalakhya*, *Pandava-Pratapa*, *Rukmini-Svayamvara*, *Shiva-Lilamriti* as also Mahipati's lives of the Saints and Prophets, and Uddhava Chitgan's and Prabhakar's and Amritrao's smaller works, were all published about the same time. Parashurampant Godbole also rendered great service to Marathi literature by bringing out an enlarged edition of his selections from old Marathi poetry, accompanied with short biographies of the poets, in his famous collection called *Navanita*, which serves the same purpose as the Golden Treasury, as an introduction to the best specimens of old Marathi poetry.

With regard to the enrichment of Marathi literature by translations from Sanskrit and English authors, this period made considerable progress. *Aparokshanubhuti* was translated by Mahadeva Shastri. A new commentary on the *Gita* was written by Raghunatha Shastri Parvate, for the instruction of his Highness the Maharaja of Kolhapur. *Malati Madhava* was translated by Krishna Shastri Rajavade, and *Presanna Ragava* and *Ratnavali* were translated by other Shastris. Parashurampant Godbole adapted into Marathi the Sanskrit dramas *Shakuntala*, *Mritichha-Katika*, *Veni-sanhar*, and *Uttara Rama-charitra*, *Meghaduta* was adapted into beautiful Marathi verse by Krishna Shastri Chipplunkar; Krishna Shastri Bhatavadekar translated ancient medical works, such as *Madhava Nidan*, *Trimbaki*, and *Vaidya Jivana*. The great work on Hindu law, *Mitakshara*, was also translated by Raghunath Shastri Date. As regards translation of English works,— Krishna Shastri Bhatavadekar translated the Beauties of Heaven, and Krishna Shastri Chipplunkar the Arabian Nights. Chambers's Astronomy was translated by Krishna Shastri Godbole, and Murray's History of India was similarly translated by Narsinha Shastri Oka and Vishnu Shastri Pandit. Apart from the additions represented by the three classes of works named above, this period was also distinguished by the production of original works.

Under travels we have an account of the travels of Shrimant Dajisaheb Kibe, the famous banker of Indore, written by himself, describing his journey into the Deccan. In general prose, we have Mr. Vinayaka Kondava Oka's "First Book of Moral Lessons" for the use of children, and Govinda Narayan's Essays on Intemperance, Truth, Cleanliness; his description of trees, railways; and an account of Bombay. Rev. Baba Padmanji also published his *ibudhamala* and *Jamuna Paryatan*. In this period we also find controversial publications on social and religious topics, such as a small work on widow-marriage by Vishnu Parashuram Ranade, a tract expounding the *Parama-hansa-mata*, or Jainism, a similar tract on the origin of Bramanism, and finally the *Vedokta-Dharma-Prakasha*, published by Vishnu Bawa Bramhachari. Under science we may notice Doctor Narayanaji's work on Chemistry and Medicine, Professor Daji Nilkantha Nagarkar's Comic Sections, Dr. Bhikaji Amrit's work on Anatomy, and the new Astronomical tables prepared by Professor Teropant Chhatre. Small works were also published on Electricity by Krishna Shastri Bhatavadekar, on Photography by Harichand Chintaman, on Physical Geography by Mahadeva Shastri Puranika, on Mechanics by Govinda Gangadhar Fadake, and a bigger work called the "Elements of many Sciences" by Krishna-Shastri Chipplunkar.

Under novels, three works deserve mention. *Gashiram Kotwal* by the late Rao Bahadur Moroba Kanhoba, *Muktamala* by Laxman Shastri Halave, and *Raja Madan* by Baba Gokhale. To these might be added the publications of the old stories of *Vikramo Battisi*, *Vetal Panchavisi*, *Shukla Bahattari*, and *Bakasura Bakher*.

Under History we have an account of the Sepoy Mutiny, and a History of England by Khauderao Fadake, and Mari Keshavaji's English History, a small History of Kolhapore, a History of Egypt, and a History of the Reign of Catherine of Russia.

Under Biography we have the lives of Indian poets by Janardan Ramachandra, a life of Cyrus by Vishnu Moreshwar Bhide, a life of Nana Fadnavis by Vishnu Shastri, and of Raja Ram Mohan Rai by Bhaskar Hari Bhagvat.

A few general remarks on the state of Marathi literature for the whole of this period (1818-64) covered by the catalogue may fitly conclude this introduction to the review we propose to undertake of the further growth of this literature during the next thirty years. The total number of purely Marathi books published down to the end of 1864 was 661. Of these 431 were prose, and 230 were verse. The prose school books numbered about 98, and comprise reading books, and works on Mathematics, History, Geography and Grammar. As all these books were either translations or compilations prepared to order, they indicate nothing beyond them, and may be passed by without any remark except that Colonel Jervis, Major Candy, Sadashiva Kashinatha Chhatre, Bal Shastri Jambhekar, Dadoba Pandurang, and Bhaskar Damodar made themselves specially useful in this service of elementary school books.

Excluding school books, the prose publications were about 325. Taking the different heads of prose literature separately, although there were twenty-three books of History; large and small, published in this first period, and fourteen of them related to India and six to England, the only works with any pretensions to literary merit were, as stated above, translations. There was no movement made to publish the large collections of the Marathi Bakhars, which constitute one of the most distinguishing features of our literature, and no attempt was made to introduce the Marathi reader to the Histories of Greece or Rome, or of Modern Europe or America.

As regards Fiction, the old stock of stories was supplemented by the Arabian Nights. Of Fiction in the modern sense, only a small beginning was made in this first period. The poverty of this class of prose literature is easily accounted for by the fact that the ancient Puranas and Itihasas furnished a large stock of this kind of stories, which satisfied the cravings of the national mind, and left no room therein for modern fiction. As in the case of History and Fiction, Biographies also occupied a much smaller place in the published prose literature than might have been expected. Only a few works of any value were published during this first period. Under Travels there was if possible a still greater paucity of books. The spirit of adventure has never been characteristic of the people of this country, and this department of prose literature will always occupy a very secondary place in our publications. Under Philosophy we have a large number of works, fifty-five in all, published during this period. The prevailing philosophy is that of the Vedants with the Bhagvata Gita as its foundation. Of religion proper there is no end of books, but they are chiefly devoted to superstitious observances and beliefs. The only work indicative of any healthy departure in this connection is Vishnu Bawa Bramhachari's *Vedokta-Dharma-Prakasha*, which attracted considerable notice at the time.

Of Politics there is an entire absence, unless we include in the number the tract exposing the

Inam Commission, and certain reports of the Bombay Association. As regards works on Science, the number of books under this head was about 73; but they were mostly school books on Astronomy, elementary and higher Mathematics, Geography both Political and Physical, Mensuration, and popular descriptions of animals and plants. Small works on Natural Philosophy, Chemistry, Railways, Electricity and Photography complete the list. Under Science proper, medicine appears to have attracted the chief attention. About the Dictionaries mention has already been made of the great service rendered by Major Candy, Captain Molesworth, and the Shastries working under them. Among native scholars, the Rev. Baba Padmanji, Shrikrishna Shastri Talekar and Raghunatha Shastri Godbole may be specially mentioned in this connection. Under Law, though the works are 41 in number, the only productions worth noticing are the translation of *Mayukha* and *Mitakshara* under orders of Government. The others are reports of decided cases, and translations of Acts.

As regards verse literature, it is not necessary to notice it in detail. The new contributions under this head made during this period are of no special importance except the translations and adaptations of Sanskrit works. The rest of the poetical works are all publications of ancient Marathi poetry. Except in the case of Moropant, entire collections of the writings of the poets were not attempted, and no biographical notices of the poets or criticisms or their works were published in this first period. This review of the labours of the first 50 years (1818-64) is not very satisfactory in respect of actual results achieved; but it should be remembered that 50 years is but a short span in the life of a nation, which started its first literary activity in the printing of books in 1829, when the Native Education Society was first established. The most hopeful feature of the review is the fact that the number of works in each decade rose from three to ten, and from ten to thirty, from thirty to one hundred, and from one hundred to five hundred and fifty, almost in geometrical progression. All the different channels by which the further growth of Marathi literature was to be effected, had been opened up. Great progress was made in the publication of old poetry, and a good beginning made in the matter of translations from Sanskrit and English works, and the first steps taken to add original works to the existing stock. The stage of advance made was more full of promise for the future, than of success accomplished, and we shall trace in the next part of this Note how far this promise was realised by the labours of the authors and translators during the next thirty years.

## PART II. ANCIENT VERSE AND PROSE LITERATURE.

In tracing the further growth of Marathi literature, we have the advantage of the detailed information supplied by the annual reports furnished to Government by the Registrar of Native Publications, which office was created about the year 1867. The last thirty years' period happens to coincide with the full development of the University system of examinations, with the encouragement they held out to the study of the ancient Classics of India by the displacement of the Vernaculars as second languages in the curriculum of studies for the examinations in Arts. This substitution of the Classics for the Vernaculars was sanctioned by the University in December, 1863, and came into force about the year 1867.

The change was advocated by Sir Alexander Grant, Vice-Chancellor of the University, and by Mr. Howard, Director of Public Instruction, on the express ground that the Indian Vernaculars of the Presidency possessed no prose

literature at the time, and that their verse literature was only a reflex of the classical Sanskrit, and that the study of the latter would best promote the growth of vernacular literature in all its branches. On the other hand, the late Dr. Wilson, Dr. Murray Mitchell, Rao Sahib Mandalik, and Sir Raymond West opposed the change on diverse grounds. The advocates of the vernaculars claimed that both Marathi and Guzerati had a literature and linguistic peculiarities which deserved special study, that without such study their further progress would be neglected, and the students would find little time to study the sciences and other useful subjects by reason of the burden imposed on them of mastering two classics. The experience of the past thirty years will help us to decide how far the hopes and fears of special utterance was given by the advocates of the classics and the vernaculars have been justified by subsequent events.

There are no reports available prior to the report for 1868. There is, however, a list of publications for the previous three years which has been separately printed. These reports and catalogues show the following figures of Marathi publications for the past thirty-two years (1865 to 1897). The figures are suggestive enough, though of course much stress need not be placed upon mere figures such as these:—

Years.	No. of Marathi Books published.	Average, per year
1865 to 1874.....	1,530	153
1875 to 1884.....	9,143	314
1885 to 1896.....	3,824	320
Total...	8,497	

This gives a total of 8,497 books published during the last thirty-two years. Adding 661 books published in the previous fifty years, we have a total of 9,158, or in round figures 9,000 works in all published in Marathi from 1818 to 1896.

The figures given above are exclusive of periodicals, pamphlets, and miscellaneous publications, but they include second editions of 1,200 works, thus leaving a balance of 7,800 works. A closer study of the works published shows the following proportions for (1) original works, (2) reproductions of old Marathi works, and (3) translations.

	Originals.	Repro.	Trans.	Total
	4,768	2,109	921	7,798
Percentage...	62	27	11	...

Speaking roughly about 5,000 works in all, excluding pamphlets and periodicals, &c., were original works; while reproductions and translations together make up the remaining 3,000. It may be noted that the reports of recent years show that the proportion of original works is increasing year by year, and that of translations and reproductions diminishing. The activity of our writers and translators, which was represented by an average of 60 works per year between 1857 and 1864, more than doubled itself between 1865 and 1875, and has multiplied more than five times during the next twenty years.

The official reports for the past thirty-two years divide these works into fifteen heads, fourteen of them being divisions of prose literature, and one represents verse literature. The works published under this last head were about 1,500 during the past thirty-two years, while prose publications under all heads would appear to have been more than four times that number during the same period. In the first fifty years, the proportion of prose to verse publications was as 4 to 2, and this proportion rose during the last thirty years as 4 to 1. This is evidently a very satisfactory and healthy development. There is one other peculiarity about verse literature which distinguishes it from prose publications. Not only was its relative proportion to prose literature much smaller during the last thirty years than it was in the first fifty years, but the percentage

of original works and translations under the head of verse literature is greatly exceeded by the publications of the works of the old Marathi poets. It appears from the figures for 22 years (1865 to 73 and 1884 to 96) for which detailed information is available, that out of 950 poetical works published, 560, that is, more than nearly 60 per cent., were reproductions, and original works and translations were 40 per cent. only. The general proportion of reproductions to the total publications is, as shown above, only one-fourth, and the great debt we owe to ancient poetry is strikingly illustrated by the fact that it constitutes nearly three-fourths of the whole stock of poetical works. This fact also shows that during the last thirty-two years great progress has been made in the publication of old Marathi poetry, and that modern authors have not shown the same devotion to this department of literature as they have done in the matter of prose literature generally.

Looking to the work done, we notice that the entire works of Tukarama, Moropanta, Dnyaneshvara, Ramadas, Vaman, Mukteshvara, Ekanatha, Shridhara, and Mahipati have been brought out by different publishers, thus completing the work which had been commenced between 1857 and 1864. Great progress has been made in a critical republication with notes of many of the larger and smaller works of Moropanta, Vamana Pandita, Dnyaneshvara, and Ramadas, and in the publication of the works of Mukundaraja, Amritraya, Rama Joshi, Raghunatha Pandita, Ananda Tanaya, Niranjana, Krishnakavi, Narabari, Ranganatha Swami, Niloba, Shivadina Kesari, Chintamani, Madhva Muni, Soyaroba, Keshava Swami, Prabhakara, Ananta Fandi, and other poets who composed the Powades and Lavanyas. In all, the list of old Marathi writers of note comes to about forty, commencing with Mukundaraja and Dnyaneshvara, and coming down to the birth of the present century. As a list of the more prominent of these names may prove of some use, we give below the names of the more reputed among them—Mukundaraja, Dnyanadeva, Namadeva, Ekanatha, Amritaraya, Ramadasa, Tukarama, Mahipati, Vamana Pandita, Moropanta, Mukteshvara, Raghunatha Pandita, Shridhara, Rama Joshi, Ananda Tanaya, Bhairava Natha, Shivadas, Ranganatha Swami, Prabhakara, Ananta Fandi, Honaji, Sagana Bhanu, Parasharama, Janabai, Mirabai, and Venubai. A more brilliant galaxy of names it would be difficult to find in the literature of any other language of India. To seek to minimise the value of this treasure by saying that it is only a reflex of Sanskrit poetry is to confess ignorance of the most characteristic feature of this department of Marathi literature. Only six poets out of the list given above busied themselves with drawing their inspiration from the ancient Puranika or Itihasa literature in Sanskrit. The writings of the other poets were in one sense a continued protest against the old spirit. Many of the poets and saints were ignorant of the Sanskrit language, and did not care to conceal their utter disregard of the old ideals. They did not write for the Pandits, but for the mass of people, and there is more true poetry in many of their compositions than will be found in some of the more reputed and scholarly Brahmin poets. We need only refer to Namadeva, Tukarama, Ekanatha, Ramadasa, Mahipati, Mukundaraja, Mirabai, Janabai, Rama Joshi, Niloba, Prabhakara, Ranganatha Swami, and others. They were essentially modern poets, representative of the modern spirit as it was developed in the three reformation centuries, commencing with the dawn of modern India, and the rise of the Maratha power. The writers of the Powades and of the Lavanyas had certainly nothing of the Sanskrit element in their compositions.

By the side of the works of these ancient poets, we can hardly name any of those who

have distinguished themselves in this department of Marathi literature since the British conquest of the Deccan. Somehow, the poetic fire has become extinct with the loss of political power. The lights that have been lit are few and far between, and their lustre has been for the most part borrowed, and not spontaneous. In the first generation of our scholars, we can only name Krishna Shastri Chipplunkar; but even he seldom attempted original poetry. Both he and Parashurampant Godbole were good translators, and adapted the Sanskrit original into modern Marathi with great ease and some success. Krishna Shastri Rajavade and Ganesha Shastri. Lele belong to the same class, though the *Raghuvansha*, translated by the latter author, is a work of superior merit. In the works of the present generation of our writers, we have some very good specimens of poetry. We may cite, for instance, Dr. K. R. Kirtikar's *Indira*, an adaptation of Princess; Mr. Kunte's *Raja Shivaji*, and his sketch of "Mind;" Mr. Sangle's Christian Hymns; Bhaskar Damodar's *Ratna Mala*; *Krishna Kumari* by Juvekar; *Kavya Madhurya* by Vaman Daji Oka; *Daiva Seni* by Bajaba Pradhan; *Ganga Varnana* by Chintamani Pethakar; V. M. Mahajan's *Kusumanjali*; Mr. P. B. Joshi's *Padyasudha*; Vasudeva Shastri Khare's *Yashavanta Mahakavya*. The smaller pieces of Shankar Moro Ranade, V. K. Oka, G. V. Kanitakar, Risbud, Mogare, Londhe, and Nitsure, Lembhe, Bhandare, Damle, and others display considerable power, but none of them have attempted any great work. This remark indeed holds good of all the other modern poets also. The fire, spontaneity, and the keen moral introspection, which is the charm of Tukarama's writings, the didactic sense and wisdom which distinguishes Ramadasa, the thrilling descriptions which move the readers of Shridhara and Mukteshvara, the quaint though very suggestive illustrations of Dnyaneshvara, the sweet flow of Amritaraya, the appeal to the tender feelings so characteristic of Vamana Pandit, the purity of diction, the command over words, and the high purpose of Moropanta, the devotion of Namadeva and Mirabai, the inspiring thought of Ekanatha, the abrupt truthfulness of Rama Joshi, the ornate metaphorical surprises of Raghunatha Pandita, all these seem to find but faint echoes in our modern poets some of whom have indeed taken for their models the best English specimens, both in the choice of subjects, and in their treatment of the same.

This concludes our review of the poetical literature, both ancient and modern, existing in the Marathi language. Taken together, that literature is extensive and varied, and well deserves careful study. The apparent decay of poetical talent may be due to various causes, among others to the diversion of the best minds from a natural development of their powers to an enforced study of two classics, which takes up the whole of the spring-tide of their life, and leaves them innocent of all knowledge of their own national treasures. Anyhow, it is clear that unless our young men study not only classical and English models, but also the works of their own ancient poets, further growth and development in this department of our literature is impossible. No mere foreign graftings can ever thrive and flourish, unless the tender plant on which the grafting is to be made first germinates and sends its roots deep in its own indigenous soil. When the living tree is thus nourished and watered, the foreign manure may add flavour and beauty to it. Poets are born, and not made to order: they are growths, and not manipulations; and there is but little hope of a brighter future in the development of modern Marathi poetry unless the poetical fire is rekindled in the highest places by early contact with the inspiring study of the best minds of their own race.

What has been observed above about ancient poetry and its superiority to most of the modern

attempts, holds good for the most part in respect of the reproduction of the old prose literature represented by the Bakhars, Kaifiyats, letters and correspondence which chronicle the great events of Maratha History. During the first fifty years nothing was done to publish any portion of this rich collection. The first fruits of the growth of a healthier pride in the past history of their nation were gathered by Rao Sahab K. N. Sane and the late Mr. J. B. Modak, who started a magazine with the noble object of publishing these chronicles along with the unpublished verse literature. The magazine was called *Kavyetihasa-Sangraha* (i.e., collection of ancient Poetry and History), and it was continued with great success for a period of nearly twelve years. The Bakhars so published in parts were printed in separate volumes, and we have now some forty works giving a full and vivid account of the most stirring periods of Maratha History. Some of these Bakhars compare very favourably with the chronicles of modern European History published in the sixteenth century, and a few of them, such as Bhau Sahab's Bakhar, and that of the Battle of Panipat, possess very great literary merits. The example set by some of our graduates inspired the publication of separate histories of particular families, such as the lives of the great Prabhu leaders by Mr. Gupte, and the accounts of the Vinchurkars, Dabhades, Angrias, and of the reigning houses of the Nagpurkar Bhonsles, the Gaekawars, Sindias, and Holkars. In fact, all the best modern histories and biographies, which we shall notice later on, bear witness to this good influence. Mr. Acworth and Mr. Tookaram Shaligram have distinguished themselves by the publication of the Powades, some of which, such as the capture of Sinhgur, display real poetical talent of a very high order. At present this work of publishing old Bakhars and correspondence has been taken up by other writers, who are not graduates, among whom Vasudeva Shastri Khare of Miraj, Mr. Parasnis of Satara, and Messrs. Apte and Rajavade of Poona may be mentioned. Two magazines are exclusively devoted to this work. What has been observed above of ancient poetry applies with equal effect to this department of ancient prose literature. Unless the minds of our young men are disabused of the prejudice they imbibe in early life that the historical sense is wholly absent in India, and until they are trained to appreciate the value of these contemporary narratives and records at their true worth, it is hopeless to expect any real and permanent growth of the true historical and critical spirit which alone can ensure success in the future cultivation of this department of our literature.

#### PART.—III.

#### TRANSLATIONS AND ADAPTATIONS.

Next to the publication of ancient poetry and prose Bakhars, the most interesting feature of modern Marathi literature is represented by the translations of Sanskrit and English works, which together present a total of about 1,000 works published during the past thirty years. The full details about translated works are available for 22 years, (1865-73, and 1884 to 1896) and they show that out of a total of 700 works translated during this period, there were 17 biographies, 48 dramas, 113 fiction, 26 history, 15 works under language, 120-law books, 30 works on medicine, 8 on politics, 40 on philosophy, 52 on religion, 62 on science, 2 travels, 36 poetry, and 210 miscellaneous. The chief interest in this connection centres in the enquiry whether and how far the English or the Sanskrit element is most predominant in the additions made to Marathi literature by means of translations. Taking only those books, which have been favourably noticed in the reports, it appears that the actual number of such translations from Sanskrit was about 160, while the translations from English were about 120. As might have been anticipated, the Sanskrit translations contain no works

of biography, history, or politics. In these departments all the best additions were contributed by translations of English works. On the other hand, the departments of poetry and religion received no help from English translations, and they are exclusively monopolized by Sanskrit works. The department of medicine, it might have been anticipated, would show greater activity in the shape of translations from English works, but Sanskrit and English works have contributed equally to enrich Marathi literature under this head. As a matter of fact, the English translations would themselves never have seen the light but for the establishment of the vernacular medical classes, and the translations made for the use of the students were very useful generally to all classes of readers. Unfortunately, these so-called vernacular classes ceased after a few years to employ vernaculars as the media of instruction, with the result that this important channel of developing scientific works in Marathi was closed, and there has been little encouragement since. The strength of the hold of ancient medicine upon the people is represented by the fact that the ancient Hindoo works translated represent twice the number of the English works.

In the department of Law, this position is again repeated, and for the same reason we have a very few books translated into Marathi from English works. Of course in making this statement we do not include translations of acts and decisions, which make by far the largest number of Marathi law books. As long as the pleaders' examinations were held in the vernaculars, there was a strong incentive to the publication of works on law in Marathi. With the substitution of the English language for the vernaculars, this motive ceased to operate, and the paucity of English translations of law books is thus easily accounted for.

The most successful department under this class of works appears to be that of the Drama, to which both English and Sanskrit have contributed largely, and almost in equal numbers. Shakespeare appears to have been the most favourite author. In all 18, if not 20, of his dramas have been translated or adapted into Marathi. In some cases two or three authors have brought out separate translations. The names of these works will interest the reader, and therefore we give them below :—

1, Hamlet. 2, Cymbeline. 3, King Lear. 4, All's well that ends well. 5, A Winter's Tale. 6, A Comedy of Errors. 7, The Taming of the Shrew. 8, Two Gentlemen of Verona. 9, The Merchant of Venice. 10, As you like it. 11, Much ado about nothing. 12, Julius Cæsar. 13, Antony and Cleopatra. 14, Othello. 15, Richard III. 16, The Tempest. 17, Romeo and Juliet. 18, Twelfth Night.

The only other English dramas translated are Goldsmith's "She stoops to conquer" and "The good-natured man." As regards the Sanskrit dramas, all the best known among them have been translated, some of them, such as the *Shakuntala* by four or five different authors. These works are *Shakuntala*, *Mritchhakatika*, *Utvara Rama Charitra*, *Vikramorvasi*, *Mudra Rakshasa*, *Prabodha Chandrodaya*, *Venisarnhar*, *Malati Madhava*, *Malavikagnimitra*, *Ratnavati*, and *Prasanna Raghava*.

The same service has been done by both Sanskrit and English translations in the department of Fiction. The novels of Sir Walter Scott, Sir Bulwer Lytton, Reynolds, and the works of Johnson, Defoe, Swift, and Bunyan, and among foreign authors, Boccaccio, Renan, and Dumas, have been largely drawn upon by translators, and as regards Sanskrit, the *Kadambari*, *Brihat-kathā-sarā*, *Vishva-gunādarsha*, and many other works have contributed largely to the growth of works of fiction in Marathi literature.

Under Philosophy we have not much variety. The *Bhagavat Gītā*, with its numerous commentaries, has furnished the chief supply. A number of the *Upanishadas* have also been translated.

the chief being ङ्ङिद्य, नारायण, ऐतरेय, वैत्तिरिय and the ईशावास्योपनिषद्. The prevailing philosophy belongs to the school of the Vedānta, though Patanjali's *Yoga Sūtras* with commentary have been translated, as also the *Sarva Darshana Sangraha*. Mr. Kunte's षड्दर्शनचिन्तिका may also be mentioned in this connection as a work of great labour. Like the वेदार्थयत्न, or translation of the Rigveda, of Mr. Shankar Pandurang Pandit, the चिन्तिका was not completed by its author, but they both represent very valuable additions to the stock of higher literature in Marathi. Among the Purans, the Ramayana, the Bhagwat, the Matsya and the Ganesh Puran have been translated. The credit of the last work belongs to Shrimant Babu Saheb Patwardhan, Chief of Kurundwad, who is well known as a Marathi author and poet.

As regards English translations in this department of philosophy, Spencer occupies the chief place. Professor Max Müller, John Stuart Mill, and Lord Bacon come next in order, and Marcus Aurelius' meditations, and Cicero's treatise on the gods and his other works, have also been translated.

In History, over and above the translations of Elphinstone's "India," and Grant Duff's and Murray's History, which belong to the first period, we have had during the past 30 years, thanks chiefly to the munificent support of H. H. the Maharajah Sayajirao, Gaekwar of Baroda, a series of works, being epitomes of the histories of Greece, Rome, Carthage, Persia, Assyria, Turkey, Russia, the Moors in Spain, Egypt, and China, as also a history of Ceylon.

In Politics Maine's "Village Communities," Machiavelli's "Prince," and Seeley's "Expansion of England" represent some of the best additions to the stock of our literature.

We have thus briefly noticed the more important additions made to Marathi literature by means of translations during the past 30 years. On the whole, a very sensible contribution to the stock of our best works has been made, and the fact that Spencer, Max Müller, Mill, Seeley, Maine, Shakespeare, Goldsmith, Johnson, Sir Walter Scott, Lord Bacon, Sir Bulwer Lytton, Buckle, Defoe, Swift, Bunyan, Smiles, and Lubbock, have furnished the models for these additions, justifies the hope that the national mind is showing signs of a great awakening, which, if it could only meet with encouragement from those who are entrusted with the work of higher education, cannot fail before long to enrich the language with the choicest treasures of modern European thought in all departments of learning. In the absence of this encouragement and guidance, there is a want of system and co-ordination, and an absence of variety in the choice of authors, and in the selection of their works. As none of these additions have been school-books, the industry and enterprise represented by these publications have had to depend for their reward solely upon the unaided patronage of the reading public. With proper guidance and encouragement by such a body as the University, the circle of this reading public will be enlarged, and we may soon expect to have all the departments of prose literature properly represented in their due proportions, and the work of development, now indifferently attempted by stray authors, will be pushed on and completed in a systematic manner, so as to enable the national mind to digest the best thought of Western Europe with the same intimate appreciation that it has shown in the assimilation of the old Sanskrit learning.

Having thus noticed at some length the principal contributories to the growth of Marathi literature represented by the publication of ancient Marathi works and translations of Sanskrit and English works, we shall next proceed to the con-

sideration of original works properly so-called. Whatever value might be attached to the publication of ancient prose and verse works, or to translations from other languages, it is quite clear that the only true test of the existence and growth of a genuine literary spirit is furnished by the abundance and variety of new and original works published in the language. These constitute, so to speak, the life and soul of every living language, and this portion of our inquiry has thus the highest claims upon our attention. In all, the number of true original works published during the last 30 years, exclusive of reproductions and translations, would appear to be about 5,000. Detailed information is available for the classification of these works under several heads for 22 years (1865-1873 and 1884-1896), and these details show that original works published in these years were 96 under the head of biography, 336 dramas, 278 fiction, 120 history, 365 language, 43 law, 71 medicine, 26 politics, 37 philosophy, 67 religion, 320 science, 12 travels, 359 poetry, and 1,100 miscellaneous, and about 800 school books. The relative proportions obtained for this term of 22 years presumably hold good for the whole period, and they show that our literary activity has been chiefly devoting itself to those departments in which Marathi was most deficient, while it has been comparatively indifferent to the departments in which our ancient collections are most prolific. Excluding miscellaneous and school publications, which number one-fourth of our total number of works, we find that Biography, Science, Drama, and Fiction occupy a very prominent position under the head of original works, while Philosophy, Religion, Politics, Law, Medicine, and Travels represent much smaller figures than might have been expected.

Taking Biographical works first. As has been shown above, we had only five Biographies published in the first 50 years. During the last 30 years this department has shown a very large addition. There was no particular system in the choice of the five works published before 1864. In the collection of Biographies as they now stand, we find that there is more system and variety; the attention of writers seems to have been bestowed in equal proportions upon the worthies of their own country, as also on the great men of Europe and America. Of the better class of works under this head, there are about 30 Biographies of European worthies, commencing with Her Majesty the Queen, and including Shakespeare, William Pitt, Lord Bacon, Jonathan Swift, Sir Isaac Newton, Goldsmith, Cobden, Captain Cook, Dr. Livingstone, Bradlaugh, Annie Besant, and other English celebrities; Lord Clive, and Sir Thomas Munro among Anglo-Indian officers of a past generation; George Washington, Benjamin Franklin, and Presidents Lincoln and Garfield among the American leaders; Alexander the Great, Socrates, and Demosthenes, among the Greeks; and Napoleon Bonaparte, Peter the Great, Catherine of Russia, and Columbus among the European celebrities. Among Indian celebrities, the saints, poets, and religious leaders occupy the first place. Ramadasa, Ekanatha, Dnyaneshvara, Tukarama, Vamana Pandita, Jairama Swami, Namadeva, Buddha, Shankaracharya, and Raja Ram Mohanroy, have all been honoured with separate biographies. Next come the great men of Maratha History. Shivaji and his three successors, and the first two Peshwas, as also Malharrao Holkar, Mahadaji Sinde, Nana Fadnavis, Ahilyabai, Haripanta Fadake, Parashurambhan Patvardhana, and Babu Gokhale, appear to have found most favour with our writers. Among modern Indian celebrities we have Dadabhai Nowroji, Gavarishankara Udesankara, Bala Shastri Jambhekar, and the late Rani of Jhansi; and among the Mahomedan sovereigns of India, Akbar and Aurangzeb have each found separate biographers. The lives of some of these celebrities, such as Mahadaji Sinde, Parashurambhan Patvardhana, Nana Fadnavis, and Ekanatha have

been written by two or more biographers, and some of these works have been so popular as to have gone through several editions. On the whole, a very useful addition to the literature of the language has been made by the writers of these biographies.

One remark which is suggested by a study of the names of these writers may be made here with advantage. Out of some 70 writers of these biographies, hardly seven names appear to be those of graduates of the University (Messrs. Bhanu, Pavagi, Natu, Kanitkar, Madgaonkar, Laxman Krishna Chiplunkar, and Gunjekar). The remaining 63 are either pre-University or non-University men. The graduates show to better advantage in matters of translations. Out of some 76 authors who have translated English and Sanskrit works into Marathi, we find 25 names of our most distinguished graduates. We need only allude to Mr. Pandit, the two Kunte brothers, Mr. K. T. Telang, Mr. Mahajani, Mr. Agarkar, Mr. J. S. Gadgil, the two Aptes, Mr. Agasha, Mr. Bhanu, Mr. Pavagi, Mr. Ranade, Mr. Patvardhan, Mr. Kolhatkar, Mr. Bodas, Mr. Fadnis, Mr. Kanitkar, Drs. Garde, Sakharan Arjun, Pandurang Gopal, Shirvalkar, Bhikaji Amrit, and Bhatavadekar. While the proportion of graduates to non-graduates in this department of translation is one-third (25 out of 75), they appear to have taken very little interest in the composition of biographies, their proportion being one to ten as shown above. These varying proportions suggest their own moral, and no further remark seems to be necessary.

From Biography to History is an easy transition, for history is the biography of nations. The only histories published in the first 50 years were Bala Shastri Jambhekar's "History of India," a translation of Murray's History, and of Elphinstone's "India," and a short account of the History of England by Hari Keshavaji. During the last 30 years most of the ancient prose Bakhars, as has been shown above, have been published, and they constitute a very rich collection. In addition to these publications, we have a History of Central India, translated from Malcolm's original work by Mr. Kirtane, late Divan at Indore; a History of the Turko-Russian War; short Histories of the French Revolution and of the Franco-German War, Histories of Greece, Rome, France, Germany, Persia, Egypt, Carthage, Assyria, Turkey, Russia, and Spain, chiefly based upon the "Story of the Nations" series. We have besides separate histories of Goa, Ceylon, Coorg, Bhopal, Bundelkhand, Kolhapore, and the States of the Southern Maratha Country, and a History of the Sepoy War, a History of the Christian Church, and detailed histories of the houses of Vinchurkar, Dabhade, Angre, and Sinde. These represent the most prominent works under this department. The others are chiefly intended for schools. Out of some 25 authors whose names can be traced as the writers of these histories, five are graduates, which again confirms the remark we have made above in respect of biographical works.

From History to Politics is the next stage. There was no work published on politics before 1864. Since then a perceptible activity has been displayed, both in translations and original compositions. Excluding mere Congress reports, about 20 works under this head may be mentioned as showing considerable merits. They include a translation of an English work called the "India and the Colonies" by Mr. Natekar, the "Elements of Politics" by Professor Karve and Mr. Patvardhan, "Local Self-Government" by Mr. K. T. Telang, Machiavelli's "Prince," the translation of Maine's "Village Communities," De Lolme's "Constitution of England" translated by Mr. Wagle, "The Principles of Taxation," "The Land Tenure of Bengal," by Mr. Mahajani, "The Statistics of British Indian Administration," by Mr. Soman, "The Poverty of India," Pandita Ramabai's work on "America and her People," a translation

of Mr. Morley's work on "Compromise," pamphlets on "Corn Law" and "Free Trade," "A History of the Native States in their relation to the Government," Mill's "Liberty," and Mr. Seeley's "Expansion of England." These constitute some of the best works which have been recently published for the promotion of the political education of the people.

As regards Law Books, we need not add much to our remarks made on the subject of translated law works. There has been no really original work on the subject, and the translations of the Law of Torts and Contracts, of Hindoo and Mahomedan Law, as also the translations of Sanskrit works, cannot claim the merit either of originality or great labour. The demand for such works is decreasing with the growing spread of the English language, and its use in our courts and offices.

Medical works show a much larger proportion of useful translations and original books than the corresponding department of law. They also display a greater activity among the graduate authors of that faculty than can be observed among the lawyers. Out of 71 works specially noticed by the Registrar of Native Publications, there were about 20 works brought out by our medical graduates, among whom we may mention the names of the late Drs. Kunte, Gopal Shivaram, Gokhale, Narayan Daji, Shirvalkar, Sakharan Arjun, and Bullel, and Drs. Bhikaji Amrit and Bhalchandra K. Bhatavadekar, and Dr. Garde. The subjects treated of in these medical works are "Practice of Medicine," "Anatomy," "Midwifery," "Medical Jurisprudence," "Surgery," "Materia Medica," "Physiology," "Diseases of Women," and they practically cover the whole course of medical teaching. There are, besides, works on Homoeopathy, Cholera, Small-pox, and "The Virtues of Indian Drugs." Drs. Kunte and Garde have done a great service, the first by publishing *Vag-bhata*, and the second by translating this most exhaustive work on old Hindoo medicine.

The remaining 50 books, included under medical works, were all written by native Vaidyas, and their numbers, if not their contents, show what firm hold the ancient system still has on the minds of our people.

The works on Philosophy and Science are mostly translations or adaptations. Thanks to the labours of Messrs. Marathe, Gole, Sahasrabudde, Sardesai, Dharapa, Kane, Apte, and Kelkar, and Dr. Chhatre, we have manuals, chiefly based on the Science Primer series, on "Astronomy Botany, Chemistry, Physiology, and Logic," by Mr. Marathe, on "Air," by Mr. Gole, on "Water" by Mr. Sardesai, on "Natural Philosophy and Chemistry" by Professor Modak, on the "Solar System" by Mr. Dharap, on "Light and Sound" by Professor Modak, on "Geology" by Mr. Kane, on "Agriculture and Chemistry" by Mr. B. A. Gupte, on "Physical Geography" by Mr. Sahasrabudde. There are also works on Electricity, Magnetism, Heat, and Coal. Of these works, those on Chemistry and Natural Philosophy by Professor Modak are more than simple primers, being standard works on the subject. In respect of Astronomy, besides the primer texts, we have special works by Messrs. Dikshit, Kelkar, and Chitnis. Mr. Dikshit's *ज्योतिष* is a very readable and interesting work. He is also the author of a very elaborate treatise on the history of "Hindu Astronomy." The late Mr. J. B. Modak translated the astronomical portion of Bhaskaracharya's work, and also the *Vedanga Jotisha* (वेदांग ज्योतिष). Messrs. Dikshit and Modak spent the whole of their lives in the advocacy of a reform of the native calendar, by the adoption of the Sayana, in place of the Nirayana method in astronomical calculation. In the Mental and Moral Sciences, we have translations from Spencer's works on the "Data of Ethics, and on Justice by Professor Bhanu; Mr. Sahasrabudde has translated Spencer's Educa-

tion, and Mr. Fadke has translated the "Aphorisms on Evolution" and "the Elements of Morals." Mr. Bodas' अद्वैत मीमांसा, and Mr. Kanitkar's translation of Max Müller's Hibbert Lectures deserve mention in this place. The best work on Political Economy is by Mr. G. J. Agashe. Mr. Mule and Mr. Gupte have made themselves useful by publishing works respectively on the industrial wealth and the arts of India. In this department of literature, as remarked above, the graduates of the University have shown more interest than in any others. All the best works have been written by them, and both in point of merit and numbers, they represent a very large proportion. There are some useful works on the arts, among which we may notice a treatise on Agriculture by Messrs. Gupte and Raje, on "Instrumental and Vocal Music" by Mr. Gharpure, on "Cookery" by Parvatibai, and on the art of "Sewing" by Rukminibai. There are also special works on Drawing, Gymnastics, Telegraphy, Locomotives, Glass Manufacturing, Fireworks, and Dyeing.

This concludes our review of the present condition of the stock of works on biography, history, politics, law, medicine, philosophy, science and art. In the next chapter we shall notice the three remaining heads—dramas, novels, and prose essays, &c.

#### PART.—IV.

#### DRAMAS, NOVELS, AND PROSE ESSAYS.

In all the departments of Marathi Literature which we have noticed above, namely, Biography, History, Politics, Law, Medicine, Philosophy and Science and Arts, the inspiration to originality chiefly comes from a study of English Literature or Science; and though the works are not formal translations, many of them are still imbued with the spirit of this new culture, and, therefore, bear the traces of their foreign models or originals of which they have been the adaptations. This is to some extent unavoidable. These departments represent the points of contact between the ancient and the modern, the East and the West; and, naturally, the modern and the Western spirit dominates over the ancient and the national elements. True original work, which represents the genius of the nation, must, under these circumstances, be looked for in the branches of Drama, Fiction, and general Prose Literature. Here the national elements have more freedom to display their own characteristic features, and the translated inspiration is less predominant than in other departments.

As regards the Drama, it has been already seen that there were not any original ancient dramatic works in the language, for the simple reason that the stage, as a means of popular education and amusement, had no place in the past history of Mahārashtra. In the first fifty years, the only progress made was in the form of some ten works translated into Marathi by Mr. Parashurampant Godbole, and a few other Shastrées, from Sanskrit. During the last thirty years the number of translated dramas has been not very numerous, being in fact less than thirty. These, however, include translations of the plays of Shakespeare and Goldsmith, and of a few select Sanskrit dramas. The original works vastly outnumber the translations, being over three hundred; and this affords distinct proof that, in this department, the literary spirit has found a very favourable soil; and the seed sown has multiplied in a most prolific manner. People still living well remember the sensation created about the year 1853, when the first dramatic company, formed at Sāngli, visited Poona and Bombay, and presumed to cater to public amusement by stage representa-

tion. The enterprise of the promoters was handsomely rewarded by the public who found in it greater intellectual pleasure than they had experienced in witnessing the performances of the old (दाशावतार) Dashāvātār players, who used to come from the South Karnatic at great public festivals and jātrās. The encouragement, given to the company formed at Sāngli, produced many imitators, and regular theatres began to be built in all large towns; till now there is not a single large city which has not one or more theatres of its own. The promoter of the Sāngli Company was one Mr. Vishnupant Bhave, and his success has induced many others to follow his example, among whom we may mention Messrs. Kirloskar, Dongre, Pātankar, Sāthe, and others. Naturally this new-born taste encouraged the growth of Dramatic literature. At first there was no division of labour between the writers of dramas and the stage-managers of theatrical companies; but, of late, these functions are not combined in one and the same person. The subjects of the earlier dramas were chiefly suggested by the stories of the Mahābhārat and the Rāmāyan, and the Puranic myths; and, even now, these form the chief bulk of the dramatic works in the language.

There has, however, been distinct improvement effected in three directions during the last thirty years. The addition of high class music and singing was made a speciality by some of the companies. The credit of this Sangit movement is solely due to Mr. Anna Kirloskar; and the success which attended his efforts has encouraged a host of imitators. Out of a total number of two hundred and fifty works specially noticed by the Registrar of native publications, some fifty-three are Sangit-dramas; and the best of them represent what may be styled as substitutes for the opera-performances on the native stage. A vast number of the so-called Sangit-works are of no literary value. Mr. Kirloskar's three plays, Shakuntala, Soubhadra, and Ramrajyaviyoga, however, still retain their pre-eminence in the esteem of the theatre-going public.

The second feature is the introduction of comic farces at the end of the old tiresome performances.

These farces are called पर्वसन (Prahāsans); and there are some thirty works named in the list, composed by persons who earn their living by writing such comedies. The third feature is closely allied to the last. Just as the farces superseded the interest in the old Puranic dramas, they have been in their turn succeeded by dramas which refer to social and political subjects. Out of the two hundred and fifty books specially noted in the list, nearly a hundred are devoted to non-mythic subjects. Many of them are translations from Shakespeare, some of which have been acted on the stage with success. Others represent the stirring events of Maratha History, such as the deaths of Afzulkhan, Narayen Rao Peshwa, and the self-immolation of the wife of the first Madhav Rao Peshwa, who died a *sati*. The greater part, however, refer to the present times with the struggle between the reformers and the orthodox people, on questions of infant, unequal and widow marriages, and female education. As might be expected, the majority of them cry down the reforms and the reformers.

It will thus be seen from this that in this department during the past thirty years great progress has been made. The improvement of the stage has been effected by the addition of high-class singing, by the gradual introduction of social, political, and moral topics, and the addition of farces. The entire movement is one full of promise for the future. It has certainly done much to elevate and refine the public taste, and to provide room for the cultivation of the higher sentiments. The only disappointing feature in what is, on the whole, a very satisfactory growth, is the fact that out of some hundred and fifty authors, whose names can be traced from the published lists, there



are only eleven names of graduates of the University. Some of them are, no doubt, distinguished names, such as those of Messrs. Kanitkar, Agarkar, Ranade, Mahajani, Kolhatkar, Rajadhyaksh, Wagle, Kelkar, Chitale, Samant, and Kale; but these have, with the exception of Mr. S. M. Ranade, mostly devoted themselves to translations. The translations of Mr. Parashurampant Godbole, of Mr. V. J. Kirtane, Deval, Khare, Kanitkar, Kelkar, and Ranade are highly appreciated by the public. Among the writers of original dramas, the first rank is deservedly given to the elder Kirtane, who was late Diwan at Indore and Naib-Diwan at Baroda. Messrs. Ranade, Deval, Kirloskar, and Kanitkar may be mentioned as also occupying a very high level. Of course, judging by English standards, our best performances must occupy a subordinate place; but it is not fair to judge by this high standard the development of a branch of literature which has had as many decades to grow here as it has taken centuries to grow in England. At the same time, it is quite clear that the divorce between University education and the growth of original dramatic work is a matter which must cause serious anxiety to everyone interested in the promotion of our national literature.

*Novels.*—What has been observed above about dramatic works holds equally good of fiction, with this difference that fiction was not altogether unrepresented in our ancient literature. Fiction, of the sort represented by fairy tales, was known in the stories of the Vetala-panchavishi, Vikrambattishi, Shukabhattari, and others. In the first instance, the additions made were of a kindred character. The Arabian Nights Tales, Hatim Tai, and the Persian tales are instances of these additions. In the first fifty years, modern Marathi fiction had made just a commencement with four or five works. During the last thirty years a very large addition has been made representing over three hundred works, and of these, some hundred and eighty-two have been specially noticed in the catalogues and reports of the Registrar of native publications. In the department of Fiction, translations have played a more important part than in the case of the Drama. The Sanskrit as well as the Urdu and the Persian languages have contributed several interesting models, but the works of English authors, such as Sir Walter Scott, Bulwer Lytton, Reynolds, Johnson, Swift, Defoe, and even some Italian and French authors, Boccaccio, and Dumas, have inspired many of our writers; but, after all, the Marathi works of fiction have a character of their own. Like the dramatic works, they may be divided into two classes: one being pure fiction, untrammelled by time, place, or circumstances, and appealing to our common human nature through the passion of love; and the other class is of the nature of the historical novels, limited by time and circumstances, and being intended to represent the modern conditions of life in all their variety and confusion. Of the first kind the best specimens are Praimabandhan, Vichitrapuri, Manjughosha, Muktamala, Mochangad, Veshdhari Panjabi, Anath Pandurang, Narayan Rao and Godavari; the best specimens of the second class are furnished by the writings of Nagesh Rao Bapat, Hari Narayan Apte. We may specially notice Apte's पण लक्षांत कोण येतो and आजकालच्या गोष्टी, and Bapat's Bajirao Peshwa and पानपत्रची मोहिम. As in the case of dramatic works, the department of fiction has also not attracted much attention from our graduates. The names of about hundred and twenty authors can be traced in the official lists; and out of them, only about six or seven appear to be University graduates.—Messrs. Ranade, Kanitkar, Agashe, Bhide, Krishnarao Madhav, and Gunjkar. The best writers are those that are either non-University or pre-University men, Mr. Hari Narayan Apte and

Nageshrao Bapat are our most popular and most distinguished novelists. Messrs. Halave, Risbud, Yogee, Kanitkar, and others, rank high in their own places. There is no particular reason why when so many complaints about the want of suitable employment for graduates are heard on all sides, there should be so few from among them who devote themselves to literary pursuits which, in their own way, provide occupation or substantial remuneration to so many of their presumably less educated fellow-countrymen. Speaking roughly, the number of those who have edited ancient works, or brought out translations, or composed original works in all branches of literature, cannot be short of seven hundred; and out of this number the graduates are about sixty or seventy in all, that is, one to ten. The fault does not lie with the individuals so much as with the system under which they are brought up. Their education is so exclusively foreign that all incentives to study, and to add to the stock of national literature is, for the most part, entirely wanting; and year after year this indifference and neglect are becoming more pronounced. This is the mournful conclusion taught by the figures which have been given above.

*General Prose Literature.*—Prose works shown in the reports under the head of Language make up a large number, about one hundred and fifty, exclusive of school-books. Out of these, about fifty books deserve a high place for their literary and other merits. Among these, we might mention in this place three works of travel, one by Pandita Ramabai, another by Mr. Pavagi, and Mr. Bhagwat's translation of Karsandas Mulajee's account of England and its people. These three works are, in fact, the only books which deserve notice under the head of travels in the language.

Mr. Bapat's Sadvartana (सद्दर्शन), Mr. Oka's Madhumakshika (मधुमक्षिका) and Shirastedar (शिरस्तेदार), Mr. Nageshrao Bapat's Dadoji Kondadev (दादोजी कोंडेदेव), Mr. Agarkar's Essays published by him in the *Kesari* and select essays in the *Sudharak* and in other papers, Mr. Gole's Brahmins and their learning, Mr. C. V. Vaidya's series on social reform and early-marriage, Mr. Nana Pavagee's Bharatiya-Samrajya (भारतीय साम्राज्य), the late Mr. Vishnu Shastri Chiplunkar's Nibandhmala (निबंधमाला) and the lives of Sanskrit poets, Mr. Barve's Confessions of a Thug, Pandita Ramabai's Streedharmaniti (स्त्रीधर्म नीति), Mr. Wagle's Bacon's Essays, Rajaram Shastri Bhagwat's Thoughts on Maratha History and Maharashtradharm (महाराष्ट्र धर्म), Account of Dhoom, Mahabaleswar, by Mr. Udas, Mr. Gadgil's translation of the Pleasures of Life, Mr. Balasaheb Deva's translation of Cicero, and Reverend Baba Padamji's Sahitya-Shataka and Yamuna-paryatana, these and others may be mentioned as constituting a very good selection of prose-works for the general reader. The only heads that remain to be mentioned are Religion, and Travels. Besides the works on travels noticed above, there is a blank in our literature on the subject which has not been filled up during the last thirty years. The only other works which are classed under this head are accounts of pilgrimages to Benares, Rameshwar, and Gokarn, Mahabaleshwar, &c., which possess no literary merits. As regards books on religion, no remark seems to be necessary. Their number, no doubt, is considerable, but they are fleeting productions of no literary value and full of superstition. Miscellaneous works are one-fourth of the whole number and call for no remark. They include a large number of school books.

The periodicals and the newspapers deserve a passing notice in this place. As regards the periodicals, we have a large number, about 15 in all, at present courting public support.

The most notable and the best conducted are विविधज्ञानविस्तार, ग्रन्थमाला, भाषान्तर, भारतवर्ष, ऐतिहासिक लेख संग्रह, केरळ कोकिल, and बाळबोध. ग्रन्थमाला is edited by Professor Beejapurkar, भारतवर्ष edited by Messrs. Apte and Parasnis, ऐतिहासिक लेख संग्रह by Vasudeo Shastri Khare and भाषान्तर by Mr. Rajwade. These are very useful in giving encouragement to young authors, but their circulation is very limited.

As regards newspapers at present we have a large number, about 100, three of them are daily, and the rest are mostly weekly. Every zilla town, and in some districts every taluka town, has one or more newspapers. Compared with the state of things as it obtained thirty years ago, no department of literary activity has made more sensible progress than the newspapers of this country. We are here concerned only with the literary character of the native Press, and it may safely be said that the progress made is very encouraging. The best newspapers, some 16 in all, count their subscribers by thousands, whereas thirty years ago it was difficult to secure as many hundreds. On the staff of some of the best newspapers literary talent of a very high order is engaged, and in some cases the editors are well-paid for their labour. Still it must be remarked that most of these moribund newspapers are enterprises carried on for finding work for the press hands which cannot be fully engaged otherwise in their own proper work, and the so-called editors are insufficiently educated and poorly paid.

We may conclude this review with a brief mention of a few female authors. Pandita Ramabai naturally takes the lead; Mrs. Kasibai Kanitkar, who has written a life of Anandibai Joshi, ranks next; Miss Bhor, the author of पृथ्वीकरंदक, Mrs. Sawaskar, Godawaribai Pandit Kashibai, Parwatibai, and Rukminibai may also be mentioned. One lady writer conducted a journal called the *Aryabhagini* for many years.

It may, indeed, be urged that while this review gives a fairly full view of the volume and variety of our literature, the further question still remains about the quality and excellence of the works of ancient prose and poetry and the translations and the original productions published during the last thirty years. We have given our own opinion of the quality and excellence of the works noticed by us under different heads. That opinion, however, may well appear to those who are not practically familiar with the subject to be only an individual estimate and, therefore, not entitled to special regard. With a view to anticipate this objection, we requested certain well-known Marathi authors and critics, both graduates and non-graduates, to send us lists of one hundred selected Marathi books, which, in their opinion, as far as circumstances permitted such a comparison, are fairly equivalent, in standard, to the text books in English and the second languages prescribed by the University. Nine such lists have been received by us from the following gentlemen—

- (1) Rao Bahadur K. M. Marathe, M.A., LL.B. author of many science primers.
- (2) Rao Saheb G. V. Kanitkar, B.A., LL.B.—A translator of Max Müller's lectures and Mills' works and an author of many good poems.
- (3) Professor C. G. Bhanu, B.A.—A translator of Spencer and an author of many other works.
- (4) Professor Beejapurkar, M. A., Sanskrit teacher of Rajaram College, conducts a literary magazine.
- (5) Mr. G. J. Agashe, B.A., Head Master, High School, Dhulia, an author of a work on Political Economy and a good critic.

These five were graduates. The other five were:—

- (1) Mr. V. K. Oke, retired Deputy Inspector, and a well-known author of many works.
- (2) Mr. Rajaram Shastri Bhagwat, Principal, Maratha High School, Bombay, a good Sanskrit scholar and an author of many historical works.

(3) Vasudeo Shastri Khare, author of "Nana Faranavis" and "Yeshwant Mahakavya," conducts a historical magazine.

(4) Mr. A. K. Kher and (5) H. K. Damale, the first author of a very good Marathi Grammar, and the second a translator of Gulliver's travels and other Marathi works.

These gentlemen settled their lists in consultation with other friends.

The late Mr. Krishnaji Parsbaram Gadgil had, in his adaptation of Lubbock's "Pleasures of Life," already given such a list. The ten lists were carefully collated and compared, and the opinion of the ten gentlemen with regard to each work was noted down. It appears from this statement that there are about forty works of poetry, thirty ancient works and about ten modern works, about thirty biographies, the same number of histories and *bakhars*, thirty novels, and the same number of dramas, about twenty-five essays and about twelve works on science—making in all two hundred books which, in the opinion of two or more of the gentlemen consulted, fulfilled the conditions of standard works. If we only include those approved by three or more, the number of books are about hundred and fifty; and those which are approved by five or more of the gentlemen consulted are about sixty in number, of which twenty are poems and forty works of prose.

#### PART.—V.—(Conclusion.)

The sixty books specially recommended as standard books by five or more of the expert authors and critics consulted, to which reference was made in the last part of this note, are as follows:—

#### POETRY.

1. Nalopakhyan (Raghunath Pandit).
2. Ram Vijaya } (Shridhar).
3. Hari Vijaya } (Shridhar).
4. Mahabharat (Mukteshwar).
5. Kekswali } (Moropant).
6. Mahabharat } (Moropant).
7. Yatharthdeepika (Waman).
8. Dyaneshwary (Dnyandeve).
9. Bhagvat (Eknath).
10. Amrutanabhava (Dnyandeve).
11. Lavanya (Rama Joshi).
12. Dasa Bodha } (Ramdas).
13. Advice to the Mind } (Ramdas).
14. Gatha of Abhangs (Tukaram).
15. Raja Shivaji (Kunte).
16. The Pawadea, or Ballads (Shaligram, publisher).
17. Ganga Varnan (Chintamani Pethkar).

#### BIOGRAPHY.

18. Eknath (Sahasrabudhe).
19. Sambhaji and Rajaram (Bhagvat).
20. Rani Laxmibai (Parasnis).
21. Anandibai Joshi (Mrs. Kanitkar).
22. Socrates (Chiplunkar).
23. Nana Faranavis (Khare).
24. Parashram Bhaui Patwardhan (Nigudkar).
25. George Washington (V. P. Banade).
26. Mahadji Shinde (Natin).
27. Prithviraj Chavan (G. H. Deshmukh).

#### HISTORY.

28. The United States (Pandita Ramabai).
29. Peahvyanohi Bakhar (Sohoni).
30. Bhanuabachi Bakhar.
31. Mahratta History (Grant Duff, Translation).

#### NOVELS.

32. Mee
33. Ajakalachya Goshiti } (Apte).
34. Pan Lakshyat Kon Ghetu. }
35. Anath Pandurang
36. Prem Bandhan (Yogi).
37. Confessions of a Thug (Barve).
38. Bajirao Peshwa } (N. Bapat).
39. Panpatchi Mohim }
40. Muktamala (Halve).
41. Mochangad (Ganjikar).

#### DRAMAS.

42. Kadambari (Deval).
43. Jaipal
44. The Elder Madhavrao Peshwa } (V. G. Kirtane)
45. Vikara Vilasit (Agarkar).

46. Mrihakatika  
47. Vikramorvasiayi  
48. Venisamhar  
49. Uttara Ramcharitra  
50. Tratika (Kelkar).  
51. Shakuntal (Kirkoskar).

(P. Godbole).

## SCIENCE.

52. Jyotirvilas (Dixit).  
53. Anek Vidya Mula Tatwe (Chiplunkar).

## ESSAYS AND TRAVELS.

54. Bacon's Essays (Wagle).  
55. Nibandha Mala (Chiplunkar).  
56. Rasselas (G. Bapat).  
57. Bharatiya Samrajya (N. Pavgi).  
58. Vilayatcha Prawas (R. Pavgi).  
59. Dhom Mahableshwar (Udas).  
60. Kesaratil Nibandha (Agarkar).

The above list shows only seventeen works of poetry, but three out of the dramas are in the main poetry, and should be classed as such. Moropant's Mahabharat, though shown as a single work, is really a most voluminous production, as it includes all the eighteen Parvas. The same remark applies in part to Mukteshwar. It will be noted that the works are selected as standards for their general literary merits, and not as special books useful in particular departments. We hope the well considered opinions of the experts will remove any apprehensions that might be entertained about the quality and excellence of these works, as standards in prose and verse, every way fitted to take their place with many of the books in the second languages at present prescribed, and with some of the English works also.

This completes our review of the Growth of Marathi Literature during the past thirty-two years.

The conclusions to which this enquiry points may be briefly summed up as follows :-

(1) At the time when the University substituted classics for the vernaculars in the higher Arts examinations, there were very few prose publications worth mentioning, and the total number of works was small. The verse literature was both better in kind and large in quantity, and the advocates of the change then made were mistaken in their view that Marathi poetry was only a reflex of old Sanskrit models. The poverty of prose Marathi literature partly justified the change then made.

(2) The last thirty years have greatly altered this state of things. Instead of having about five or six hundred prose and poetical works of all kinds, excluding school-books which were published down to 1864, the number of works, excluding pamphlets, periodicals, and miscellaneous, now stands at about 8,000, out of which more than 7,000 were published during the past thirty years. The number of works has thus multiplied more than fifteen times what it was thirty years ago.

(3) Not only has the number increased enormously, but the proportion of verse to prose literature, as also the proportion of original works to reproduction and translations, and the proportion of school books to general literature, have all improved in a way to furnish satisfactory evidence of a genuine growth of the literary spirit among the people.

(4) As regards reproductions of ancient works of prose and verse, it may now be safely said that the 1,200 works falling under this head represent all that is most valuable in ancient poetry and historical Bakhars.

(5) As regards translations, their number is about 1,000. The contributions of Sanskrit and English literature of the better sort are nearly equal—Sanskrit having slightly the advantage. More than twenty first-class English authors, and all the best dramatic and novel literature in Sanskrit have been led under contribution to enrich the language.

(6) The departments of Biography, History, Politics, Law, Medicine, and Science, which were

nearly blank prior to 1864, have now a large number of works which possess considerable literary merits. And as regards dramas, novels, and essays the progress made has been still more satisfactory.

(7) There can be no doubt that as things at present stand Marathi works of general literature, both prose and verse, can easily be found in considerable number required for the purpose which, in the opinion of experts, are fully equal in their standard of excellence to the general course of books prescribed by the University in second languages at least, if not to many of the books in English.

(8) In this remarkable development of literature the only weak points are—first, that it is not properly co-ordinated. There is a want of system in its growth due entirely to the absence of proper guidance.

(9) The other disappointing feature is that, except in the matter of translations and adaptations of scientific works and of Shakespeare's dramas, the graduates of the University are, with a few bright exceptions, conspicuous by their absence, and the whole credit of having enriched the language belongs to either non-University or pre-University authors. The writers of the best novels, the best dramas, the best biographies, the best histories, the best poets, and the best essayists are, as stated above, with some exceptions, outside the ranks of those whom the University honours with its distinction.

(10) Not only is this want of interest a general defect, but the indifference is growing every year. As a rule our boys cease to study the vernaculars as soon as they enter English schools, about the twelfth year of their age, if not earlier. They thus practically lose touch with their people, and by the time they obtain their degrees, too many among them find that they are unable either to talk or to write or read their current vernacular language. This want of familiarity breeds contempt for their mother-tongue, and people find it difficult to sympathise with a system which produces the unnatural results of so-called educated men being unable to speak or to write their own mother-tongue fluently and correctly.

The object which the Government had in view in organising the Educational Department and the University was expressly stated in the despatch of 1854 to be the diffusion of European knowledge, and this was to be accomplished by a careful cultivation by the students of our Universities of the English and vernacular languages. The cultivation of the vernacular languages was to be encouraged by the foundation of professorships in those languages, and if possible of Sanskrit and other classics. The students of our colleges were to be encouraged to learn English, not with a view to its substitution for the vernacular dialects, but with a view to enable the students to gradually enrich their own vernaculars with translations or original compositions imbued with the spirit of European advancement. Judged by this test it is plainly evident from the figures given above that the University system has failed to a large extent in accomplishing its main purpose.

Whatever difference of opinion there might exist upon other issues, there is no room for two opinions on this point. The divorce of Indian Universities and of their graduates from all interest in the development of the Indian vernaculars is an evil of the first magnitude. Various remedies have been suggested which it is not necessary to examine here. The question has come before the University on several occasions. It may be noticed that the real issue at present is not of rivalry between the classics and the vernaculars. The classics have their place just as much as the English; the study of both languages—English and Sanskrit—is necessary to one who seriously seeks to promote the literary cultivation of his own vernacular. The question now is how, while

retaining the classics and the English in their places, students might be made to take interest in the study of their own vernaculars. Viewed in this light the discussions of 1862 and 1863 lose much of their practical interest. In 1888, when the question was again revived, the proposal was to enforce translation and original composition from the students in the examinations for the degrees in Arts. The committee appointed by the University accepted the proposal in their scheme, and the late Mr. Justice Telang undertook to propose the reform. By some tactical mistake the matter was allowed to fall through; and Mr. Modak's motion to add one vernacular book in the books for second language was negated by a small majority. A further attempt was made by the author of this note in 1894, but though the proposal was accepted by the Faculty and the Syndicate, the Senate refused to proceed to vote about it on the alleged ground that the burden of translation and composition would be too heavy to bear, that it would operate unequally on those who had no vernaculars of their own, and finally that the proposal did not promote the literary study of the vernaculars. A fresh proposal is now before the University approved by some 54 Fellows, which suggests that the vernaculars should find a place in the optional second languages at the B.A. and the M.A. examinations. We publish the letter which has been addressed to the Vice-Chancellor as an appendix to this part.

It will be seen on a reference to it that it steers clear of the rocks of the previous controversies. The change proposed leaves the classics and English in their places, it makes no compulsory addition to any one's burden, it will leave the fullest liberty equally to all, and will promote a taste among some of the graduates for the study of the vernacular literature without in any way diverting the attention given to English and the classics. The present note has been written in fulfilment of an undertaking to place before the Fellows of the University suitable materials for forming a proper judgment by all who come to study the question without bias and prejudice, as to how the Marathi language in its present stage can safely be allowed to be studied as an optional second language, and the writer hopes that when the question becomes ripe for decision the Fellows will deal with it on its merits.

#### APPENDIX.

To the Honourable E. T. CANDY, Vice-Chancellor,  
Bombay University.

Sir.—We beg to submit herewith for the consideration of the Syndicate, and ultimately of the Senate, a proposal we desire to make with a view to encourage the study of the vernacular languages and literature in connection with the higher examinations of the University. The subject, as you are well aware, attracted the attention of the Secretary of State for India, and, at his suggestion, the Bombay Government recommended it to the consideration of the University some years ago. Various proposals were made accordingly to give effect to this suggestion. Ultimately the proposal took the form of a recommendation by the Syndicate that the candidates should be required to write an essay and to translate passages into their vernaculars in each of the higher examinations of the Arts Course. The motion was, however, rejected by the Senate by a small majority, thirty-four voting for it and forty-two voting against it. The particular grounds on which this proposal was rejected appear from the report of the discussion that took place to have been, first, that it would add to the burden of studies which was already heavy enough; secondly, that this burden would be unequally distributed, as there were some students who had not for their mother-tongue any of the vernaculars of this Presidency; thirdly, that essays and translations did not test scholarship and would not encourage the study of the higher vernacular literature of these languages.

2. The subject is one in which many Fellows of this University feel deep interest, and we think that the time has now come for again considering how far the objections noted above can be avoided, and encouragement given to the study of vernacular literature in connection with the higher Arts Examinations of the University. The proposal we have now to make for the consideration of the Syndicate is—(1) that candidates, who take up languages as their optional subject at the B.A. Examination, should be allowed the option of taking up either Marathi, Gujarathi, Canarese, or Hindustani as an alternative to the other second languages from which they are already permitted to make a choice. No change will have to be made in the existing rules except the addition of these vernaculars to the list of other languages specified in rule 31, clause 2, page 46. (2) We also submit that the same choice should be allowed in respect of the optional second language in the languages course for the M.A. Examination by a similar change in rule 57, clause 1, page 64.

3. This double or alternative proposal will impose no compulsory addition to the existing course, as it will allow an option to every student to take up what language he pleases for his second language. Secondly, the proposal is not open to the objection of inequality in the distribution of subjects. Those who have no vernaculars, or do not care for them, may take up the old classics or the modern French or Persian, if they so choose. Thirdly, the proposal, if sanctioned, will test real scholarship, and encourage the study of the higher literature to be found in these vernaculars. Fourthly, it will not interfere with the claims of the classics because in the B.A. course the student will have to study these classics amongst the compulsory subjects. It will thus be seen that our present proposal steers clear of the old objections and possesses some special advantages, which should recommend it to the Syndicate and the Senate.

4. It might indeed occur to some that many students will not take advantage of this alternative choice allowed to them, and that the practical results will be inappreciable. Our reply to this objection is that there are no materials to justify any such apprehension. Further, even if a few students were found to devote themselves to the higher study of their own vernaculars, these few students will be real scholars, and will be of incalculable service in developing in after life still further the resources of their mother-tongue, and thus bring honour to the University. Moreover, the University will have done its duty in this matter, and the blame will then rest on the people themselves. The objection that there is no provision at present in any of the Colleges for the teaching of higher vernacular literature need not be considered, because such recognition alone will create a demand which will surely in due time be easily supplied by special endowments and other agencies. Further, this objection applies equally well to many of the other languages already recognised by the University.

With these remarks we beg to submit to the Syndicate the proposal made above and request that it will recommend the proposal to the Senate for its favourable consideration. A beginning might be made with Marathi, Gujarathi, Kanarese, and Hindustani and the proposal is elastic enough to adopt itself to such a restricted experiment.—We beg to remain, &c.,

M. G. Ranade.  
Vasudev J. Kirtikar.  
K. R. Kirtikar.  
Chimanlal H. Setalvad.  
Janiettam Nanabhai.  
Bhalchandra Krishna.  
N. G. Chandavarkar.  
Gokuldas K. Parekh.  
Kaikhosru N. Kabraji.  
Narayan Vishnu Gokhale.  
Kalabhai Lalubhai.  
Nilkant V. Chhatre.  
G. B. Prabhakar.  
Kaliandas Keshavdas Modi.  
R. M. Sayani.  
Abdulla M. Dharamsi.  
E. D. Sethna.  
Ratiram D. Dave.  
Dosaabhai Framji.  
Shamrao Vithal.  
Krishnarao A. Chemburkar.  
Manekshaw J. Taleyarkhan.  
Shivram V. Bhandarkar.  
Ghanasham N. Nadkarni.  
F. R. Vicajee.  
Shantaram V. Kantak.  
Pundlic Ganesb.

M. H. Hakim.  
M. G. Deshmukh.  
Premchand Roychand.  
G. M. Tripathi.  
Shantaram Vithal.  
Nanabhai R. Banina.  
Dhanjibhai Navroji.  
Purushottam B. Joshi.  
Nagindas T. Marphatia.  
Ibrahim Ahmadi.  
Shaikh F. L. Mulla.  
Harkisondas Narottamdas.  
G. K. Gokhale.  
T. K. Gajjar.  
Mansukhran S. Tripathi.  
Ismail Jan Mahomed.  
N. A. P. Moos.  
V. N. Nene.  
Jivanji Jamahedji Modi.  
Ganpat S. Rao.  
Atmaram Pandurang.  
Badrudin Tyabji.  
Daji Abaji Khare.  
Narayan Ballal Limaye.  
V. N. Pathak.  
G. A. Mankar.  
Datu G. Sabna.